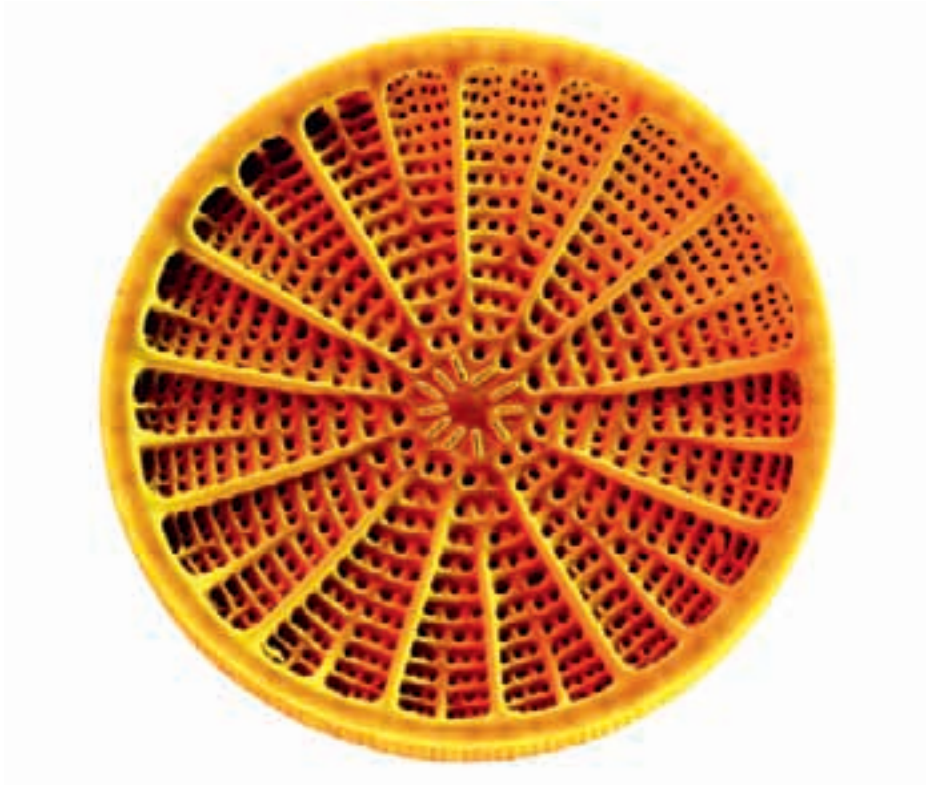


ANNUAL REPORT 2012



**INSPIRED BY
EFFICIENCY**



INTERROLL GROUP PROFILE

Interroll is one of the world's leading manufacturers in the fields of unit-load handling, internal logistics and automation. Its products are used primarily in the areas of food processing, airport logistics, courier/express/postal services, distribution and in various segments of industry. They include easy-to-integrate drive solutions such as drum motors for belt conveyors, conveyor rollers and DC-powered rollers for conveyor systems; gravity-driven flow storage modules for compact pallet and container racking systems in distribution centres; crossbelt sorters, belt curves and other user-friendly conveyor modules for cost-efficient material flow systems.

Interroll serves more than 23 000 customers, mainly regional plant manufacturers and engineering firms as well as system integrators, multinationals and end-users. Interroll has 1 500 employees working at 29 enterprises around the globe and is listed on the SIX Swiss Exchange. Managed by a strategic holding company, based in Sant'Antonino, Switzerland, the Group is split into two global business divisions: "Global Sales & Service" markets and distributes the full range of Interroll products in line with customer requirements; "Products & Technology" oversees seven global Centres of Excellence, two regional Centres of Excellence and four other production facilities, with responsibilities ranging from R&D, global product management and strategic purchasing to production technology and manufacturing.

www.interroll.com



KEY FIGURES OF THE INTERROLL GROUP

	in CHF. million, if not noted differently			
	2012	2011	2010	2009
Incoming orders/net sales				
Total incoming orders	302.6	288.7	285.2	238.9
Drives	99.3	95.1	97.9	82.9
Rollers	80.4	83.2	79.2	73.3
Conveyors & Sorters	69.3	42.8	52.1	33.6
Pallet- & Carton Flow	58.1	50.8	53.9	44.3
Total net sales	307.2	271.9	283.1	234.0
Profitability				
EBITDA	41.1	36.2	35.8	18.8
in % of net sales	13.4	13.3	12.6	8.0
EBITA	30.3	25.7	24.8	8.0
in % of net sales	9.9	9.5	8.8	3.4
EBIT	24.8	20.4	20.4	3.1
in % of net sales	8.1	7.5	7.2	1.3
Net profit	19.4	18.2	14.4	5.7
in % of net sales	6.3	6.7	5.1	2.4
Cash Flow				
Operating cash flow	38.2	14.5	18.7	20.4
in % of net sales	12.4	5.3	6.6	8.7
Free cash flow	30.2	-5.6	-8.5	-6.0
in % of net sales	9.8	-2.1	-3.0	-2.6
Total investments/capital expenditures	10.6	19.6	26.4	22.9
Balance sheet				
Total assets	226.9	239.2	211.3	215.7
Goodwill in % of equity	5.6	6.3	7.3	8.3
Net financial assets (debts)	8.7	-17.6	-12.9	-4.2
Gearing (net debts/equity)	-	0.12	0.10	0.03
Indebtedness factor (net debts/cash flow)	-	1.21	0.69	0.20
Equity	159.4	143.3	127.5	133.0
Equity ratio (equity in % of assets)	70.2	59.9	60.3	61.7
Return on equity (in %)	12.8	13.4	11.1	4.3
Other key figures				
RONA (Return on Net Assets, in %)	12.1	9.9	10.4	1.6
Average number of employees	1 420	1 340	1 255	1 206
Net sales per employee (in thousands CHF)	216	203	226	194
Productivity (Added value/total personnel expenses)	1.92	1.77	1.98	1.66

Total net sales 2012
307.2 Mio. CHF

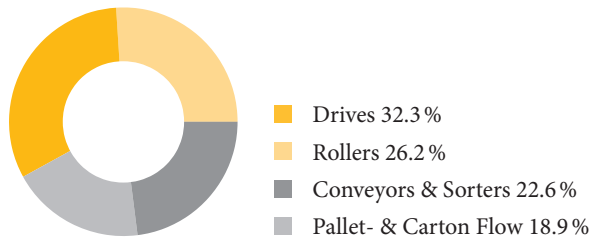
Net profit
19.4 Mio. CHF

Operating cash flow
38.2 Mio. CHF

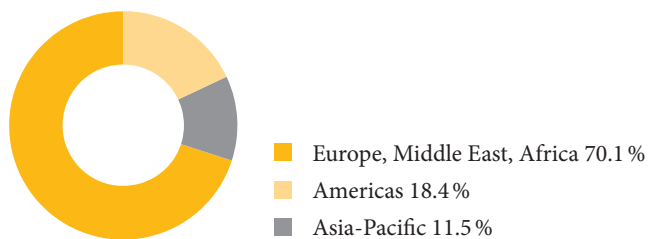
Equity
159.4 Mio. CHF

Return on Net Assets
12.1%

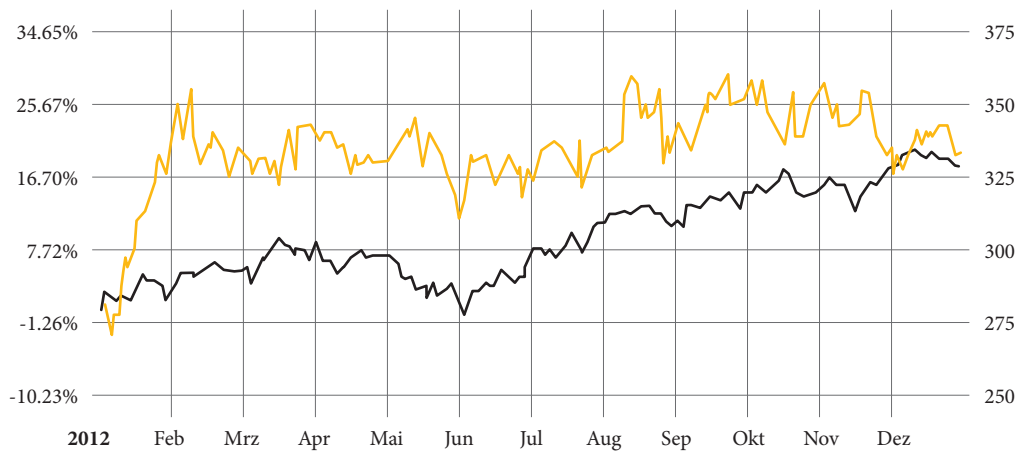
Sales according to product group



Sales according to geographical markets



Interroll share price development compared with SPI/SXGE



© Swissquote

— Interroll share — SPI/SXGE

Share price on 31.12.2011: CHF 279 Share price on 31.12.2012: CHF 333

HIGHLIGHTS 2012

☺ On a profitable growth course

Interroll increases sales in fiscal 2012 by 13 percent to 307.2 million Swiss francs. Operating profit EBIT rises by more than 21 percent.

☺ Success in the Far East

In Asia, Interroll reports double-digit growth in 2012. Sales increase by 24 percent in China alone.

☺ Airports trust Interroll

Today, nearly 80 percent of the worldwide installed baggage control systems are powered by Interroll drum motors.

☺ Greater share of retail market

Worldwide, six out of ten supermarket checkout terminals now have conveyors powered by Interroll technology.

☺ ConveyorControl technology introduced

At LogiMAT in Stuttgart, Interroll introduces its new control concept for 24 volt conveyor technology – a highly flexible and energy efficient system that is easy to install.

☺ Experts meet to discuss at Interroll

The Interroll booth at the LogiMAT trade event serves as a forum for efficient logistic solutions of the future

☺ Expansion in the U.S.

Atlanta serves as a regional competence centre for North America. Conveyor technology products and dynamic storage modules are manufactured here for the North American market and other specific export markets.

☺ Cooperation with the Swiss Formula One team

Sauber and Interroll recognize shared values and agree to exchange ideas.

☺ Food industry award

In March, Interroll receives the gold medal for its new synchronous drum motor as part of the International FoodTec Award 2012.

☺ Investment in South America

Interroll's Brazilian subsidiary moves into a large office and production facility in São Paulo and wins a contract from the international market leader Heinz.

☺ SAP expansion reaches a new phase

Since October, 22 Interroll companies have been using this important software solution.

☺ Safety separator makes dynamic storage more secure

Interroll innovation helps prevent typical forklift accidents.

☺ Presentation of new Intelliveyor module

Interroll introduces the new Intelliveyor portfolio, expanded with belt conveyor modules for more productive, zero-pressure conveyor technology.

☺ Improved customer communications

The new Interroll customer magazine spotlights key market topics and trends and offers background reports on topics concerning movement.

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INSPIRED BY EFFICIENCY

Our claim ‘Inspired by Efficiency’ refers not only to the benefits customers can expect from Interroll solutions. Products and solutions provided by Interroll enable companies to do business more profitably, reduce their environmental footprint and generate sustainable growth. Interroll also places a strong emphasis on its own resource efficiency.

Working with our own just-in-time production system, we help our customers optimise their supply chains, allowing them to focus on what they do best. System integrators and OEMs around the world profit from Interroll’s manufacturing capability in the area of conveyor rollers and other silent, state-of-the-art products.



REPORT BY THE BOARD OF DIRECTORS AND GROUP MANAGEMENT



Kurt Rudolf
Chairman of the Board of Directors



Paul Zumbühl
CEO

Dear Shareholders and Business Associates,

The Interroll Group's net sales saw encouraging growth in the financial year 2012, rising by 13.1 % in local currency and by 13.0% in the currency of consolidation to a total of CHF 307.2 million (2011: CHF 271.9 million). We recorded a year-on-year increase in order intake of 4.7% in local currency and 4.8% in the currency of consolidation, taking this figure to CHF 302.6 million (2011: CHF 288.7 million). Net profit increased from CHF 18.2 million in 2011 to CHF 19.4 million in the period under review. At CHF 38.2 million, the Group's cash flow was also extremely healthy.

All product groups contributed to this encouraging performance. Interroll significantly increased its market share in the cutting-edge field of 24 volt roller conveyor technology. The “Conveyors & Sorters” and “Pallet & Carton Flow” product groups also exceeded expectations. The supply of additional sorters to China Post and Amazon, as well as dynamic storage solutions for Procter & Gamble and Red Bull, were among the larger projects in these areas during 2012. Interroll achieved double-digit growth in Asia, including an impressive 24% gain in the Chinese market. In North America, excluding the major project carried out for Canada Post in 2011, net sales remained stable year on year.

At a glance: The Interroll Group's net sales saw encouraging growth in the financial year 2012, rising by 13.0% to a total of CHF 307.2 million. Net profit increased to CHF 19.4 million. Benefiting from its solid financial base, Interroll made a number of significant investments, the focus being on strategic projects aimed at delivering future growth and profitability.

Benefiting from its solid financial base, Interroll made a number of significant investments over the course of 2012, the focus being on strategic projects aimed at delivering future growth and profitability. Capital expenditure was directed principally at specific geographical markets, innovation and the rollout of SAP across the Group.

Strengthening of geographical markets

Potential for future growth in the USA and Asia was a particular focus during 2012. Interroll began construction of a state-of-the-art manufacturing facility in Atlanta, Georgia, which will extend capacity for the production of dynamic storage solutions and enable a faster response to customer demands. As an Interroll Regional Centre of Excellence, the new plant, due to open at the end of 2013, will manufacture motorised material handling products and dynamic storage modules for both North American customers and for specific export markets. Interroll has had a strategic presence in Atlanta since acquiring BMW Metal Products in 2009. As the second Regional Centre of Excellence in the United States, the new facility will complement the product and service portfolio offered by the plant at Wilmington, North Carolina. In the period under review, Interroll also restructured its sales organisation to facilitate rapid expansion in the American market. Our expanded team received extensive training to provide an even better insight into specific customer groups and their particular requirements. Meanwhile, Interroll also invested in the expansion of its South American market, including moving its operations to larger premises near the centre of São Paulo to allow more intense business development and the streamlining of processes.

Interroll's Regional Centre of Excellence in Suzhou, China, significantly expanded its local manufacture of crossbelt sorters and other key products for rapid delivery to customers in China, South Korea, Japan and the South-East Asian region. The local Applications Engineering team in China was further strengthened. The Interroll Centre of Excellence for Subsystems and Sorters in Sinsheim (Germany) was heavily involved in transferring knowledge to our operations in Suzhou, using a

series of training sessions and dedicated workshops. Meanwhile, sales and marketing teams in Asia were given comprehensive training with regard to our products and the specific requirements of particular customer groups. Implementation of the Interroll Production System (IPS) continued apace. This promises to ensure high productivity throughout the globe and the speedy delivery of premium-quality products.

Investment in innovation and products

The launch of new control systems for energy-efficient roller conveyors at the 2012 LogiMAT trade fair in Nuremberg justified the investment in these products. Indeed, the new control devices have already proven extremely successful in satisfying market requirements. The control systems used in the ConveyorControl range significantly reduce the effort required on the part of plant manufacturers in the installation and programming of roller conveyors. They can also deliver a marked reduction in the user's cost base and provide long-term flexibility to adapt conveyor systems to meet future demands. The success of this product has been confirmed by a tangible increase in market share. Interroll also invested during the financial year in the development of a new product platform, with the aim of more effectively targeting market segments that have previously received less focus and of massively reducing delivery times. The new platform is due to be launched in mid-2014. Interroll made strong progress in the area of crossbelt sorters, our ambition being to provide customers and end-users with increasingly intuitive solutions.

Global standardisation of processes and data

Another of Interroll's key strategic projects during 2012 was the company-wide implementation of the uniform SAP software platform. A further six Interroll companies went live with the second stage of the SAP project as planned in October 2012. Standardisation of business processes and data across the Group is of fundamental strategic importance for Interroll, as it facilitates a more efficient service to customers and allows new products to be rolled out more quickly at a global level. Thus, SAP puts Interroll in the position to build its long-term productivity and to strengthen its position in the market.

Promoting our corporate culture – 'Climate of Excellence'

Every one of our customers should think of Interroll as an “excellent” business partner. This is the objective of our corporate culture, and Interroll made welcome progress in this regard during the year under review. The Interroll Production System (IPS) mentioned earlier was rolled out and established more widely within the Group, ensuring rapid worldwide delivery of premium-quality products and continual increases in cost efficiency. An important aspect of the IPS is the use of Kaizen, a philosophy aimed at continual improvement of industrial processes, steadily driving up product quality. During the year under review, Interroll further integrated Kaizen methodology within those sites where it was already in use, whilst targeting the next wave of plants to adopt the methodology.

Interroll also believes in looking at role models beyond the intralogistics sector to help foster its Culture of Excellence and to build its reputation as a technology leader. A good example of this is our partnership with the Sauber F1 team, which came into effect in October 2012. Both companies manage global operations from their headquarters in Switzerland, striving for the highest standards as leading players in an exceptionally competitive environment. Precision, reliability and speed are shared strategic values and are of critical importance for the success of both companies. Both Sauber and Interroll are acknowledged for having a clear focus on their respective business models and on outstanding process management. Both companies understand the importance of an attractive working environment, surrounded by innovation and creativity, for recruiting the best talent and attaining the highest levels of efficiency. Interroll's customers get to look behind the scenes of a Formula 1 team through workshops and events, either at Sauber's headquarters or with Sauber F1 representatives visiting Interroll. More such events are planned for this year.

A further aspect of the creation of a “Climate of Excellence” during the year under review was investment in new ways of looking at issues and industry trends that are of concern to

users of conveyor and material handling systems. Key topics include energy efficiency, the desire to reduce space requirements and, most importantly, simplicity of operation. Interroll's commitment to innovation adds value by putting these customer requirements at the heart of its intralogistics technology. To aid this process, Interroll forged relationships with leading universities during the year under review, taking advantage of their objective, scientific research into these areas, so that they can be considered in a sound, evidence-based way. Interroll maintained a particularly close dialogue with Leibniz Universität in Hannover, Karlsruher Institut für Technologie and Southeast University Nanjing in China. During the year under review, Interroll also delivered presentations on specialist topics at trade fairs, such as LogiMAT in mid-March in Stuttgart, where new solutions for resource-efficient logistics of the future were a focus of the expert forum “Efficiency and Sustainability in Logistics”, held at the Interroll exhibition stand.

Communication and marketing

Interroll's marketing platform was used during the year under review both for product promotions and to make regular contributions to the debate surrounding issues of concern to the industry, such as those mentioned above. Both traditional and digital media were used heavily for this purpose. Interroll's customer magazine was relaunched under the title “moving” and with an entirely new concept. The magazine, distributed globally, discusses topics of interest to the industry, reflects trends and includes background articles looking at the concept of “movement” from unusual perspectives.

Newly introduced YouTube videos showing Interroll products in action have established themselves as a perfect tool within our marketing mix. Even short clips can be used to demonstrate the benefits of key Interroll products in logistics facilities.

The results of a survey carried out during the year under review prove beyond doubt that Interroll is on the right track. One of the conclusions from a questionnaire regarding conveyor modules, carried out among a representative sample of

400 customers worldwide, was that Interroll has gained a reputation as a cutting-edge technology leader and for creating value through innovation.

Distribution of reserves from capital contributions

In view of the continuing financial stability of the company and the encouraging results from the financial year just ended, the Board of Directors is proposing to the AGM on 10 May 2013 a year-on-year increase in distribution of reserves from capital contributions, from CHF 7.00 a year ago to CHF 8.00 per Interroll share. The distribution of reserves from capital contributions to shareholders (in place of a dividend) is not normally taxable.

Thank you to our employees

The Board of Directors and Group Management would like to thank all members of staff for their extraordinary efforts and individual contributions to the excellent results reported for the financial year. Customers across the globe tell us how much they value Interroll going the extra mile. In all areas of the business, our employees are playing an active role in creating a Climate of Excellence to build enduring commercial relationships. Alongside normal day-to-day activities, six

sites faced the additional challenge of the second phase of the strategically important SAP project, ensuring that it successfully came online in the autumn.

Outlook

Interroll has entered the current financial year with optimism, whilst remaining prepared for the many eventualities that may arise in the precarious economic climate to which we are exposed. Further new products are scheduled for roll-out in 2013. An economic slowdown is expected throughout the whole of Europe, affecting not only the states on its southern periphery. We are redoubling our efforts to take advantage of Asia's great potential. In line with the cautiously optimistic prognosis for the American market, we are expanding further our presence in the region. Similarly, we remain focused on concentrating our resources in those dynamic markets where the greatest potential exists for streamlining internal logistics, for instance food processing, airport infrastructures, courier/parcel/postal services, distribution and manufacturing. We will continue to invest in cutting-edge technology to remain at the forefront of our industry. Ongoing training for our global network on topics from customer service to cost effectiveness will enable us to offer above-average added value to our customers.



Kurt Rudolf
Chairman of the Board of Directors



Paul Zumbühl
Chief Executive Officer



Dr. Christoph Reinkemeier
Executive Vice President
Global Sales & Service,
since 2011 with Interroll

Dr. Ralf Garlich
Executive Vice President
Products & Technology,
since 2006 with Interroll

Jens Karolyi
Vice President
Corporate Marketing,
since 2011 with Interroll

Paul Zumbühl
CEO Interroll Group,
since 2000 with Interroll



Kwang-Heng Seng
Executive Vice President Asia,
since 1988 with Interroll

Daniel Bättig
CFO, since March 1, 2013
with Interroll

Tim McGill
Executive Vice President Americas,
since 1990 with Interroll

REVIEW OF THE FINANCIAL YEAR

Sales and order intake

The Interroll Group delivered an encouraging performance in fiscal 2012 when it came to extending its position within the market. The company saw net sales rise by 13.1% in local currency and by 13.0% in consolidated currency in the 2012 financial year, taking the total figure to CHF 307.2 million (2011: CHF 271.9 million). Compared to the previous year, order intake increased by 4.7% in local currency. Expressed in consolidated currency, order intake expanded by 4.8% to CHF 302.6 million (2011: CHF 288.7 million). This solid performance was underpinned by all product groups.

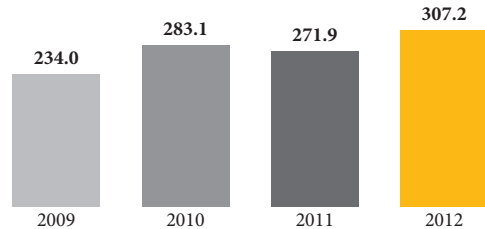
Earnings

Earnings before interest, taxes, depreciation and amortisation (EBITDA) rose by 13.5% year on year from CHF 36.2 million to CHF 41.1 million. The Group's EBITDA margin edged up from 13.3% to 13.4%.

Earnings before interest and taxes (EBIT) increased by 21.7% in the period under review, up from CHF 20.4 million to CHF 24.8 million. The EBIT margin rose to an encouraging 8.1%, up from 7.5% a year ago. For the first time, the EBIT figure included SAP-related amortisation expense for a full annual period, totalling CHF 2.9 million (second half of 2011: CHF 1.2 million). Profit for the year rose from CHF 18.2 million in fiscal 2011 to CHF 19.4 million in the period under review.

Net sales

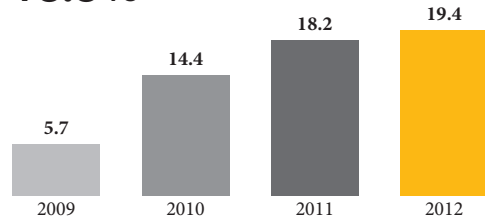
+13%



Net sales of the Interroll Group in million CHF

Net profit

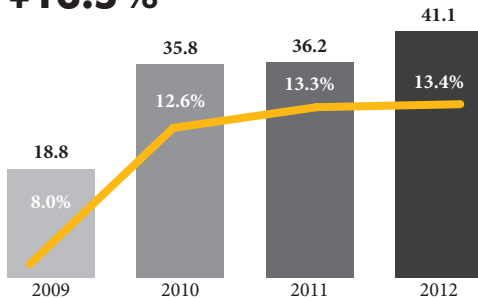
+6.6%



Net profit in million CHF

EBITDA

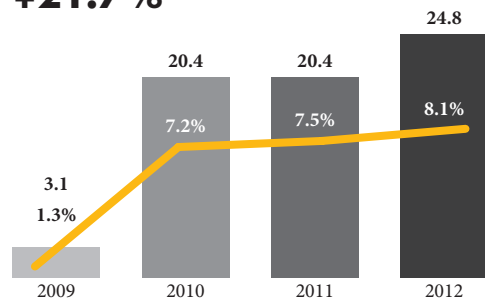
+13.5%



Operating earnings before interest, taxes, depreciation, and amortization (EBITDA) or in % (—) of net sales

EBIT

+21.7%



Operating earnings before interest and taxes (EBIT) in million CHF or in % (—) of net sales

Financial position

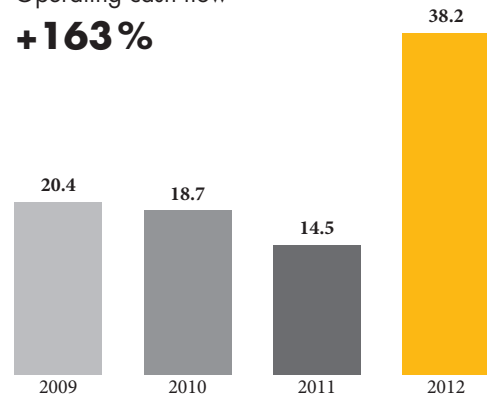
The balance sheet of the Interroll Group bears testimony to the sustained financial stability of the Interroll Group. As at 31 December 2012, equity amounted to CHF 159.4 million (31.12.2011: CHF 143.3 million), while the balance sheet total stood at CHF 226.9 million (31.12.2011: CHF 239.2 million). The equity ratio at the end of 2012 was up substantially year on year to 70.2% (31.12.2011: 59.9%).

At CHF 40.3 million (31.12.2011: CHF 45.1 million), current assets saw a tangible improvement in the period under review. Furthermore, Interroll generated strong operating cash flow in the financial year just ended. It increased significantly from CHF 14.5 million in the 2011 financial year to CHF 38.2 million in the year under review, i.e. 12.4% of net sales. Whereas the Group had recorded net debt of CHF 17.6 million in 2011, it posted net financial assets of CHF 8.7 million as at 31 December 2012. Free cash flow increased markedly from CHF -5.6 million to CHF 30.2 million.

The investments of CHF 10.6 million were directed at the continuous improvement of machinery and equipment, as well as being used for the purpose of maintaining the Group's infrastructure. At the same time, Interroll invested in its new plant in Atlanta and in the company's SAP project.

Operating cash flow

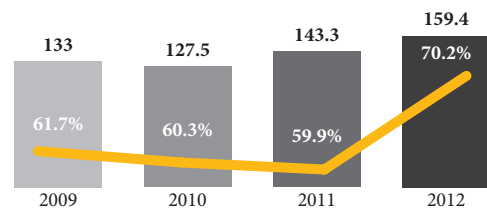
+163%



Operating cash flow in million CHF

Equity

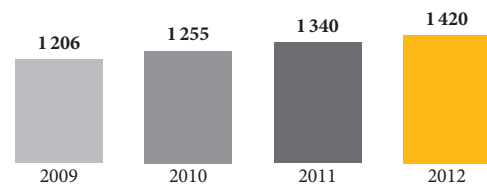
+11.2%



Equity in million CHF or
Equity ratio (equity in % of assets)

Number of employees

+6%



Average number of employees

Product group “Drives”

The Drives product group (motors and drives for conveyor systems) maintained its forward momentum with sales of CHF 99.3 million in the year under review (2011: CHF 95.1 million). Order intake rose from CHF 98.0 million a year ago to CHF 99.9 million in 2012.

At an event organised to coincide with the Anuga FoodTec trade fair in Cologne at the end of March 2012, Deutsche Landwirtschafts-Gesellschaft (DLG) and the European Federation of Food Science and Technology (EFFoST) awarded Interroll a gold medal for the company's Synchronous Drum Motor. Developed as a hygienic drive solution, it is particularly well suited to processing systems deployed in the food industry. Elsewhere, Interroll showcased its new controllers from the ConveyorControl range – designed for energy-saving roller conveyors – at the international trade show for intralogistics LogiMAT in Stuttgart. The company managed to significantly increase its market share in the highly promising segment of 24 volt roller conveyor technology in the period under review.

Product group “Rollers”

At CHF 80.4 million, sales attributable to the Rollers product group remained largely unchanged year on year, but at a high level (2011: CHF 83.2 million). Interroll made significant strides in its R&D efforts centred around conveyor rollers for the food industry. The Interroll Centre of Excellence for Conveyor Rollers and RollerDrives in Wermelskirchen, near Cologne, came close to matching the significant levels of capacity utilisation seen in 2008. Drawing on its many years of expertise, together with its engineering heritage and

ability to supply at short notice, Interroll has established a formidable market position in the area of rollers too. In the year under review, the company pressed ahead with its efforts to develop a conveyor roller solution that is quick to install and can be used for small-sized goods. The new product was launched at the end of the year. Interroll made substantial investments in China, the focus being on more efficient and flexible conveyor roller production for the purpose of scaling back delivery times.

Product group “Conveyors & Sorters”

Sales generated within the Conveyors & Sorters product group exceeded expectations in the period under review, rising from CHF 42.8 million to CHF 69.3 million. Order intake increased by 27.8% year on year, from CHF 50.0 million to CHF 63.9 million. Interroll received follow-up orders for sorters deployed in systems operated by Amazon and China Post. In Japan, too, Interroll secured a contract for sorter technology to be incorporated within systems run by Amazon. Alongside its excellent references in this area, combined with the many advantages of Interroll's all-mechanical design concept, the company has continued to benefit from the positive effects of its global sorter campaign launched back in 2008. Orders received during 2012 for conveyor modules used in the security zones of airports in Europe and the Middle East were well above average.

Recognising the positive impact that its new sales structure and more intensive cultivation of new customer segments have had on its business, Interroll pressed ahead with product harmonisation within the area of conveyor modules. The primary objectives: further reduction in delivery times, simplified design and

Sales of “Drives”

99.3 Mio. CHF

References:

- ☉ Heinz
- ☉ Itab
- ☉ Triumph International
- ☉ Smiths Detection
- ☉ Atlantic Zeiser

Sales of “Rollers”

80.4 Mio. CHF

References:

- ☉ SSI Schäfer
- ☉ Knapp
- ☉ TGW

consistent standardisation of all modules for hassle-free installation on site. Additionally, the project is aimed at expanding Interroll's day-to-day business in the field of conveyor modules relative to its project business, which is generally more cyclical in nature.

Product group “Pallet & Carton Flow”

The Pallet & Carton Flow product group saw its sales expand by a substantial 14.4%, taking revenue from CHF 50.8 million a year ago to CHF 58.1 million in the period under review. Order intake also increased, up from CHF 54.0 million to CHF 58.1 million. A major project for Procter & Gamble in Crailsheim (Germany), encompassing around 20 000 pallet positions, was completed to the customer's full satisfaction; the modernised distribution centre was officially opened in June 2012. In Asia, meanwhile, Interroll secured a further contract for flow storage systems to be supplied to Red Bull. In the Swiss canton of Valais, Coop extended its distribution centre near Brig by incorporating Interroll-designed flow storage technology. The distribution facility supplies mineral water to Coop stores throughout Switzerland.

Benefiting from its new sales organisation, Interroll managed to expand its global market share in the area of dynamic storage applications. In 2012, Interroll published a White Paper on distribution centres for medium- and fast-moving goods based on a study led by Leibniz Universität Hanover (Germany) and Southeast University Nanjing (China). The next step will be to develop a simulation tool capable of computing key performance data of distribution centres. The rationale behind the White Paper and the project simulation tool is to offer design

engineers and operators of distribution centres around the globe real added value and professional support for complex decision-making processes. As part of the intralogistics trade fair Manutention, which was held in Paris in November 2012, Interroll launched a new safety separator for dynamic storage systems. Equipped with a Time Plus function, the solution designed for even simpler pallet extraction was nominated as the most innovative product of the show.

Marketing and branding

In addition to pursuing innovation as an important goal, Interroll also stepped up its marketing and branding efforts during the year under review. Targeted sales campaigns were complemented by measures aimed at raising brand awareness. They included an expert discussion forum on “Efficiency and Sustainability in Logistics” at the LogiMAT trade fair in Stuttgart (Germany). Attracting an international audience, the debate held at the Interroll stand focused on new solutions for the next generation of resource-friendly logistics. Energy-efficient 24 volt roller conveyor technology was one of the focal points at international trade fairs in 2012. Interroll managed to gain a significant share of the market in this area. Having established a partnership with the Sauber Formula 1 team, Interroll is now in a position to convey its core values as a technology leader – speed, precision and reliability – through an entirely new communication channel and further cement them in the minds of key market players. ☺

Sales of “Conveyors & Sorters”

69.3 Mio. CHF

References:

- ☺ Amazon
- ☺ Smiths Detection
- ☺ Chinese Post
- ☺ SingPost
- ☺ Doha International Airport

Sales of “Pallet & Carton Flow”

58.1 Mio. CHF

References:

- ☺ Red Bull
- ☺ Procter & Gamble
- ☺ Coop
- ☺ Frito-Lay
- ☺ Shoprite

REVIEW OF REGIONAL PERFORMANCE



Procter & Gamble, Crailsheim, Germany



ATTC Manufacturing, Inc., Tell City, Indiana/USA

Europe, Middle East, Africa

Europe recorded significant revenue growth in the reporting period, with sales rising by 18.6% expressed in the currency of consolidation. In local currency, sales increased by an even more impressive 21.1%. Interroll achieved strong gains in market share in Europe as a whole. The Group's significant revenue growth was driven in part by Central European customers whose systems are exported overseas.

All product groups were able to make a positive contribution to growth. In 2012, Interroll celebrated the official opening of its new sales office in Turkey to coincide with WIN trade fair in Istanbul. Interroll has already secured several interesting projects relating to dynamic storage and intelligent roller conveyors deployed at distribution centres in this burgeoning market. Benefiting from a clearly defined corporate strategy and marketing campaigns tailored to regional needs, Interroll Spain managed to expand its sales revenue by 26% despite the adverse effects of an economic recession. In particular, the company was able to capture an additional share of the market in the area of drum motors and checkout drives. In South Africa, meanwhile, sales more than doubled in the year under review, thanks to a sizeable contract for products to be supplied to one of the country's leading retailers.

Americas

Excluding the major project for Canada Post in 2011, net sales in North America remained relatively stable year on year at CHF 56.6 million – despite challenging conditions and postponed projects. Overall, business in this region is moving in an encouraging direction. Interroll secured two follow-up orders for projects related to Amazon. In North America, Interroll pressed ahead with preparations to consolidate its production activities in Atlanta and concentrate its flow storage business at this site. In South America, meanwhile, sales revenue was up by around a third. Committed to further enhancing its service to customers, Interroll Brazil relocated to larger premises near the centre of São Paulo.



Red Bull, Prachinburi (nearby Bangkok), Thailand

Asia/Pacific

Sales generated in Asia grew by 12.0% year on year, with China surging ahead by an impressive 23.8%. Interroll Korea, Thailand, China and Singapore secured a number of highly promising new contracts. China, for instance, has been working on a further project for sorters to be supplied to China Post. In Thailand, meanwhile, Interroll received another order for a flow storage system to be installed at a plant operated by Red Bull. Additionally, Interroll secured a contract for the supply of sorters to an online operator based in Malaysia. In the Indonesian market, the company is working on a major project for modules. Interroll will continue to invest heavily in the growth market of Asia for the purpose of expanding its market share. Elsewhere, however, Australia fell well short of expectations.

Innovation: “Inspired by Efficiency”

Interroll embraces innovation as a means of streamlining day-to-day logistical operations within companies, the prime objective being to implement solutions that are fully tailored to customer requirements. This begins with a commitment to supplying our customers around the globe as quickly as possible – with products of a consistently high quality no matter where they are deployed. As integral components of material handling systems, these products are designed to save space, reduce energy consumption and improve cost structures at an operational level. After all, efficiency is essential when it comes to conveying, storing, sorting and distributing goods in high-performance logistical systems. The slogan “Inspired by Efficiency” reflects Interroll’s ambitions within this area. Not only does it express the motivation driving our own actions, it also illustrates our desire to inspire our customers with solutions and technology designed to raise efficiency and productivity levels and, ultimately, companies’ ability to compete in a dynamic business environment. Interroll’s global product management plays an instrumental part in achieving these ambitions. In recognition of its strategic importance, this area of our company also underwent restructuring as part of the new organisational measures introduced at the beginning of 2011, the aim being to improve substantially the innovatory prowess of the Interroll Group at a global level. Networking between production, sales, applications engineering, customers and end-users, Interroll product managers play a pivotal role in driving product innovation forward worldwide. Overseeing clearly defined product areas, they are responsible for developing new solutions and capturing markets for new fields of application, as well as tapping and establishing trends for the purpose of exploiting market opportunities to the fullest extent possible. In doing so, Interroll’s global product management is also instrumental in providing a vital stepping stone for future business, thus making a committed contribution to the pursuit of the Group’s growth strategy on a day-to-day basis. ☺

PEOPLE

The financial year 2012 was largely defined by the successful launch of the “Climate of Excellence” programme as key part of our corporate culture. Customers should come away from every contact with Interroll having experienced “excellence”: seeing real added value, beginning with the advice about our product range, continuing through to delivery, straightforward installation and, ultimately, the service received throughout.

In all areas and at all levels of the company, our colleagues have gone the extra mile to make this a reality, a fact demonstrated by repeat orders from clients including Amazon, Red Bull, PepsiCo and Amway. Further evidence came during the year from a questionnaire on conveyor modules, which surveyed a representative sample of 400 customers from around the world and which confirmed that Interroll is now seen as a technology leader. The awards won by our products are testament to our employees' capacity for innovation. The gold medal presented for Synchronous Drum Motors at the Anuga Food-Tec trade fair in Cologne is one of many examples.

The further expansion of the SAP project and the rollout of the Interroll Production System (IPS) were particularly clear demonstrations of our team's commitment to a “Climate of Excellence”. Their determination to compete with the very best in the industry is boosting levels of ambition, motivation and satisfaction in the workplace.

The second milestone of the SAP project was reached as planned on 1 October 2012. Another six Group companies in the USA, Denmark, Thailand, Singapore, Australia and South Africa successfully brought into service the strategically important ERP system, thanks to the extraordinary efforts and personal commitment of all involved. This means that standardised processes and data are now in use across 22 of Interroll's Group companies. An Interroll team comprising another 100+ employees contributed to the great success of this second stage by attending workshops and training sessions, by taking part in video conferences and by allocating time to individual preparation. As a result of the successful transition to the

operational phase after the previous year's SAP rollout of Cluster 1, Interroll is now regularly asked to be a reference client for SAP projects. Interroll has become one of the most important benchmarks with regard to SAP installations at Swiss medium-sized companies over the past five years.

The Interroll Production System (IPS) has been introduced into several Centres of Excellence and production facilities, with the aim of maximising resources and continually increasing productivity. The IPS makes use of Japanese Kaizen principles to achieve continual improvements in development and manufacturing processes. The term derives from the Japanese “Kai” (change) and “Zen” (for the better) and embodies the idea that small steps can result in significant changes. Kaizen also provides a platform for superior products that capture the spirit of innovation. What makes the IPS so universally applicable and successful is that everyone, no matter at what level, can make a personal contribution to the process. Every suggested improvement, however small, is taken seriously, so every member of staff feels that they are playing a part in the



Continuously optimized: Interroll Production System (IPS)

wider project. All of the small improvements to optimise processes combine to create maximum impact, whilst also improving the working environment at the same time. How else could Interroll's Centre of Excellence for Conveyor Rollers and Roller Drives have achieved record production levels of 720 000 conveyor rollers in April 2012? The site at Wermelskirchen, near Cologne, was the first Interroll plant to introduce "Kaizen for Colleagues" during the year under review, in the form of a state-of-the-art gym for the sole use of employees.

The Kaizen Institute is supporting Interroll across a number of countries where required in order to help implement the IPS. Our company is using this opportunity to invest in training courses, spanning several months, which will enable employees to become Kaizen Managers. There is one Kaizen Manager for every 50 employees; on a regular basis, this Kaizen Manager focuses 100% on the continual improvement process. Process Owners work alongside the Kaizen Managers and also devote part of their working time to these activities.

As a global company, Interroll has underlined the importance of ongoing training during the year under review, providing a wide variety of courses, workshops and other sessions. The Interroll Academy continued to invest in the latest training and learning methods during the year. Sessions were delivered at various sites worldwide, including sales training, product education and other further education opportunities. Online courses for flexible learning are regularly updated with details of the latest products; as well as technical topics, these online training courses also cover MS Office applications, languages and videos.

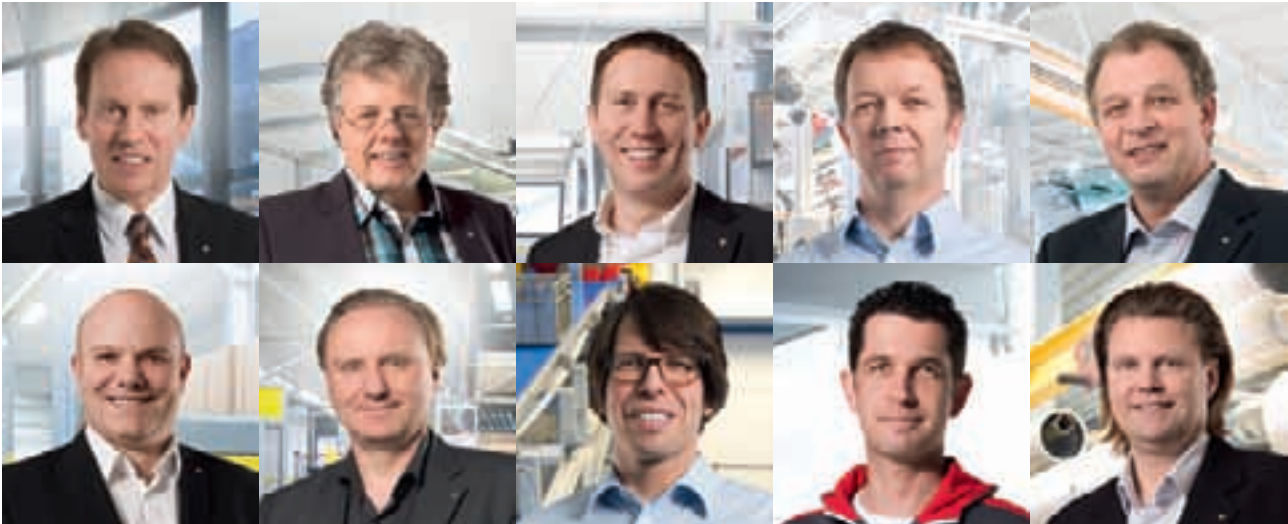
There were some changes in the Group Management: As of 30th June 2012, Mr. Christian Hähni (Head of Corporate IT), and as of 30th November 2012 Mr. Jürg Häusermann (Chief Financial Officer) left the Group Management. The position "Head of Corporate IT" was not continued and filled as such. Mr. Daniel Bättig was appointed as new CFO and assumed his new position effective 1st March 2013. ☺



On course for in-depth understanding of customer needs: Interroll Academy



Top quality from Switzerland: Interroll technopolymer expertise for global internal logistics



CLIMATE OF EXCELLENCE

PEOPLE, TECHNOLOGY AND VISIONS – DISCOVER THE WORLD OF INTERROLL

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“WE WANT TO CONTINUE GROWING PROFITABLY”

Paul Zumbühl has been CEO of the global enterprise Interroll Group since 2000. In an interview, the executive talks about the 2012 business year, the group’s strategy and technology leadership in the market for internal logistics.



In fiscal 2012, Interroll increased net sales by 13 percent and operating profit by more than 21 percent. What do you have to say about those results?

Paul Zumbühl: We are on the right path. Our 1,500 employees have worked hard and served our customers well. I am particularly pleased that we have been able to continue our profitable course of the previous year. Our company creates sustainable growth. And that is no given in times of global financial and economic crises.

What is the reason for this success?

Paul Zumbühl: There are definitely a number of factors. The most important one is that we never forget to thank customers for our success. As a manufacturer of capital goods, we offer customers solutions that deliver true value. With our help, they can strengthen their competitiveness. But they value our performance only if they become more competitive. I am convinced of this again and again in the many personal talks I have with customers around the world. When it comes to efficiency and return on investment in internal logistics, we are the partner of choice today with a number of global market leaders such as Amazon, Procter & Gamble and Red Bull. We can be rightly proud of that.

In what business areas is Interroll particularly successful?

Paul Zumbühl: The positive development affects all product areas. We have grown our business with drives, rollers and conveyor modules as well as with dynamic storage and sorter solutions. All these product areas have also contributed to earnings. Our cross-divisional operations are a key strength. We are not dependent on special developments in any one business field. In fact, with our innovative 24V drives, we have grown above average and significantly increased our market share. Demand for sorters and dynamic storage solutions has exceeded our expectations.

How have your regional markets developed?

Paul Zumbühl: Despite a challenging economic environment, we have been able to expand or at least maintain our market position in all global regions. We have grown particularly strong in Europe and Asia – by 24 percent in China alone. The Chinese postal service has meanwhile become a customer. In China, we are beginning to harvest the fruit of earlier investments in our regional competence centres and new production sites in Suzhou. At the same time, we continue to strengthen our involvement in the United States and Brazil. This strategy not only accelerates our deliveries and allows us to benefit from economies of scale with new products; we are also more resistance to volatile currency rate fluctuations through our operations in the various currency zones.

“We aim to grow without runaway costs. That is why we have set a savings target of 10 million Swiss francs.”

How is globalization impacting Interroll?

Paul Zumbühl: As a supplier of logistics systems, we naturally benefit from the growth of international trade. At the same time, globalization is forcing our customers to invest in strengthening their competitiveness. They are automating their infrastructure, simplifying work processes and saving energy. Add to that the growing popularity of e-commerce, coupled with the trend to extend offers to customers that are broad yet personalized. This requires intelligent, flexible

and efficient conveyor solutions. The rapid development of emerging markets and global urbanization has also increased demands on logistics. These trends are giving our company a strong tailwind.

How do you view the short-term development of the world economy?

Paul Zumbühl: Given the financial crisis, which will continue to have a latent impact on business for some time, short-term projections are more like some higher form of fortunetelling. As a single entity, we have no influence on economic developments. What is important is that we not complain about uncertainties but rather be prepared to handle the various developments. Our financial strength plays an important role in this respect.

How is the company positioned financially?

Paul Zumbühl: For years, we have consistently pursued a sensible commercial path. That is why today we have an exceptional financial position, despite the financial crisis. We generate the capital needed for our investments through our business. These investments include continuous expenditures

in research and development to ensure our market leadership. In the past, we have financed acquisitions and modernization measures through our cash-flow. Over the past 10 years, we have more than tripled our equity capital, up from 30 percent to 70 percent today. We are not dependent on developments in capital markets and do not think in terms of quarterly results. This gives us the necessary flexibility to shape our own future and invest in significantly more growth than our competitors.

Today, markets and technologies are rapidly changing. How are you dealing with these changing processes?

Paul Zumbühl: That is very simple – we remain open for new ideas and are always prepared for change, as we have been for years. We do not lean back even in successful years but strive instead to remain constantly fit. We avoid adding fat that is difficult and costly to remove. Take, for instance, our systematic improvement programmes for optimizing purchasing and global production. We constantly strive to become more efficient and productive. We have set a savings target of 10 million Swiss francs that we aim to achieve – and will achieve – in the current business year. We are growing without runaway costs.



“We are not dependent on developments in capital markets and do not think in terms of quarterly results.”

Paul Zumbühl, CEO, Interroll Group



What about your employees and the role they play?

Paul Zumbühl: Our employees around the world are the key to our success. Their commitment, know-how and creativity make the improvements possible that give us a competitive edge in many sectors. We encourage our employees to think entrepreneurially and embrace challenges. We support and promote those willing to go the extra mile. Mastering challenges creates excitement, fun and motivation, and fosters creativity.

And what role does efficiency play in the innovation course Interroll pursues?

Paul Zumbühl: We do not innovate for innovation's sake. With the new products we introduce to expand our lead over rivals, we always seek a double benefit: New solutions should not only create value for our customers but also optimize our own cost management. Let me provide a concrete example. For a new product, we may lower the number and weight of

the required parts or construct a platform based on standardized modules. Customers benefit from lower installation, maintenance and energy costs. At the same time, we substantially reduce our material and production costs. This is a very sustainable course, commercially. There are two groups that always benefit from innovative products that Interroll brings to the market: customers and ourselves. 😊

ROLLERKIT LIGHT: READY TO ROLL IN A FEW SIMPLE STEPS

World premiere: with its pioneering new RollerKit Light, Interroll has engineered a flexible and efficient modular system for conveyors. It significantly reduces the effort and cost associated with planning and installation.



“Interroll believes that efficiency should be considered holistically to deliver real benefits to the customer. That’s why the new RollerKit Light has been designed to significantly reduce the overhead for energy, planning, installation and maintenance.”

Dietmar Hager, Head of Global Product Management at Interroll

Rollers & RollerDrives
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Dynamic Storage
Hervé Mérieau
Global Product Manager
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France

Building new conveyor lines or upgrading existing installations usually entails a tremendous amount of planning and installation work. To simplify this process, Interroll developed a globally pioneering solution in 2012. RollerKit Light comprises tried and tested components that can be flexibly combined with each other. This enables customers to create conveyors for small-sized goods much more efficiently and cost-effectively.

The individual components are delivered pre-assembled so that, for instance, the drive unit and conveyor rollers can be easily installed on site in the conveyor frame or existing machine design. The kit offers seven standard lengths for straight conveyors and four different angles for curves, while the conveyor itself is available in any width. This enables customers to achieve an excellent level of integration. Optional controls are available for realising different conveying types, such as continuous operation or zero pressure accumulation.

Efficiency: the big picture

RollerKit Light provides a highly efficient and reliable solution tailored to the requirements of small-sized goods handling. Technologically, the product is based on proven Interroll components such as the 24-volt RollerDrive EC310 and the Series 1700 universal conveyor roller. Dietmar Hager, Head of Global Product Management at Interroll: "Our aim was to increase the overall efficiency of the solution for customers. So instead of considering the energy efficiency aspect in isolation, we also factored in the issue of planning, installation and maintenance expense."



New: Interroll RollerKit Light for small unit loads

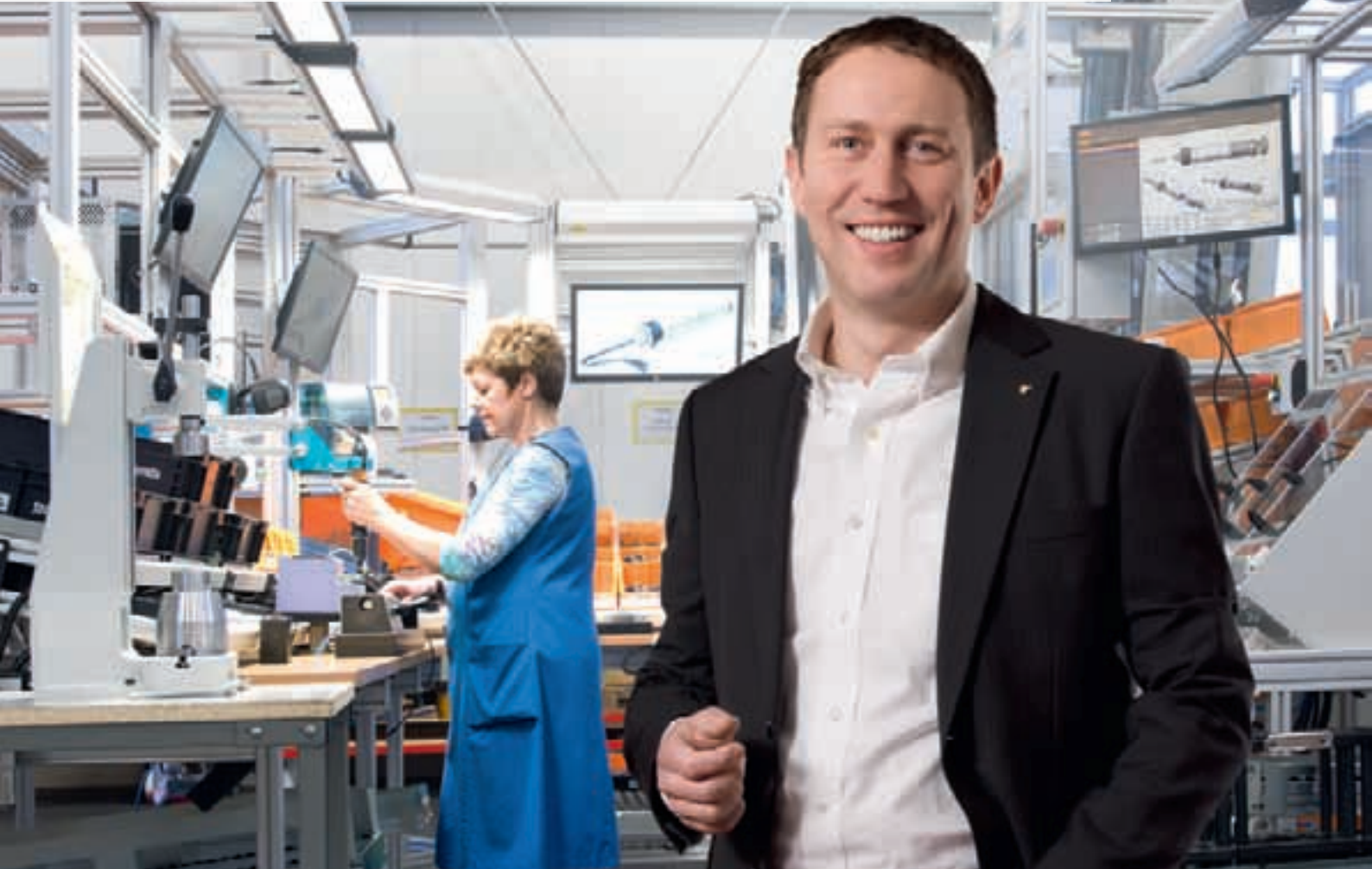
As well as reducing the planning and installation effort involved, the new product features floating bearings that maximise the energy efficiency of the technical system. Another advantage of the solution is that during maintenance work, rollers and belts can be changed in a matter of minutes.

International collaboration – efficiently organised

For Dietmar Hager, the meaning of Interroll's motto "Inspired by Efficiency" is not limited to the products that his department develops and manages. He has also organised his team, comprising members in Germany, France and Spain, so that it functions with the utmost efficiency. Using a state-of-the-art communication platform, he systematically exploits the synergies that Interroll's interdisciplinary organisational structure offers. As well as simplifying work processes, boosting productivity and providing a better overview of ongoing projects, this also stimulates the exchange of knowledge and the generation of creative ideas within the team. ☺

INTELLIGENT CONTROL ENSURES MAXIMUM EFFICIENCY AND FLEXIBILITY

Interroll's innovative motorised conveyor rollers lie at the heart of a system that saves time and energy in materials handling. A new control, which can be configured quite simply at the click of a mouse, now makes these rollers an even more attractive prospect – also for the phased upgrading of existing installations.



Rollers & RollerDrives
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For many years, Interroll's 24V RollerDrives have provided a more cost-effective alternative to conventional solutions in tote and container conveying. And it's not just about trimming the electricity bill. In times of rising energy prices and sustainable corporate strategies, the fact that the benefits of these drive rollers can be felt across all areas – design, installation, maintenance and safety – makes them particularly exciting. What is more, they can be easily integrated in central PLC warehouse control software. The compact and industry-standard design with a protective rating of IP 54 reduces installation effort and significantly improves robustness and availability.

A decentralised drive concept means that areas of the conveyor system that are not currently transporting materials can be switched off automatically, saving more energy. Greater efficiencies are also possible thanks to a system that recycles the energy used for braking the materials on the conveyor, and makes it available to other drives.

Intelligent control made easy

With the launch of its innovative ConveyorControl, an intelligent control solution for the company's RollerDrive, Interroll has further enhanced the customer benefits of its comprehensive 24V drive portfolio. ConveyorControl was first showcased in spring 2012 at LogiMAT in Stuttgart. This control is a user-friendly alternative to complex PLC programming. Settings can be easily configured using the graphical user interface of a software program that can run on any standard PC with a Windows operating system.

Users need no programming skills to operate it. They can configure a wide range of conveyor parameters for each zone, such as the conveying speed, deceleration, direction of rotation and acceleration power of the RollerDrives – simply at the click of a mouse button. Georg Malina, Global Product Manager Rollers, RollerDrives & Controls: “Ease of installation and operation were key considerations when we developed the product. Now, even partial upgrading of a conveyor is straightforward enough for maintenance staff to carry out.”

When upgrading, it is usually only necessary to disassemble the existing central drives including the reversing unit and support rollers. The RollerDrives, which are simply installed in the existing conveyor frame, then drive the relevant zones. Insulation-displacement connectors are used to connect the cables of the individual control components to each other, greatly simplifying the installation process. 🔄



Interroll ConveyorControl: easy to use controls for roller conveyors

“ConveyorControl is the result of consistently applying our many years’ experience in the field of 24V drives. Our solution is a future-proof and sustainable technology, whether for new plants or upgrading old installations.”

Georg Malina, Global Product Manager Rollers, RollerDrives & Controls at Interroll

GREATER EFFICIENCY, LOWER COSTS

Compact, energy-saving, zero-maintenance design: Interroll Drum Motors significantly reduce the total cost of ownership (TCO) associated with conveying systems. Ongoing improvements to the production process resulted in even faster delivery times in 2012.



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Material flow processes have to be organised efficiently and cost structures continuously improved to allow a company to consolidate its global market position in a competitive business environment. Interroll material-handling solutions, with their impressively low TCO, can help to achieve this goal. Interroll's innovative drum motors, for example, offer a particularly compact and energy-saving drive solution for conveying systems – as well as being very easy to install. Compared with conventional geared motors (with a system efficiency of 49 per cent), which need substantially more room and design input, drum motors offer an energy efficiency of up to 82 per cent, depending on the technology used. In such a case, power consumption alone is reduced by more than 45 per cent.

The TCO benefits, which Interroll has substantiated using cost calculation software, are not just limited to a dramatic cut in power bills. As drum motors consist of fewer components than geared motors, this also reduces design effort as well as installation and storage costs.

Interroll Drum Motors – superior efficiency and no maintenance

The design of the drum motor is such that the winding and gear are protected by a housing and therefore do not require maintenance. They perform reliably even under the most challenging conditions, e.g. when exposed to liquids, dust, dirt and grease or in refrigeration applications down to minus 25°C. They can also be safely cleaned using pressure washers. Stainless steel models in protection class IP69k meet the most stringent hygiene requirements. Wilfried Neesen,



Interroll Centre of Excellence for industrial drum motors, Hückelhoven-Ball, west of Düsseldorf (Germany)

“Drum motors from Interroll excel by delivering significant efficiency benefits in running costs, culminating in considerable savings potential when it comes to ongoing energy and maintenance expenses.”

Wilfried Neesen, Global Product Manager Industrial Drum Motors at Interroll

Global Product Manager Industrial Drum Motors at Interroll, explains: “D-series Synchronous Motors are not just the most energy efficient conveyor belt drives currently on the market. In common with our other models, they also meet the hygiene standards demanded for use in the food processing sector.”

Interroll Synchronous Drum Motors operate at a maximum surface temperature of just 45 degrees Celsius. This not only reduces the cost of air conditioning in the facility but also results in a much longer service life. Similar to the asynchronous drum motors, this model is also available in various sizes, mechanical versions and outputs.

Production processes further enhanced

However, Interroll's guiding principle “Inspired by Efficiency” does not just apply to the area of product design. In Suzhou, China, for example, where the company assembles and/or produces its entire range for the South-East Asia region, Interroll has made sure that local sub-suppliers also meet the stringent quality standards for components required by the company. In addition, at Interroll's Hückelhoven-Baal production facility in Germany, workflows and organisational processes were optimised throughout 2012 according to Kaizen lean manufacturing principles. In the process, service provision to Interroll customers was also further improved. During the period from May to November 2012, the recorded delivery times improved by more than 11 per cent. As a result, users of Interroll products can enjoy the benefits of tailor-made conveying solutions sooner rather than later. ☺

THE NEW CENTREPIECE OF THE INTERROLL SORTER SOLUTION

Mechanically designed Interroll sorter solutions are the first choice of customers worldwide for any situation requiring particularly efficient and reliable sortation of goods. In 2012 the centrepiece of the crossbelt carriers was further enhanced by a new flap unit that makes them lighter and quieter, even simpler to maintain and produce – and even more versatile.



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Efficient and highly reliable sortation systems are essential when it comes to ensuring quick and accurate handling of complex dispatch logistics. This applies to the work of mail order companies, parcel service providers, production companies, logistics service providers and other distribution centres. Interroll crossbelt sorters are very economical and robust solutions. Unlike any competing products, Interroll crossbelt carriers run on a mechanical drive. The centrepiece of this ingenious device is a flap mechanism that ensures the forward motion of the carrier is used to drive the crossbelt unit. This means that the goods in question are conveyed gently and effectively to the intended destination – while saving energy at the same time.

Less weight, fewer individual parts and less assembly and maintenance required

The new generation of this patent-pending flap unit, which was developed in 2012 by engineers at the global Interroll Centre of Excellence in Sinsheim/Germany, offers a host of improvements. For instance, the weight of its predecessor was reduced by around 30 per cent to just 12 kg and its mechanical resistance also enhanced. The number of required parts dropped from a total of 78 to just 45, which not only halved the time required to assemble or dismantle them. Thanks to its lighter weight construction, the energy cost of running the

unit is now also reduced. In addition, the amount of noise generated is significantly lower, thanks to rubber-bonded fastening of the pneumatic cylinders. What’s more, the new design means the unit is now accessible to maintenance staff from the top.

Dr. Heinrich Droste, Managing Director of Interroll Automation GmbH in Sinsheim: “Development work on this new flap unit, from initial idea to market launch, was all completed in the year 2012. Our development engineers worked very closely with our highly experienced specialists in the production and customer service departments to come up with the right solution. As a result, we were able to fine-tune a number of design details, to the point where we not only simplified our own production of the units significantly but also made the product quieter, much more maintenance-friendly and versatile.

New manufacturing method ensures premium product quality – on a worldwide scale

In keeping with our strapline, “Inspired by Efficiency”, Interroll has succeeded in replacing the various flap systems previously used in vertical and horizontal sorters with a universally applicable system. As part of the product upgrade, a new manufacturing method was also introduced. This involves

mechanical lasering and trimming of the basic components of the work-piece, which removes the need for the exacting soldering work of the past.

As well as being much simpler to manufacture, a higher degree of production flexibility has also been achieved. Since there is no longer any need to solder the parts, manufacture of the units can now be handled by

any Interroll production site worldwide, without the need for any costly, on-site induction training. This means Interroll customers all over the world can now look forward to quicker delivery of their sorters and premium production quality at all times. ☺

“We are constantly working on further enhancement of our solutions. The innovations we produce always offer clear added value to our customers. At the same time, these new developments increase our own level of efficiency.”

Dr. Heinrich Droste, Managing Director of Interroll Automation GmbH



Letters correctly en route: Interroll cross-belt sorter with the Swiss Post Office in Zurich

DYNAMIC PALLET STORAGE – SIMPLY MORE EFFICIENT

Greater flexibility, less complexity. In 2012, Interroll began the task of standardising its conveyor modules for dynamic pallet storage systems. For Interroll's customers that means a wider range of potential applications and shorter supply times. At the same time, the company launched several new products designed to improve safety at work.



“Our standardisation programme will not only reduce costs. Our customers will also see a tremendous benefit in the form of much shorter supply times and new applications.”

Hervé Mérieau, Global Product Manager
Dynamic Storage Products Interroll

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Dynamic storage reduces total operating costs: White Paper prepared by Leibniz Universität Hannover together with Southeast University Nanjing.



Motorcycles in space-saving dynamic stores: first in, first out – first-store pallets are first

Interroll's dynamic storage systems allow distribution centres and warehouses to function more efficiently and economically. The space-saving solutions for new and modernised storage facilities are designed for operation without an external power source. Once the containers and pallets have been transferred to the system, they move under their own weight on gently inclined gravity-roller conveyors. The benefits of this design were verified by an extensive study conducted in 2012 by Leibniz Universität Hannover together with Southeast University Nanjing.

What's more, Interroll's dynamic storage systems are enormously flexible, including solutions for both FIFO (first in first out) and LIFO (last in first out) warehouses. With excellent

shock absorption properties and superb damp and dust protection, Interroll conveyor rollers are built to last. They are compatible with all the world's main racking systems and can be used with different pallet sizes and weights.

Cutting costs and supply times

In 2012, Interroll launched a strategic standardisation programme for its conveyor modules with a view to expanding the range of applications available to its customers and making its own operations more efficient. This enabled Interroll to considerably reduce the number of input products needed for around 90 per cent of the conveyor solutions supplied by the company. At the same time, the number of configurable dynamic storage tracks rose by a significant margin. As well as reducing costs, Interroll achieved a 50 per cent cut in delivery times in just six months.

Hervé Mérieau, Global Product Manager Dynamic Storage Products at Interroll: "The programme launch went really well, and we intend to keep the process going. The aim is to standardise our entire dynamic pallet storage portfolio by the beginning of 2014." There has also been support for sales, including the introduction of a new costing and configuration program. This means that the components needed for a given conveyor solution can now be put together from Interroll's portfolio at the customer's own premises.

Innovation award for Interroll Safety Separator

The new Safety Separator (with "Time Plus" function), developed by Interroll as an additional safety measure for those working in storage environments, received an award at the Manutention 2012 intralogistics fair in Paris. It was designed for use with FIFO systems on the unloading side. The Time Plus function ensures a delay of 20 seconds after removal from the rack before the next pallet rolls into the removal position. This makes the process of pallet removal very safe. ☺

RAISING EFFICIENCY LEVELS – IT'S ALL IN THE SYSTEM

The Interroll Production System (IPS) is designed to bring about the continual improvement of global production processes within the company. One example is the new Interroll plant in the Chinese city of Suzhou, where productivity in conveyor roller manufacture has risen continually.



Interroll Production System
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Executive Vice President
Products & Technology
Wermelskirchen, Germany

Interroll Research Centre
Dr. Thomas Wolters
Deputy Head of
Interroll Research Centre
Wassenberg, Germany

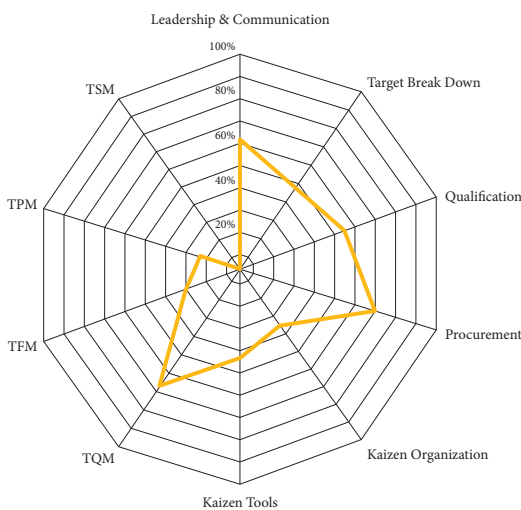
Interroll Corporate Marketing
Jens Karolyi
Vice President
Corporate Marketing
Sant'Antonino, Switzerland

Interroll Career Opportunities
Peter Ulstrup
Global Product Manager –
Food Solutions
Barcelona, Spain

All customers are different – a fact particularly relevant to the markets in which Interroll operates. In the case of conveyor rollers, for instance, the company must be in a position to produce around 97 per cent of the variants it offers (some 80 000 product versions) within 3 to 4 days, even in small quantities. No wonder the efficiency of its international production sites is so important to the long-term success of the company.

In order to meet this challenge, Interroll has for many years utilised a production system based on the Japanese kaizen philosophy throughout the Group. Under this system, process flows are regularly reviewed and optimised, thereby establishing a climate of continual enhancement where beneficial aspects are retained and new features are integrated. Thanks to this sophisticated system, Interroll has consistently brought about tangible improvements to product quality, delivery times and productivity over recent years.

Graphic evaluation of an audit:
the current situation is clear at a glance



Employees playing a central role

Within the Interroll Production System, allowing all team members to contribute to the optimisation process as a point of principle is part of the recipe for success: after all, staff will then identify strongly with the changes that are introduced. At the same time, local management teams are obliged to implement their pledges and accept responsibility for minimising potential sources of error in the working environment. Optimisation measures are overseen by specially trained staff ('kaizen managers') and process facilitators. Regular audits are taken to document changes, consolidate outcomes and define subsequent target fields, while clear diagrams are produced to visualise results and highlight potential for improvements.

Example: higher production efficiency in China

The kind of potential that the Interroll Production System can release soon became clear at the Centre of Excellence in the Chinese city of Suzhou. At this site, the company manufactures and assembles its entire product range for the Southeast Asia region. Within just six months of introducing the integrated programme, an impressive series of improvements had been observed.

In the area of conveyor rollers, for example, productivity rose sharply and the exceptional quality of these products was enhanced still further. The restructuring of equipment achieved a 25 per cent reduction in the production floor space as a first step; combined with other measures, 500 square metres of the overall space was freed up. As a result, any required capacity expansion can be implemented in a highly cost-effective manner. 🔄

“The optimisation system in production is increasing productivity and cutting costs across the Group. As a result, we are becoming ever more competitive on the global stage.”

Dr. Ralf Garlich, Executive Vice President Products & Technology at Interroll

INNOVATION BREEDS EFFICIENCY

The Interroll Research Centre (IRC) is committed to the continuous development of technical solutions aimed at optimising the intralogistical flow of materials. For the international team of engineers and technicians, maximum efficiency is at the very top of the task list.

“Our innovations undergo the most stringent stress tests before customers get to use them.”

Dr. Thomas Wolters, Deputy Head,
Interroll Research Centre

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For many years, the Interroll Group has operated its own development centre close to the Dutch border in the Lower-Rhenish town of Wassenberg. Working closely with global Centres of Excellence and the Product Management and Sales units, the team here is responsible for developing new solutions and enhancing existing products. The Research Centre is one of the most important facilities that Interroll uses to remain at the forefront of innovation within the global market.

The development centre, which incorporates a testing laboratory with state-of-the-art measuring technology, is staffed by highly qualified specialists from all relevant areas. The company set out to ensure that a team comprising experienced staff alongside younger specialists would all contribute their expertise to various projects; several nationalities are also represented.

Deputy Head of the centre is mechanical engineer Dr. Thomas Wolters: “The high skill levels of our staff are central to the success of the work we do,” says Dr. Wolters. “Their expertise is the main reason we are able to develop innovative solutions that put Interroll head and shoulders above the competition in technological terms. One good example is the new RollerKit Light.”

Unique solution for small goods handling

RollerKit Light is a modular transport system for small goods and materials handling. Using individual components (some of which are pre-assembled), Interroll customers are able to design, order and install custom-made transport lines for the first time. To develop the solution – the only one of its kind on any market in the world – the Research Centre investigated products currently available before launching a brainstorming process aimed at identifying suitable technologies in terms of energy efficiency, installation and maintenance cost and customer needs.

When the results of the analyses pointed clearly to the use of RollerDrives and a belt drive, comprehensive testing was carried out with various roller bearings and types of belt; the main purpose of this was to optimise energy consumption, functional safety and wear behaviour as well as ease of assembly and maintenance. Finally, the company opted for a floating conveyor roller bearing to harness the forces of gravity and minimise friction losses.

Ease of integration with existing systems

Extensive practical testing was subsequently carried out involving up to 100 000 container throughputs per day and 50 tons of conveyed goods per conveyor each hour. At the same time, the costs of design, installation and maintenance were found to be substantially lower than conventional solutions allow: belt changes are now possible within minutes, for example, and conveyor rollers can be exchanged without using tools. Enabling customers to install the solution easily and integrate it within existing set-ups was also a high priority. Interroll has filed a number of international patent applications in relation to the new drive system. ☺



*Quickly installed and running:
RollerKit Light, flexible system
for conveyor modules*

A BEACON FOR THE SECTOR

Brands provide direction and create value. The positive experiences customers have with particular companies crystallise into successful brands. At Interroll, brand strategy is all about efficiency and consistency.



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It takes more than good intentions to establish an attractive brand. Take Coca-Cola, for example. Originally conceived as a palatable medicine to combat ailments such as headaches and general malaise, those who bought it soon recognised Coca-Cola for what it really was: a refreshing thirst quencher with no particular health benefits. Learning fast, the company looked at the product from a fresh perspective – and now the soft drink from the US is surely the most widely recognised and valuable brand on the planet.

Brands must perform in the real world

A brand does not become attractive purely by coincidence; nor can it be artificially established by means of a massive advertising campaign. Customers must be persuaded by the sum total of products and services – day in, day out. Ultimately, whether or not people actually connect brand values with the products in question depends on how they perform in practice.

As a producer of capital goods, Interroll has a passion for professional efficiency and uncompromising quality, together with a commitment to the finest technical solutions. “We share this attitude with our clients and the users of our products,” believes Jens Karolyi, Vice President Corporate Marketing at the Interroll Group.

However, resting on one’s laurels is a mistake: brands need to be nurtured constantly. The ‘good name’ of a product or service is something that must be experienced as directly as possible, especially where a company offers a complex package.

For this reason, Interroll entered into a partnership with Sauber, the Swiss Formula 1 team, in 2012. In the fascinating world of international motor racing, Sauber is renowned for striving towards the ultimate in quality, reliability and speed – precisely the values enshrined in Interroll’s ‘Climate of Excellence’ programme. Moreover, the two organisations share a conviction that while a big player won’t necessarily beat a small one, a fast player will always beat a slow one.

Raising the global profile

Formula 1 represents the best that motor sport has to offer, but racing events around the world also bring people together in ways that only the Olympics and the Football World Cup can – year after year. As Jens Karolyi says, “Formula 1 is a global franchise that includes races in growing nations such as China, Brazil and India – regions in which Interroll is also seeking to expand. The collaboration with Sauber will help us raise our global profile.”

Interroll is cooperating with Sauber in many areas, from mutual exchanges of management and PR project expertise to customer events arranged by Sauber, where Interroll’s brand values are manifested in totally new settings. ☺

“Motor sport is a combination of reason and passion. At Interroll, we refer to this blend as being Inspired by Efficiency.”

Jens Karolyi, Vice President Corporate Marketing at the Interroll Group

News, trends, markets: The new “moving” customer magazine looks at the exciting world of internal logistics



A CAREER WITHOUT BORDERS

What is the man from Denmark doing in Barcelona? Together with his German and French colleagues, Peter Uttrup manages Interroll's worldwide product range. A naturalised Spaniard, he is responsible for innovative solutions for the international food sector.



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Interroll Career Opportunities

Peter Uttrup
Global Product Manager –
Food Solutions
Barcelona, Spain

Borders were never an insurmountable obstacle in the life of Peter Uttrup: where others hesitated, he has been happy to take the plunge. This much was apparent when he decided to leave his Scandinavian homeland for Spain in 2001, determined to overcome language and cultural barriers in the process. In his professional life too, the energetic electrical engineer was quick to capitalise on the opportunities presented by a career at Interroll.

Peter Uttrup knows the food sector like the back of his hand, and he knows it from all angles. Having arrived in Spain, he started out as a Sales Support Manager for a Danish group that manufactured equipment for the food processing industry. In 2005, Uttrup joined Interroll Spain, where he spent three years effectively overseeing the nationwide sale and distribution of solutions for the food business.

Utilising the customer's viewpoint

“My sales experience has been highly relevant to my current role as a Product Manager,” says Peter Uttrup. “Thanks to the high quality of our products, small but strategically significant changes are sometimes enough to satisfy the specific needs of the food industry.” In 2008, Peter Uttrup began applying this experience to the development of Interroll's worldwide product range. In taking the next step on his career path, he took advantage of the company's personnel policy of filling new managerial positions from within its own ranks wherever possible. At the recommendation of

his boss at the time, he successfully applied for a newly created post for an international Product Manager to take responsibility for solutions aimed at the food sector.

Market with high growth potential

Uttrup is convinced that the food sector, where hygiene is essential to business, presents Interroll with particularly strong prospects for growth. The burgeoning globalisation of the food market is compounding competitive pressure, which in turn is driving the degree of automation ever upward. More and more users are therefore looking to efficient drive solutions for conveyor systems – solutions that meet rigorous hygiene requirements while cutting energy consumption and the costs of installation and maintenance.

Interroll is benefiting greatly from the trend: one example is the new Synchronous Drum Motor, which was awarded a gold medal by the German Agricultural Society (DLG) at the International FoodTec Award in 2012. Compared to conventional geared motors, the drum motor uses around 40 per cent less power; at the same time the drive unit, enclosed in stainless steel, complies with the stringent requirements of the international food industry. 🍷



DLG gold medal for Interroll's new synchronous drum motor (SN062D)

“Our solutions for the food sector are setting new standards. We are proving that cost-effectiveness need not be incompatible with ever stricter hygiene requirements.”

Peter Uttrup, Global Product Manager – Food Solutions – at Interroll

MAJOR SWISS DISTRIBUTOR COOP OPTS FOR EFFICIENT AND SUSTAINABLE MATERIAL FLOW

From the new and modern Pearlwater bottling centre in Wallis, Coop supplies consumers throughout Switzerland with premium mineral water. A high level of goods throughput, an energy-saving pallet flow storage system and transport by rail join up to produce a comprehensive sustainability concept.

To expand its mineral water business in Switzerland, Coop acquired Pearlwater Mineralquellen in Termen near Brig in January 2011 to become independent with its own sources. Pearlwater Mineralquellen, which has expanded to become the most modern bottling company in Switzerland, was officially opened in mid-2012; there are plans for further expansion in the near future. Pearlwater ships high-quality mineral water from the Valais Alps and each year it produces 140 million litres for the beverage brands Swiss Alpina,

Prix Garantie and Termen. Pearlwater despatches up to 2000 pallets per day. All Coop beverages are transported to the regional Coop distribution centres in Switzerland efficiently and with minimal environmental impact.

Creating maximum throughput with a minimum of space

The core of the intralogistic material flow at Pearlwater in Termen is a highly compact SSI-Schäfer pallet storage system equipped with Interroll dynamic storage modules. "Coop's strictly limited space available and its ambitious targets for a reduction in CO₂ emissions led to the selection of a space and energy saving pallet flow storage system from SSI Schäfer, with Interroll roller modules and other resource-friendly equipment such as the automatic stacker cranes with their energy

"We are very happy with this solution."

Pascal Collaud, Logistics Manager at Pearlwater Mineralquellen AG



Pearlwater mineral springs in Termen/Brig (Switzerland)

recovery system”, explains Dieter Strub, Managing Director of InnovaTec, the Swiss system integrator for the overall project. “With our solution, we had to make the maximum use of the shell of the new and the existing halls - literally right up to roof level.”

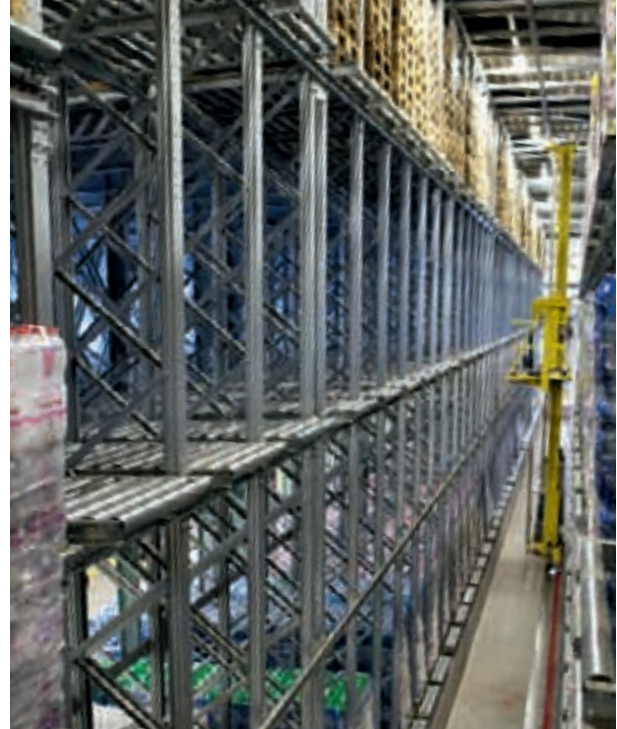
Bruno Felber, chief structural engineer for the rack system integrator SSI Schäfer, also draws attention to the high demands made in connection with economy of space and building safety: “The flow storage system with the dynamic Interroll modules is ideally suited to this. In particular, we built a special mezzanine in framework construction over the constricted space over the cargo despatch area in the two halls in order to create even more flow storage capacity. In addition, all the shelving systems had to be earthquake-proofed”, adds Felber.

High system availability, energy-kindly and flexible solution

The Pearlwater distribution centre has a total of over 5 000 pallet spaces in gravity-driven flow channels with a 4% gradient for energy-free travel of the 800 kg Euro pallets from the loading side to the unloading side (first in, first out). “We are very happy with this solution”, stresses Pascal Collaud, Logistics Manager at Pearlwater Mineralquellen AG. “The system is highly available, a basic requirement for success in a fiercely competitive beverages market. For sales campaigns and additional seasonal sales in the Coop network, we also need to be able to get very high throughput volumes moving quickly.” ☺



Coop distribution centre in Termen/Brig (Switzerland):
Up to 2 000 beverage pallets travel by rail to co-op centres in Switzerland



What are flow storage systems?

Flow storage systems for goods with a fast turnover are characterised by their lane structure. The individual lanes are equipped with non-driven rollers. The movement of the cargo carriers (e.g. pallets) from the entry into the lane up to retrieval from the lane is powered by gravity. The cargo units “flow” along the roller tracks which are installed with a slight gradient. By comparison with comparable pallet storage systems, Interroll flow storage systems need up to 50 percent less space, substantially shorten internal travel and help to cut operating costs.

The speed at which the cargo units pass through the system is regulated via special rollers. Separators at the end of the lane ensure that even a number of heavy cargo units waiting there move on gently after a cargo unit has been retrieved from the lane at the retrieval point.

PROCTER & GAMBLE: A STEP AHEAD WITH INTERROLL DYNAMIC STORAGE

Procter & Gamble modernised its international distribution warehouse at the German production site Crailsheim without interrupting business at all in 2012. The new pallet flow storage system uses zero-energy Interroll conveyor roller modules. The solution offers maximum exploitation of available space, boosts throughput and capacity, and allows the utmost flexibility in changing business processes.

Gillette, Oil of Olay, Vicks or Ariel – these are just a few of the 40 brands that the Procter & Gamble Company (P&G) markets in Germany. The Crailsheim factory located in Baden-Württemberg makes hygiene products and household tissue paper. The products make their way to consumers in Western Europe from the connected distribution warehouse. “After our value stream mapping had revealed that supplying customers in Germany, Austria and Switzerland would be more economical from a single warehouse than from a number of regional warehouses, we began work in 2011 on a project that would concentrate our storage activities in one site,” explains Matthias Schmitt, manager of the P&G distribution centre in Crailsheim. Thanks to its geographical location, Crailsheim stood out as the ideal candidate.” The particular challenge now consisted in distinctly increasing throughput and capacity in the existing building by using the latest warehousing technology.

More than 200 truckloads are handled in Crailsheim every day so that customers receive their deliveries regularly. Consequently the retrofit project had to be carried out during “business as usual”. Working to a fixed schedule, the project team made up of representatives of the companies involved – Mecalux, K-LOG Lagersysteme and Interroll – began by clearing and dismantling defined rack areas at the former entry points. Then, storage block by storage block, the new gravity lanes including the dynamic storage modules manufactured by Interroll were installed until the non-disruptive restructuring of the P&G distribution centre could finally be concluded on time by mid-2012.

27 000 instead of 20 000 pallet positions in the same space

Thanks to the new design with zero-energy live racking modules for compact pallet storage, it has been possible to boost storage capacity in the same space from 20 000 to 27 000 pallet positions. In addition, the restructuring has helped to provide the ease of placement needed to achieve the required throughput capacity, 100% item availability on the retrieval side and improved picking performance. The warehouse operates on the First-in-First-out (FiFo) principle. The live flow storage system is designed to enable the retrieval of whole pallets or the picking of smaller parts. While the upper rack lanes are equipped with live flow storage system technology from Interroll, at the lower levels a picking tunnel runs through the middle of the compact racking system.

Whole pallets are placed in the flow lanes of the upper rack levels in accordance with the FIFO principle. Forklift operators deposit the pallets rearwards on the rollers of the flow lanes. Made-to-order items are retrieved from the other end of the rack lane. With their four-percent gradient, the gravity-feed flow lanes guarantee a continuous delivery of pallets to the retrieval side. The full-lane-width conveyor rollers and the speed controllers from Interroll help to ensure a gentle and safe flow of goods.

The same applies for the lower rack levels. Both inside and outside the tunnel, the positions are populated individually with pick pallets and replenishment always takes place directly above the picking station. In this way, the number of

picking stations has been significantly increased. For contract manufacturing, the picking jobs are sent to wireless devices that guide the workers through the picking tunnel. There, the pickers retrieve items as instructed by the warehouse management system.

Shorter work cycles, flexible conversion options

“The new solution is much more flexible than the old one,” Schmitt judges. “Before, we had racks that were one and two pallets deep. This forced us into accepting often completely inefficient operations in our handling procedures to deal with the changeovers between the longitudinal and cross transporting of pallets, for example.” With the Interroll solution, however, P&G in Crailsheim has been able to introduce standardised operations. “The new rack blocks are designed in such a way that we can process jobs far more efficiently and much more quickly with considerably less travel,” explains Schmitt.

Furthermore, the new dynamic flow storage system blocks were designed for maximum flexibility from the outset. “We can convert any block to a picking tunnel at any time or keep it completely for storage purposes”, says Schmitt. “The warehouse is designed to cope with future growth or changes in business processes too.” For example the storage or picking capacity in the picking tunnels can be increased at any time. And in addition the flexible roller tracks from Interroll make it possible

to vary the rack heights by up to 2.40 metres – thus doubling them. “As a consequence the entire system is also designed for storage intake of two-storey, double-stacking pallets with which trucks can be stowed even more compactly”, describes Schmitt.

As a result of the increases in capacity and throughput the dispatch area was restructured too. Here gravity-feed staging lanes from Interroll were installed. On gravity roller tracks featuring integral speed controllers, the job pallets leave the consolidation zone and go directly to the truck loading zone. “This enables the forklift operators to concentrate entirely on the unloading and loading processes,” Schmitt explains. Moreover the racks in the interior of the warehouse can be serviced optimally without any cross traffic, which in turn enhances the operative efficiency. Furthermore, Interroll has built a level for push-back racks above the dispatch zone for storing up to 4000 pallets, so that optimal use is made of the space available in all its entirety in the goods departure zone too.

For P&G, the decision to convert the drive-in racks and block storage to a dynamic storage system has paid off. “With an affordable outlay and outstanding cooperation between all involved, we have achieved the optimum result,” insists P&G logistics manager Schmitt happily. “With the results of this retrofit project, we’ve demonstrated once again that Crailsheim is always ‘one step ahead’.” 🔄



Large flow of goods: Procter & Gamble loads more than 200 trucks per day to ensure that customers receive their products in the usual cycle

“Our warehouse is designed to cope with future growth or changes in business processes too.”

Matthias Schmitt, Manager of the Procter & Gamble Distribution Centre Crailsheim

LEADING CZECH BOOK DISTRIBUTOR BELIEVES IN ROLLER CONVEYOR TECHNOLOGY FROM INTERROLL

Pemic Books a.s., one of the largest book distributors in the Czech Republic, has optimised its distribution structure to speed up deliveries and achieve higher customer satisfaction. The latest roller conveyor and control technology from Interroll plays a key role here.

In order to profit from the positive development in the e-commerce sector, book distributors too need to improve their range of services and above all target shorter delivery times. Pemic Books a.s., one of the leading book distributors in the Czech Republic, has therefore restructured its distribution processes. In its new distribution centre it has opted for the use of innovative roller conveyor technology from Interroll.

Pemic Books a.s. was established in 1991. Alongside operations in the Czech Republic it also services the Slovakian markets. The book catalogue of Pemic Books a.s. with some 40 000 titles covers a broad range, including classics and fiction of all genres, as well as school books. The company, whose staff of 120 people help distribute up to 70 000 pieces a day, is located in Ostrava-Poruba.

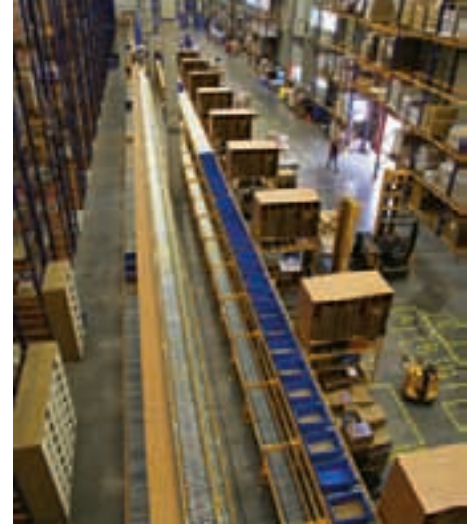
New distribution centre allows distinctly shorter delivery times

To achieve greater customer satisfaction, the company set itself the target of distinctly cutting delivery times yet again. The order slot for next-day deliveries was to be extended from formerly 11am to 5pm. The performance capability of the new distribution centre, which recently started operations, played a key role here. Lower noise emissions and improved energy efficiency prove to be further advantages.

The solution that Pemic Books a.s. opted for and Logsys spol. s r.o. installed included zero-pressure accumulation (ZPA) conveyors for cartons and totes in the picking and packing/dispatch zones. The ZPA conveyors in both areas use Interroll RollerDrives EC310 with ConveyorControl technology and Rollers from the 3500 series with PolyVee 3500 as well as roller conveyor lines equipped with Rollers from the 1700 series from Interroll. “We installed the latest control technology for ZPA conveyors”, Petr Michálek, Managing Director of Pemic Books a.s. said. “The solution significantly facilitates our operations and helps increase the productivity so we can reach our goals in the area of distribution and conveying processes.”

Intelligent control of the roller conveyors

ConveyorControl from Interroll that was introduced at the LogiMAT trade fair in Stuttgart in 2012 is an ultra-modern control system developed for use with conveyor modules with 24 volt RollerDrive technology. The roller conveyors are divided up into zones that are either linked decentrally or can be switched as needed by an overarching control. By contrast



Ordered today, delivered tomorrow: Innovative roller conveyor system increases the performance of Pemic Books' new distribution centre

“We installed the latest control technology for ZPA conveyors. The solution significantly facilitates our operations and helps increase the productivity.”

Petr Michálek, Managing Director of Pemic Books a.s.

with conventional systems, only those zones with conveyors to be moved are driven. The rest of the roller conveyor remains still, uses no power and generates no noise.

The ConveyorControl system makes it possible to configure and change parameters such as conveyor speed, deceleration, change of direction or acceleration of the RollerDrives in the individual conveyor zones quite simply by a click of the mouse. No programming skills are necessary. The program is controlled via a graphic user interface and runs on standard commercial Windows PCs.

ConveyorControl and RollerDrive EC310 ensure maximum energy efficiency

The ConveyorControl program is made up of various controls that can be used as needed. Alongside the SegmentControl, a two-zone control for RollerDrives, they include the ComControl as I/O interface, the GatewayControl for integration in higher-level controls and networks via the Profibus, and CentralControl for USB configuration. All modules are

equipped with protection mode IP54 and conform to the requirements made of industrial facilities. Stable and well-designed enclosures guarantee an outstanding robustness and ease of installation. The penetration technology used in cabling substantially facilitates installation.

The Interroll RollerDrive EC310 is a drive for unit handling conveyors. Its 24 V DC brushless motor, integrated in a tube based on Roller Series 1700, delivers continuous power of 32 W and is an ideal solution for a wide range of conveyor applications. It is fitted with an electronic holding brake which allows it to be used on incline and decline conveyors. Due to the recovery of braking energy up to 30% of energy can be saved in the system. The energy efficient drive guarantees perfectly coordinated functions for zero-pressure accumulation conveyors using straight and curved sections. ☺

CORPORATE GOVERNANCE

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1 INTRODUCTION

Base of the corporate governance report

The corporate governance report 2012 of the Interroll Group refers to the official guideline of the SIX Swiss Exchange on Corporate Governance as well as to the regulations of the “Swiss code of best practice for corporate governance”.

Cross references

In order to minimise repeated comments, certain sections cross refer to other sections, especially to the financial report.

Compensation report

The compensation report is part of the financial statements of Interroll Holding Ltd.

2 GROUP STRUCTURE AND SHAREHOLDERS

Group structure

The operational management structure is disclosed in chapter 4 of this report.

Mother company and stock listing

The mother company of the Group, Interroll Holding Ltd., is domiciled in Sant’Antonino/TI, Switzerland. Its registered shares are traded in the main segment of the SIX Swiss Exchange under the security number 637 289. Further notes to the listing can be found in the inside back cover of the annual report (“Information for investors”).

Consolidation range

Subsidiaries belonging to the consolidation range of the Interroll Group are disclosed in note 8.4 of the Group’s financial statements. There are no other equity instruments publicly traded except those of Interroll Holding Ltd.

Significant shareholders

All significant shareholders holding a reportable participation are disclosed in note 3.6 (“Significant shareholders”) of the financial statements of Interroll Holding Ltd.

Cross shareholdings

The Interroll Group does neither maintain capital nor voting rights with other entities.

3 CAPITAL STRUCTURE

Share capital and voting rights

The share capital of Interroll Holding Ltd. amounts to CHF 8.5 m and is made up of 854 000 fully paid registered shares with a par value of CHF 10 each. Each share has one voting right.

Authorised or conditional capital

There is no authorised or conditional capital.

Other equity or participation instruments

Furthermore, there are no other equity-like instruments such as profit sharing rights or participation certificates.

Changes in capital

In the year under review, the share capital remained unchanged at CHF 8.5 m.

Limitations on transferability and nominee rights

Information about limitations on transferability and other nominee rights of the shareholders is disclosed in chapter 8 (“Shareholders’ participation rights”) of this report on the corporate governance.

Convertible bonds and options

There are no convertible bonds outstanding. In 2006, the board of directors approved a management share option plan. Further information on this plan is disclosed in chapter 7.1 of the notes to the financial statements of the Interroll Group.

Further information to the shareholder’s equity

Additional information to the equity is disclosed in the financial statements of the Group (see 1.5 – “Consolidated statement of changes in equity”) and in the respective notes.

4 OPERATIONAL MANAGEMENT STRUCTURE

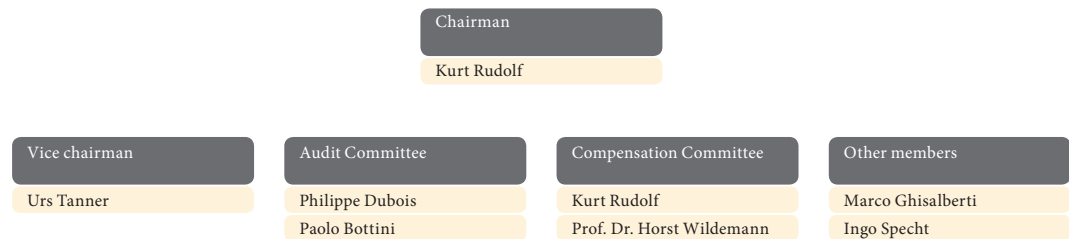
Functional organisational structure

The Interroll Group consists of one single business unit. The complete product range is sold in all markets through local sales organisations. Interroll caters to the needs of its customers (system integrators, plant manufacturers, end users) by offering a tailor-made product portfolio and expert consultancy. The Interroll manufacturing units focus on the production of specific product ranges. Assembly units receive semi-finished products from the manufacturing units and assemble a wide product range for their local markets. The Interroll Research Center, which is centrally located, researches new application technologies and develops new products. Global Centers of Excellence continue developing the product range they focus on.

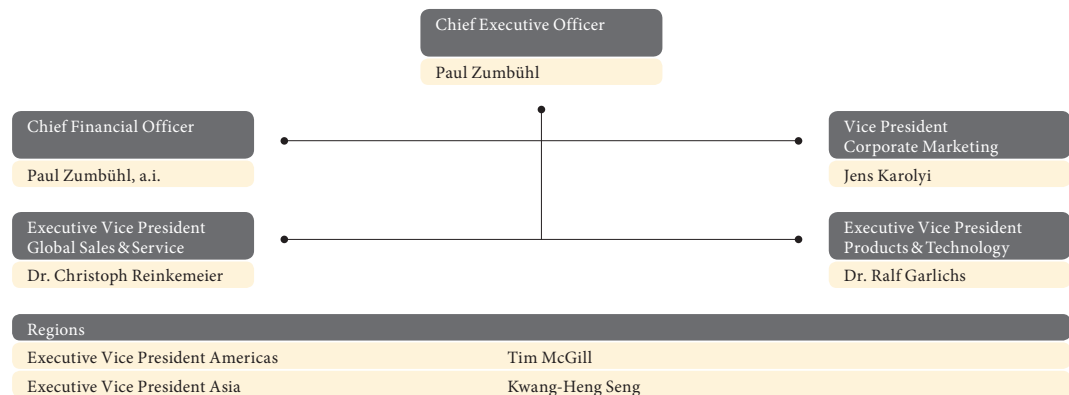
Management structure

The Group Management and the Interroll management structure are organized by functions (overall management, Products & Technology, Global Sales & Service, Corporate Marketing, Corporate Finance). The financial management of the Group by the Board of Directors is, on the one hand, based on turnover of the product groups and geographical markets and, on the other hand, on the reporting of the consolidated financial statements. In addition, Group Management assesses the achievement of financial and qualitative targets and other key performance indicators of all subsidiaries.

Board of Directors



Group Management



Interroll Research Center (IRC), Global Product Management

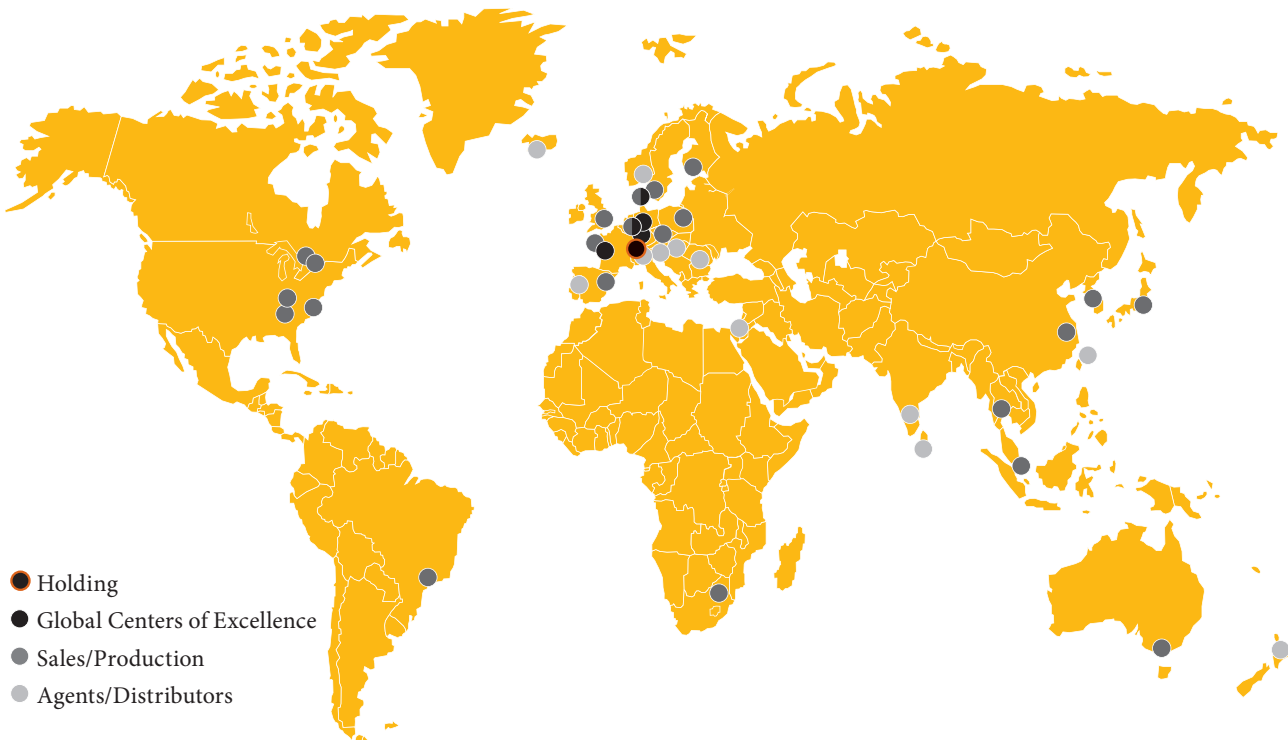
The Interroll Research Center (IRC) develops in close cooperation with the Centers of Excellence, Global Product Management and Global Sales new products, techniques and technologies.

Functional unit	Managed by	Company
Research & Development	Dr. Thomas Wolters, a.i.	Interroll Holding GmbH, Wermelskirchen (DE)
Global Product Management	Dietmar Hager	Interroll Holding GmbH, Wermelskirchen (DE)

Global Centers of Excellence

The seven Interroll Centers of Excellence are responsible worldwide for product development, strategic purchasing and the application and development of production technologies for specific product ranges. Furthermore, they produce for the European markets and supply semi-finished goods to group companies overseas. The global Centers of Excellence of the Interroll Group are managed by the following persons:

Products	Managed by	Company
Rollers, RollerDrives	Armin Lindholm	Interroll Engineering GmbH, Wermelsk. (DE)
Industrial Drum Motors	Dr. Ralf Garlichs, a.i.	Interroll Trommelmotoren GmbH, Baal (DE)
Supermarket products	Dr. Anders-Staf Hansen	Interroll Joki A/S, Hvidovre (DK)
Flow storage products	Bertrand Raymond	Interroll SAS, La Roche sur Yon (FR)
Conveyor modules	Michael Kuhn	Interroll Automation GmbH, Sinsheim (DE)
Subsystems	Dr. Heinrich Droste	Interroll Automation GmbH, Sinsheim (DE)
Techno polymer	Ingo Specht	Interroll AG, Sant'Antonino (CH)



Worldwide sales and production companies

Regional Centers of Excellence (RCoE)

Regional Centers of Excellence produce for the Americas and Asia. These centers take over the full product program of the global Centers of Excellence and serve the regional sales and service subsidiaries with finished products and the assembly sites with assemble products.

Production companies and local assemblies

Guided by the Interroll Centers of Excellence, production companies manufacture and assemble products for regional markets. They concentrate on specific product groups within the full product range.

Sales and service subsidiaries

Interroll sales companies concentrate on specific market and customer segments offering the full range of Interroll products and 24-hour repair service.

Management of the operational subsidiaries

The management of above companies was delegated to the following persons:

	Function	Region/country	Managed by	Company	
Europe	Sales, service	Central Europe	O. Schopp	Interroll Fördertechnik GmbH, Wermelskirchen (DE)	
	Sales, service	France	G. Calvez	Interroll SAS, Saint-Pol-de-Léon (FR)	
Middle East	Sales, service	Northern Europe	E. Kaiser	Interroll Nordic A/S, Hvidovre (DK)	
	Sales, service	Great Britain, Ireland	Ch. Middleton	Interroll Ltd., Corby (GB)	
Africa	Sales, service	Iberic peninsula	R. Rovira	Interroll España SA, Cerdanyola del Vallès (ES)	
	Sales, service	Czech Rep., Balcany, Hungary	F. Ratschiller	Interroll CZ s.r.o., Breclav (CZ)	
	Sales, service	Poland, Russia, Ukraine	F. Ratschiller	Interroll Polska sp.z.o.o., Warsaw (PL)	
	Sales	Turkey, Middle East	F. Ratschiller	Interroll Lojistik Sistemleri Ticaret Limited, Istanbul (TR)	
	Sales, assembly, service	Africa	H. Campbell	Interroll SA (Proprietary) Ltd., Johannesburg (ZA)	
	Americas	RCoE, sales, service	North America	R. Keely	Interroll Corporation, Wilmington/NC (US)
		Sales, production, service	North America	S. Cwiak	Interroll Automation LLC, Jeffersonville (US)
Production		North America	C. Brown	Interroll Dynamic Storage, Inc., Hiram/Atlanta (US)	
Sales, production, service		North America	S. Gravelle	Interroll Canada Ltd., Newmarket/Toronto (CA)	
Sales, production		North and South America	S. Gravelle	Interroll Components Canada Ltd., Concord/Toronto (CA)	
Sales, assembly, service		Brazil, Argentina	D. Hahn	Interroll Logística Ltda., Jaguariuna/São Paulo (BR)	
Asia	RCoE, sales, service	China	S. Foong	Interroll (Suzhou) Co. Ltd., Suzhou (CN)	
	Sales, service	South Korea	N. Kim	Interroll Korea Corp. Seoul (KR)	
Pacific	Sales, service	Japan	Y. Kawakubo	Interroll Japan Co. Ltd., Tokyo (JP)	
	Sales, assembly, service	Thailand	N. Grisorn	Interroll (Thailand) Co. Ltd., Panthong (TH)	
	Sales, service	Singapore, South East Asia	G. W. Seng	Interroll (Asia) Pte. Ltd., Singapore (SG)	
	Sales, assembly, service	Australia	P. Cieri	Interroll Australia Pty. Ltd., Melbourne (AU)	

5 BOARD OF DIRECTORS

Members of the Board of Directors



*From left to right
Ingo Specht, Urs Tanner, Kurt Rudolf, Philippe Dubois, Paolo Bottini, Marco Ghisalberti und Prof. Horst Wildemann*

The Board of Directors of Interroll Holding Ltd., Sant'Antonino (CH), consisted of seven members at year-end 2012:

Name	Year of birth Nationality	Function Committee membership	Initial election	Elected until
Kurt Rudolf	1942 Swiss	Chairman since 2006 Compensation committee since 2006	2001	2013
Urs Tanner	1951 Swiss	Deputy chairman since 2009	2008	2014
Paolo Bottini	1965 Swiss	Member Audit committee since 2003	2003	2015
Philippe Dubois	1950 Swiss	Member Audit committee since 2003	2003	2015
Dr. Horst Wildemann	1942 German	Member Compensation committee since 1999	1999	2014
Marco Ghisalberti	1961 Italian	Member	1997	2015
Ingo Specht	1964 German	Member	2006	2015

Election principles and terms of office

The Board of Directors is composed of at least six members. These members are elected individually by the General Meeting of the shareholders for a three-year term. The shareholders Dieter Specht and Bruna Ghisalberti or their direct first-generation descendants are entitled to nominate totally two representatives (one representative per family), as long as they hold at least 10% each of the share capital. The chairman of the Board is elected by the Board of Directors (Art. 19 and 20 of the Articles of Association).

Professional background and vested interests of the Board of Directors

Kurt Rudolf

Dipl.-Ing. ETH

Current activities

Since 1996: Member of the Board of Directors of Medela Group, Zug (CH/US)

Professional background

1986 – 1990: CEO Portescap Group, La Chaux-de-Fonds (CH)

1982 – 1985: Managing Director of LGZ Landis & Gyr Zug Ltd., Zug (CH)

Urs Tanner

Executive MBA, University St. Gallen (CH)

AMP, Harvard (US)

Current activities

Since 2012: Co-owner of Halcyon Associates Inc., Monson (US)

Since 2011: Member of the Board of Directors of Belimed Ltd., Zug (CH)

Since 2011: Member of the Board of Directors of Plaston Ltd., Widnau (CH)

Since 1995: Member and delegate of the Board of Directors of Medela Group, Zug (CH)

Professional background

1995 – 2007: CEO of Medela Group, Baar (CH)

1983 – 1994: Managing Director of Tool & Plastics, Mikron Group, Biel (CH)

1967 – 1983: Management positions at Styner + Bienz (Adval Tech), Niederwangen (CH)

Paolo Bottini

Lic. iur., lawyer

Tax specialist (Eidg. dipl.)

Current activities

Since 2011: Managing Partner of Bär & Karrer, Zurich (CH)

Professional background

2002 – 2010: Partner and Director of Bär & Karrer, Lugano (CH)

2000 – 2001: Partner of Bär & Karrer, Lugano (CH)

1996 – 2000: Associate of Bär & Karrer, Lugano (CH)

Philippe Dubois

Lic. iur. and lic. oec.

Current activity

Since 2002: Independent management and financial consultant for M & A, corporate finance and management coaching

Professional background

1999 – 2001: Senior Investment Banking positions at Bank Julius Bär

1982 – 1999: UBS Warburg (also responsible for the IPO of Interroll)

Prof. Dr. Horst Wildemann

Prof. of university Dr. Dr. h. c. mult.

Honorary professor at the universities of Klagenfurt, Passau and Cottbus (DE)

Award of the first class cross merit of the Federal Republic of Germany

Award of the order of merit of Bavaria

Dipl.-Ing. in mechanical engineering and Dipl.-Kfm. in business administration at the universities of Aachen and Cologne (DE) and also of the universities of Southern California and Indianapolis (US)

Member of the Logistic Hall of Fame (since 2004)

Current activities

Since 2009: Chairman of the board of Directors, Möhlenhoff GmbH, Salzgitter (DE)

Since 2008: Chairman of the board of Directors, IWIS-Ketten GmbH, Munich (DE)

Since 2008: Chairman of the board of Directors, Rudolf GmbH, Geretsriet (DE)

Since 2007: Chairman of the board of Directors, Pinta Elements GmbH, Munich (DE)

Since 2007: Member of the Board of Directors, Sick AG, Waldkirch (DE)

Since 2000: Member of the Board of Directors, Hamberger Industrierwerke GmbH, Stephanskirchen (DE)

Since 1998: Chairman of the Board of Directors, Grosshaus GmbH, Lennestadt (DE)

Since 1996: Member of the Board of Directors, Zeppelin GmbH, Friedrichshafen (DE)

Since 1988: Professor ordinarius for management, production and logistics,
Technische Universität München, Munich (DE)

Since 1980: Managing Director of TCW Consulting GmbH, Munich (DE)

Marco Ghisalberti

Laurea, Economia e Commercio, Istituto Universitario di Bergamo (IT)

MBA, Boston University, Boston (US)

Current activities

Since 2006: Managing Director of Rulli Rulmeca S.p.A., Bergamo (IT)

Since 1996: Member of the Board of Directors of Rulli Rulmeca S.p.A. and Rulmeca S.p.A. (IT)

Professional background

2000 – 2003: Senior managing positions within the Rulmeca Group

1995 – 1999: Regional sales manager Rulli Rulmeca S.p.A., Bergamo (IT)

Ingo Specht (executive member)

Profess. qualification as Industrial Business Manager, Chamber of Commerce and Industry Cologne (DE)

Current activity

Since 2007: Managing Director of Interroll Ltd., Sant'Antonino (CH)

Professional background

2010: Head of Corporate Marketing, Interroll (Schweiz) Ltd., Sant'Antonino (CH)

2003 – 2007: Head of Corporate IT, Interroll Management LTD., Sant'Antonino (CH)

1998 – 2002: Vice President Corporate Development, Interroll (Schweiz) AG, Sant'Antonino (CH)

1993 – 1997: Owner and managing director of Luxis AG, Locarno (CH)

1986 – 1993: Deputy Managing Director of Interroll LTD., Sant'Antonino (CH)

6 INTERNAL ORGANISATION

Constitution and committees of the Board of Directors

The Board of Directors consists of the Chairman, the Deputy Chairman and the other Members. The Board of Directors is assisted by two permanent committees within the areas of auditing (Audit Committee) and remuneration policy (Compensation Committee).

Audit Committee

The Audit Committee receives the audit reports prepared by the local external auditors and of the Group auditor. It prepares the respective reporting on them to the Board of Directors. In particular, it satisfies itself that the Group companies are also audited on a regular basis. The Audit Committee mandates the internal audit department to execute internal audits and revises respective audit reports.

At least once a year, the Audit Committee also commissions a report on audits undertaken and planned as well as on any proposals to improve the auditing function. The Audit Committee submits its proposals to the Board of Directors for decision.

Compensation Committee

The Compensation Committee submits its proposals for the salary and bonus of the CEO, the Members of Group Management, and the compensation of the Board of Directors to the Board of Directors for decision. At the beginning of the year, it defines the targets to be attained for bonus payments to become applicable. In addition, the Compensation Committee is responsible for establishing the terms of the share ownership scheme.

Mode of collaboration of the Board of Directors and its committees

The Board of Directors meets as often as business requires, but at least four times per year. The meetings are convened by the Chairman of the Board of Directors. Each member of the Board of Directors may demand that a meeting be convened, specifying the item on the agenda to be discussed. The CEO participates at the meetings of the Board of Directors. The Executive Vice Presidents of the respective functional units and the Vice Presidents of the Corporate Functions as well as other members of the management are invited to attend meetings when necessary.

The Board of Directors is deemed quorate if an absolute majority of its members is present in person. Resolutions are adopted on the basis of an absolute majority of votes present. In the event of an equal division of votes, the Chairman casts the deciding vote. All resolutions are recorded in the minutes.

Both committees of the board meet as necessary. Any member is entitled to convene committee meetings. In the business year 2012 the Board of Directors met on five occasions, the Audit Committee three times and the Compensation Committee twice for regular scheduled meetings.

7 COMPETENCE REGULATIONS

Statutory base for the competence regulations

All basic competences and tasks of the organs are lined out in the articles of associations of Interroll Holding Ltd. Responsibilities and duties that cannot be transferred to third party are defined in these articles.

Responsibility of the Board of Director

The Board of Director is responsible for the Group's strategy and governs the overall management, supervision and control over the operational management of the Interroll Group. The Board of Directors has exercised its statutory authority to delegate management to third parties who need not be shareholders (Group Management).

Management and organisational regulations

In the provisions of the organisational regulations, the Board of Directors has delegated the management of ongoing business to a Chief Executive Officer (CEO). The CEO is responsible for the overall management of the Interroll Group and for all matters not falling under the purview of another governing body, as specified by law, the Articles of Association or the organisational regulations. In particular, the CEO is responsible for the operational management of the Company as a whole. Competences and controls are specified within a set of organisational regulations.

8 INFORMATION AND CONTROL INSTRUMENTS

Reporting to the Board of Directors

At each meeting, the CEO informs the Board of Directors of the course of business, the principal events within the Group and the discharge of duties delegated to the Group Management.

Management information system

The Management Information System (MIS) of the Interroll Group consolidates the balance sheet, income statement and cash flow statement, as well as financial data pertaining to the subsidiary companies, on a monthly basis and compares the current figures with those of the previous year and the budget. On the basis of the quarterly financial statements, the budget is assessed in the form of a forecast as to whether it is attainable with regard to each entity and also for the consolidated group. The financial reports (MIS) are discussed with the CEO at meetings of the Board of Directors.

Internal audit and control instruments

On behalf of the Audit Committee, internal audits are performed annually at selected subsidiary companies. The focal points of the audit are defined according to the risk profile of the respective entity. The reports of the Audit Committee are discussed with the local management.

Extraordinary occurrences and decisions of material importance, as specified in the organisational regulations, are immediately brought to the attention of all members of the Board of Directors in writing.

9 GROUP MANAGEMENT

Members of the Group Management

Name	Year of birth Nationality	Function	Member since
Paul Zumbühl	1957 Switzerland	Chief Executive Officer (CEO)	January 2000
Dr. Ralf Garlichs	1962 Germany	Executive Vice President Products & Technology	July 2006
Dr. Ch. Reinkemeier	1966 Germany	Executive Vice President Global Sales & Service	January 2011
Jens Karolyi	1970 Germany	Vice President Corporate Marketing	January 2011
Tim McGill	1955 Great Britain	Executive Vice President Americas	January 2011
Kwang-Heng Seng	1951 Singapore	Executive Vice President Asia	April 1988

Professional background and vested interests of the Group Management

Paul Zumbühl



Dipl.-Ing., Lucerne university of applied sciences, Lucerne (CH)
MBA, Joint University Program of the univ. in Boston, Berne, Shanghai
AMP, Kellogg Business School of Northwestern University, Chicago (US)
Marketing Management Diploma (Eidg. Dipl.)

Current activity

Since 2000: Chief Executive Officer, Interroll Group

Further activities

Since 2009: Member of the Board of Directors, Looser Holding AG, Arbon (CH)

Since 2007: Member of the Board of Directors, Schlatter Holding AG, Zurich

Professional background

1994 – 1999: CEO of Mikron Plastics Technology and member of the Executive Management Board, Mikron Group, Biel (CH)

1988 – 1994: Managing Director and further management positions at Sarna Group, Sarnen (CH)

1984 – 1987: Sales Manager/Engineer at SYMALIT AG, Lenzburg (CH)

Dr. Ralf Garlichs



Dr. Ing. (Mech. engineering, focus production eng.), University Hannover (DE)

Current activity

Since 2011: Executive Vice President Products & Technology, Interroll Group

Professional background

2006 – 2010: Managing Director of “Drives & Rollers”,
Interroll Group

1999 – 2006: Managing Director of Reflex Winkelmann and further
managing positions at Winkelmann, Ahlen/Westfalen (DE)

1994 – 1999: Head Production, Logistics, Festo Tooltechnic, Esslingen/DE

Dr. Christoph Reinkemeier



Dr. (Equipment and system technologies), University of Münster (DE)

Current activity

Since 2011: Executive Vice President Global Sales & Service, Interroll Group

Professional background

2007 – 2010: CEO for North and South America at Deckel Maho
Gildemeister (DMG) America Inc., Chicago (US)

2000 – 2006: Several management positions at Ista International GmbH,
Essen (DE)

1998 – 2000: Project manager of corporate development E.ON AG,
Düsseldorf (DE)

Jens Karolyi



Dipl. in Business Administration, University of Bamberg and Giessen (DE)

Current activity

Since 2011: Vice President Corporate Marketing, Interroll Group

Professional background

2007 – 2010: Vice President Marketing and Communications Northern
Europe, Ericsson, Düsseldorf (DE)

2000 – 2007: Management positions in Marketing, Branding and Communi-
cations at Ericsson Northern Europe, Düsseldorf (DE)

Tim McGill



Majored in English, Brockenhurst College, Hampshire (GB)

Current activity

Since 2011: Executive Vice President Americas, Interroll Group

Professional background

2000 – 2010: Head of Interroll Dynamic Storage North America, Newmarket

1996 – 2000: President of Interroll Canada, Newmarket (CA)

1995 – 1996: President of Werner Precision Rollers Canada, Concord (CA)

1990 – 1995: Sales Director Interroll Canada, Newmarket (CA)

Kwang-Heng Seng



Bachelor of Science (Production Engineering) at Aston University (GB)

Current activity

Since 2011: Executive Vice President Asia, Interroll Group

Professional background

1988 – 2010: Head of New Markets of Interroll Group

1988 – 2010: Managing Director Interroll (Asia) Pte. Ltd., Singapore (SG)

1986 – 1988: Division Manager, Guthrie (Singapore) Pte. Ltd., Singapore

Management contracts

There are no management contracts with third parties.

Changes in the Group Management

As per 30th June 2012, Christian Hähni (Head of Corporate IT) and as of 30th November 2012 Jürg Häusermann (Chief Financial Officer) left the Group Management. The position “Head of Corporate IT” was not replaced equivalently. The Group has appointed Mr. Daniel Bättig as new Chief Financial Officer who started his new position at 1st of March 2013:

Daniel Bättig

MBA (GSBA, Zürich), Dipl. Wirtschaftsprüfer, Betriebsökonom FH

Current activity

Since 2013: Chief Financial Officer, Interroll Group

Berufliche Laufbahn

2012 – 2013: CFO, Asendia Holding SA (CH, FR)

2007 – 2012: Head of International Mail, Swiss Post International, Berne (CH)

1999 – 2007: CFO, Swiss Post International, Berne (CH)

1998 – 1999: Group Chief Accountant, Xstrata Plc., Zurich (CH, GB)

1991 – 1997: Various financial management functions within the Von Roll Group in the US, Brasil and Switzerland

10 COMPENSATION SYSTEM OF THE BOARD OF DIRECTORS

Methodology to determine the compensation of the Board of Directors

The Board of Directors determines on a yearly basis the level of compensation payable to its members in accordance with their activities and responsibilities. The membership in committees is not remunerated separately. Extraordinary activities exceeding the normal activities of a member of the Board of Directors may be compensated separately.

Content of the remuneration to the Board of Directors

The members of the Board of Directors receive the total remuneration in cash. No variable portion is included in the total compensation. No member of the Board of Directors participates in the existing share option plan. Any social costs are borne by the employer.

Neither Interroll Holding Ltd. nor its subsidiaries have granted advances or financial liabilities to the members of the Board of Directors.

11 COMPENSATION SYSTEM OF THE GROUP MANAGEMENT

Competence regulations to the remuneration of the Group Management

Based on the proposal of the Compensation Committee, the Board of Directors annually determines the compensation of the Group Management. The total compensation for the CEO is proposed by the Compensation Committee. The total compensation for the other members of the Group Management is proposed by the CEO and presented annually to the Compensation Committee for authorisation.

Criteria to the determination of remuneration

The compensation is determined in accordance with the global responsibility, the individual and concrete contribution that adds value to the long term strategic development of the Group and on the complexity of the area of responsibility.

Whenever deemed appropriate, external support and/or international compensation benchmark studies will be referred to for the definition of the pay and benefits scheme.

Content of the remuneration to the Group Management

There are individual remuneration agreements with each member of Group Management. The target remuneration of each member of the Group Management consists of a fixed and of a variable component.

Depending on the function and on the course of business, the variable component for operational functions ranges between 25 % and 60 % and for central functions between 10 % and 30 % of total compensation. In the year under review, the variable portion of total compensation was approximately 35 %.

There are two key criteria defined for the variable compensation component of each member of Group Management. On one hand, it is the total Group result or the result for which the member is responsible. The other criteria is the achievement of individually defined objectives such as the launch of new products, increase of market share, successful development of strategic projects, the development of new markets or other targets.

The individual objectives for the operational management are up to one third and for central functions up to two third of the variable remuneration component. The percentage depends on the strategic position of the company resp. operational unit or on important projects for the Group.

The basic key performance indicators for the Group are the revenue development, the increase in productivity respectively margins and the EBITDA. If a member does not achieve the agreed objectives due to external facts beyond his influence, the Compensation Committee may, as an exception, deviate from the compensation agreement in favour of the member of Group Management. There was no such exception in both years under review.

Adjustments to the fixed remuneration

Adjustments to the fixed remuneration component can only be agreed upon after a term of three to four years and are subject to individual performance assessments and changes in the scope of responsibility.

Payment methods

The fixed compensation component is paid in cash. The variable component is either fully paid in cash or partly or even fully paid in shares. The payment method is individually determined with each member of Group Management. A part of the shares assigned may be blocked over a period of three to five years.

Management option plan

In March 2006, Group Management and forty senior employees holding a management position at that date were offered to participate in a share option scheme. The option life ends on September 30th, 2013. The option can be executed since April 1st, 2012. Each option entitles to subscribe for one Interroll share. The strike price is CHF 323 per share. The compensation of the difference between the market value at the exercise date and the strike price is impossible. The number of allocated shares was individually agreed with each Group Management member, whereby the specific function within the Group Management was taken into account.

Other compensations

There are special pension fund regulations for some members of Group Management. A member of Group Management pays a fourth or a third of the saving portion. The rest is paid by the employer. In addition, each member of Group Management has a company car at his disposal or, alternatively, an equivalent monthly allowance is paid. Beyond that no other significant compensation is made. Further notes to other compensations are outlined in chapter “13 – Changes of Control” of this Corporate Governance report.

Assessment of the total compensation to the Group Management

Compared with the previous year, the total compensation of Group Management did not change significantly. Compared to the previous year, there was an adjustment in the fixed remuneration components of the two members of Group Management. With all other members, there was no adjustment. The increase of contribution rates for pension plans lead to higher pension and social costs. There was a non-contractual gross remuneration of CHF 0.3 m to a member of the Group management.

Loans to governing bodies

Interroll Holding Ltd. and its subsidiaries have not granted any loans, advances or credits to members of the Board of Directors or of the Group Management in both years under review.

12 SHAREHOLDERS' PARTICIPATION RIGHTS

Representation and restriction of voting rights

Rights governing shareholder participation are in accordance with the requirements specified within the Swiss Code of Obligations. Each share issued has one vote. A shareholder's voting rights are restricted to a maximum of 5% of the total number of votes. Individual nominees, however, are entitled to exercise more than 5% of the total votes if they disclose the identity of the beneficiaries they represent and if the respective beneficiaries as a whole do not exercise more than 5% of the voting rights. This restriction of voting rights does not apply to the founding families, insofar as the individual families hold at least 10% of the share capital.

Registered shares of nominees that exceed 2% of the shares outstanding are only listed in the Register as shares furnished with voting rights if the nominee has provided written consent to the possible disclosure of names, addresses and shareholdings of those persons for whom the said nominee holds 0.5% or more of the shares outstanding.

Statutory quorum

Subject to contrary statutory or legal provisions, the General Meeting of shareholders is quorate irrespective of the number of shareholders present and the shares represented by proxy.

Convocation of General Meeting of Shareholders

The invitation to the General Meeting of Shareholders is issued at least twenty days prior to the Meeting and is legally effective upon inclusion in the Company's chosen vehicle of communication ("Schweizerisches Handelsamtsblatt"). In addition, the Board of Directors sends a written invitation to those registered shareholders listed in the share register.

Agenda and inscriptions in to the share register

The invitation to the General Meeting of Shareholders shall include all items on the agenda as well as all motions put forward by the Board of Directors and, if applicable, by the shareholders who have called for a General Meeting or the inclusion of an item on the agenda. No resolutions shall be passed on motions relating to items which have not been announced in the requisite manner, with the exception of those motions relating to the convocation of an Extraordinary Meeting of Shareholders or the execution of a special audit. No entries are made into the share register less than ten days prior to a General Meeting of Shareholders up to the day subsequent to the General Meeting of Shareholders.

13 CHANGES OF CONTROL, DEFENCE MEASURES

Statutory opting up or opting out rules

There are no statutory rules in relation to "opting up" and "opting out".

Changes of Control clauses

There are no severance compensations agreed or any other agreements and plans in place that would apply in the case of a change in control. Notice periods for the members of the Group Management are contractually agreed between three and twelve months. For one member of the Group management, a notice period of three years is agreed upon.

14 AUDITOR

Duration of the mandate and term of office of the lead auditor

With decision of the general assembly of May 11th, 2012, Interroll Holding Ltd. has appointed PricewaterhouseCoopers (PwC) for another term of one year as its auditing company. With Mr. Patrick Balkanyi, a new auditor in charge assumed the responsibility for the Group audit in 2012.

Audit fees

The audit fees charged from PwC to subsidiaries of the Interroll Group in the business year 2012 amounted to CHF 0.40 m. The audit fees charged from PwC in 2011 amounted to CHF 0.35 m.

Additional fees charged by PwC

In 2012, PwC branch offices charged a total of CHF 0.04 m for tax and other consulting services (fees for such services charged in 2011: CHF 0.06 m).

Supervisory and control instruments pertaining to the audit

The Audit Committee is responsible for evaluating the external audit. The external auditors prepare an audit report to be submitted to the Board of Directors. At least two consultations are held each year between the external auditors and the Audit Committee. Material findings for each entity (Management Letters) as well as for the consolidated accounts are presented in the “Comprehensive Auditor’s Report to the Board of Directors” which is discussed in detail.

15 INFORMATION POLICY

Contact person

Interroll is committed to providing swift, transparent and simultaneous information for all stakeholders. To ensure that, the CEO is available as a direct contact person.

Published reports on the course of business

The Interroll Group publishes comprehensive financial results twice a year: for the first half and for the financial year as a whole. In addition to the financial results that are carried out in accordance with IAS/IFRS, shareholders and financial markets are regularly kept informed of significant changes and developments.

Source of information

Further relevant information and financial reports are available from www.interroll.com/ir. Financial reports can be downloaded as PDF documents from www.interroll.com/en/investor_relations/. The half-yearly and annual reports are also sent in print to all shareholders on the publication date.

FINANCIAL REPORT OF INTERROLL GROUP

**TO THE SHAREHOLDERS' MEETING
OF INTERROLL HOLDING LTD.**

**BUSINESS YEAR 2012
5th March 2013**

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FINANCIAL REPORT

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1 CONSOLIDATED FINANCIAL STATEMENTS OF INTERROLL

1.1 Consolidated statement of financial position

in thousands CHF	see notes*	31.12.2012	in %	31.12.2011	in %
ASSETS					
Property, plant and equipment	6.1	76 828		82 107	
Intangible assets	6.3	39 152		40 687	
Financial assets		890		932	
Deferred tax assets	7.6	2 118		715	
Total non-current assets		118 988	52.4	124 441	52.0
Non-current assets held for sale	6.1	–		950	
Inventories	6.5	35 595		45 100	
Current tax assets		741		528	
Trade and other accounts receivable	6.6	57 439		57 654	
Cash and cash equivalents	6.7	14 109		10 522	
Total current assets		107 884	47.6	114 754	48.0
Total assets		226 872	100.0	239 195	100.0
EQUITY AND LIABILITIES					
Share capital		8 540		8 540	
Share premium		20 427		26 630	
Reserve for own shares		– 17 670		– 21 018	
Translation reserve		– 44 319		– 43 856	
Retained earnings		192 385		172 989	
Total equity	6.10–6.11	159 363	70.2	143 285	59.9
Non-current financial liabilities	6.12	5 025		5 271	
Deferred tax liabilities	7.6	2 300		2 441	
Provisions	6.14	6 345		6 211	
Total non-current liabilities		13 670	6.0	13 923	5.8
Current financial liabilities	6.12	396		22 850	
Current tax liabilities	7.6	9 068		9 264	
Trade and other accounts payable	6.16	44 375		49 873	
Total current liabilities		53 839	23.7	81 987	34.3
Total liabilities		67 509	29.8	95 910	40.1
Total liability and shareholder's equity		226 872	100.0	239 195	100.0

* See notes to the consolidated financial statements.

1.2 Consolidated income statement

in thousands CHF	see notes*	2012	in %	2011	in %
Sales		307 155	100.0	271 932	100.0
Material expenses		- 128 056	- 41.7	- 123 657	- 45.5
Personnel expenses	7.1 & 6.15	- 89 694	- 29.2	- 83 908	- 30.9
Increase/(Decrease) in work in progress, finished products and own goods capitalized		- 5 951	- 1.9	10 566	3.9
Other operating expenses	7.3	- 52 798	- 17.2	- 48 908	- 18.0
Other operating income	7.4	10 456	3.4	10 193	3.7
Operating result before depreciation and amortisation (EBITDA)		41 112	13.4	36 218	13.3
Depreciation	6.1	- 10 824	- 3.5	- 10 497	- 3.9
Amortisation	6.3	- 5 469	- 1.8	- 5 320	- 2.0
Operating result (EBIT)		24 819	8.1	20 401	7.5
Finance expenses		- 1 274	- 0.4	- 1 234	- 0.5
Finance income		540	0.2	1 316	0.5
Finance result, net	7.5	- 734	- 0.2	82	0.0
Result before income taxes		24 085	7.8	20 483	7.5
Income tax expense	7.6	- 4 689	- 1.5	- 2 290	- 0.8
Result	6.11	19 396	6.3	18 193	6.7
Values per share (in CHF)					
Non-diluted earnings (result) per share	6.11	24.27		22.99	
Diluted earnings (result) per share	6.11	24.23		22.86	
Distribution out of reserves from capital contributions		7.00		5.00	

1.3 Consolidated statement of comprehensive income

Result	19 396	18 193
Currency translation differences	- 463	- 3 855
Other comprehensive income, net of taxes	- 463	- 3 855
Total comprehensive income for the period	18 933	14 338

* See notes to the consolidated financial statements.

1.4 Consolidated statement of cash flows

in thousands CHF	see notes*	2012	2011
Result		19 396	18 193
Depreciation, amortisation and impairment	6.1 & 6.3	16 293	15 817
Loss/(gain) on disposal of tangible and intangible assets	6.2, 7.3 & 7.4	- 1 260	11
Financing result, net	7.5	734	- 82
Income tax expense	7.6	4 689	2 290
Changes in inventories		8 678	- 14 544
Changes in trade and other accounts receivable		181	- 13 153
Changes in trade and other accounts payable		- 5 137	13 730
Changes in provisions, net	6.14	181	- 828
Income tax paid		- 6 597	- 6 867
Personnel expenses on share based payments	7.1	964	774
Other non-cash income		54	- 828
Cash flow from operating activities		38 176	14 513
Acquisition of property, plant and equipment	6.1	- 6 564	- 11 885
Acquisition of intangible assets	6.3	- 4 082	- 7 734
Acquisition of financial assets		- 20	- 66
Proceeds from disposal of property, plant and equipment	6.2	2 580	317
Settlement of loans receivable		42	44
Acquisition of subsidiaries, net of cash acquired	4	-	- 931
Interests received		102	111
Cash flow from investing activities		- 7 942	- 20 144
Distribution out of reserves from capital contributions		- 5 594	- 3 966
Purchase of own shares		-	- 1 294
Sale of own shares		1 750	5 873
Proceeds from financial liabilities		49	7 052
Repayment of financial liabilities		- 22 502	- 784
Interests paid		- 276	- 570
Cash flow from financing activities		- 26 573	6 311
Translation adjustments on cash and cash equivalents		- 74	- 268
Change in cash and cash equivalent		3 587	412
Cash and cash equivalent at January 1		10 522	10 110
Cash and cash equivalent at December 31	6.7	14 109	10 522

* See notes to the consolidated financial statements.

1.5 Consolidated statement of changes in equity

in thousands CHF	see notes*	SHARE CAPITAL	SHARE FOR OWN PREMIUM	RESERVE SHARES	TRANSLATION RESERVE	RETAINED EARNINGS	<u>TOTAL EQUITY</u>
Balance at January 1, 2011		8 540	27 577	- 27 959	- 40 001	159 300	127 457
Result						18 193	18 193
Translation adjustments					- 3 855		- 3 855
Other comprehensive income, net of taxes		-	-	-	- 3 855	-	- 3 855
Total comprehensive income		-	-	-	- 3 855	18 193	14 338
Appropriation to reserves from capital contributions			4 504			- 4 504	-
Distribution from reserves from capital contributions, net			- 3 966	-			- 3 966
Share based payments	7.1		- 276	1 050			774
Sale of own shares incl. tax effects	6.10		- 1 209	7 185			5 976
Purchase of own shares incl. tax effects	6.10			- 1 294			- 1 294
Balance at December 31, 2011		8 540	26 630	- 21 018	- 43 856	172 989	143 285
Result						19 396	19 396
Translation adjustments					- 463		- 463
Other comprehensive income, net of taxes		-	-	-	- 463	-	- 463
Total comprehensive income		-	-	-	- 463	19 396	18 933
Distribution from reserves from capital contributions, net			- 5 594	-			- 5 594
Share based payments	7.1		- 320	1 284			964
Sale of own shares incl. tax effects	6.10		- 289	2 064			1 775
Balance at December 31, 2012		8 540	20 427	- 17 670	- 44 319	192 385	159 363

* See notes to the consolidated financial statements.

2 GENERAL INFORMATION TO THE FINANCIAL STATEMENTS

2.1 Convention of preparation

General notes to the convention of preparation

The 2012 consolidated financial statements of Interroll Group are based on the annual financial statements of Interroll Holding Ltd., Sant'Antonino and its subsidiaries as of December 31, 2012, drawn up according to uniform Group accounting principles. The consolidated financial statements present a true and fair view of the financial position, results of operations and cash flows in accordance with the International Financial Reporting Standards (IFRS) and comply with Swiss law.

The consolidated financial statements are based on historical cost except for marketable securities, investments not involving significant influence and derivative financial instruments, which are stated at fair value.

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. These judgments, estimates and assumptions are based on historical experience and other factors that are believed to be reasonable under the given circumstances. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of IFRS that have a significant effect on the consolidated financial statements and estimates with a significant risk of material adjustment in the next years are disclosed under "2.2 – Critical accounting estimates and judgments".

Revised IAS/IFRS standards and interpretations coming into effect in 2012

The Group's results are in line with IAS/IFRS standards and interpretations. Thus, the Group regularly monitors the amendments and new standards published by the International Accounting Standards Boards (IASB). In the course of the business year 2012, the following amended standards and interpretations were enacted. None of them had a major impact on the financial statements of the Interroll Group:

- Amendment of IAS 12 (effective as per 1.1.2012, deferred taxes)
- Amendment of IFRS 7 (effective as per 1.7.2011, financial instruments)

Future new or revised IAS/IFRS standards and interpretations

The following new or revised standards and interpretations were enacted before the balance sheet date but will come into force later. Interroll does not early adopt these standards and interpretations in its consolidated financial statements:

- Amendment of IAS 1 (effective as per 1.7.2012, presentation of other comprehensive income)
- Amendment of IAS 7 (effective as per 1.1.2013, netting of financial assets with financial liabilities)
- New: IFRS 9 (effective as per 1.1.2015, financial instruments)
- New: IFRS 10 (effective as per 1.1.2013, consolidated financial statements)
- New: IFRS 11 (effective as per 1.1.2013, joint arrangements)
- New: IFRS 12 (effective as per 1.1.2013, disclosure of interests in other entities)
- New: IFRS 13 (effective as per 1.1.2013, fair value measurement)
- Amendment of IAS 19 (effective as per 1.1.2013, employee benefits)
- Amendment of IAS 27 (effective as per 1.1.2013, separate financial statements)
- Amendment of IAS 28 (effective as per 1.1.2013, investments in associates and joint ventures)
- Amendment of IAS 32 (effective as per 1.1.2014, netting of financial assets with financial liabilities)
- Annual improvement project 2011 (effective as per 1.1.2013)

According to IAS 19, the annual costs for defined benefit plans comprise the net interest costs, measured on the funded status applying the same discount rate for plan assets and obligations. Actuarial gains and losses (renamed to “remeasurements”) will be recognised immediately in other comprehensive income. For the financial year 2012 the immediate recognition of these remeasurements in the equity through the other comprehensive income and without considering tax effects would have reduced the equity by CHF 2.5 m (2011: increase of CHF 0.9 m). The equity as per end of 2012 would have been CHF 2.9 m lower (2011: CHF 0.4 m lower) and the employee benefit obligations correspondingly higher. The impact on the income statement due to interest costs on the net positions of the defined benefit plan would have been less than CHF 0.1 m.

Group Management currently analysis potential effects of other new or amended standards and interpretations on the consolidated financial statement. The Interroll Group closely follows discussions on IAS/IFRS standards and checks potential effects on group financial statement or disclosure requirements. At the moment being, the Group expects only minor impacts in the presentation of the financial statements and no material impact on the annual financial statements.

2.2 Critical accounting estimates and judgments

When preparing the consolidated financial statements, the Group Management and the Board of Directors must make estimates and assumptions concerning the future. The resulting accounting estimates have an impact on the Group's assets, liabilities, income and expenses. Also, these estimates have an impact the presentation of financial statements. Estimates made are assessed continuously and principally underlie historical experiences and other factors. The resulting accounting estimates can, by definition, deviate from the actual outcome.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial years are discussed below:

a) Income tax expense

The Holding company and its subsidiaries are subject to income taxes in various countries. Significant judgment is required in determining the required worldwide provision for current and deferred income taxes and the realization of tax losses carried forward. There are many transactions and calculations made for which the final tax determination is uncertain in the year under review. In case final tax assessments or tax audits of such matters are different from the amounts that were initially recorded, such differences may materially impact income tax expenses of the current period. The assessment of deferred tax assets is done with reference to business plans. Capitalised effects of carried forward losses are subject to annual review. Carried forward losses are only capitalised if they are usable within the next three years under valid fiscal law in respective countries. The relevant figures are outlined in note 7.6.

b) Recoverable amount of goodwill, patents and licenses

The assessment of the recoverable amount of goodwill and other intangible assets is, by definition, subject to uncertainties regarding expected future cash flows. It requires making assumptions and calculating parameters, whose adequacy will only turn out in the future. We refer to comments made under note 6.3 that also includes the relevant carrying amounts.

c) Provisions

Liabilities from warranty are a result from the operational business of the Group. These provisions are accrued at balance sheet date based on historical experience. The actual cash flow can be lower or higher or specific requests can be covered by insurance.

The assessment of provisions and pension liabilities is, by definition, subject to uncertainties regarding future cash flows. It requires making assumptions and determining parameters, whose adequacy will only become clear in the future.

We refer to comments made under notes 6.14 and 6.15, which also include the relevant carrying amounts.

2.3 Principles of consolidation and valuation

General notes to the principles of consolidation

The consolidated financial statements of Interroll Holding Ltd. include the parent company's financial statements and the financial statements of all directly or indirectly held Swiss and foreign subsidiaries where the parent company holds more than 50 % of the voting rights or effectively exercises control through other means.

The full consolidation method is applied, whereby the assets, liabilities, income and expenses are fully incorporated. The proportion of the net assets and net income attributable to minority shareholders is presented separately as minority interest in the consolidated statement of financial position, the consolidated income statement and the consolidated statement of comprehensive income.

Accounts payable to, accounts receivable from, income and expenses between the companies included in the scope of consolidation are eliminated. Intercompany profits included in inventories of goods produced are also eliminated.

Subsidiaries acquired during the year are included in the consolidated financial statements from the date on which control is obtained, while subsidiaries sold are excluded from the consolidated financial statements from the date on which control is given up. The capital consolidation at acquisition date is effected on the purchase method. The acquisition price for a business combination is defined by the sum of assets and liabilities acquired or incurred, measured at fair value, and of the sum of equity instruments issued. Transaction costs related to a business combination are expensed. The goodwill resulting from such business combination is to be recognized as an intangible asset. It corresponds to the excess of the sum of the acquisition price, the amount of non-controlled interests of the entity acquired, the fair value of equity instruments held already held before over the balance of assets, liabilities and contingent liabilities at fair value. For the valuation of non-controlled interests there are options per transaction. Either the non-controlled interests is valued at fair value or based on the proportion of the net assets acquired at fair value related to the non-controlled interests. An eventual negative goodwill is immediately recognized in the income statement after review of the fair value of the net assets acquired and eliminated against the purchase price. The goodwill is subject to a yearly impairment test or even before if indications for an early impairment test exist.

Changes in the amount of holding which do not result in a loss of control are considered to be transactions with equity holders. Any difference between the acquisition price paid resp. the consideration received and the amount, by which the non-controlled interests value is adjusted, is recognized in the equity.

Investments in associates are investments where the parent company is either (directly or indirectly) entitled to 20% to 50% of the voting rights or has considerable influence through other means. Investments in associates are accounted for by applying the Equity Method. Under this method, the investment is initially recorded at the purchase price and subsequently increased or decreased by the share of the associate's profits or losses incurred after the acquisition, adjusted for any impairment losses. The Group's share of results of associates is recognised in the income statement and in the statement of comprehensive income under share of profit and loss of associates. Goodwill included in the purchase price, representing any excess of consideration over the Group's share in net assets of the associate, is recognised as part of the investment's carrying amount. Dividends received during the year reduce the carrying amount of such investments.

Investments of which the Group does not hold a significant position of voting rights or of which the Group holds less than 20%, are not consolidated but stated at their estimated fair value. Such investments are presented under financial assets at their estimated fair value. Any fair value adjustments are recognized in retained earnings. Fair value adjustments are recycled through the income statement at the date of disposal.

Foreign currency translation

The consolidated financial statements are presented in Swiss Francs (CHF). All assets and liabilities of the consolidated foreign subsidiaries are translated using the exchange rates prevailing at the closing date. Income, expenses and cash flows are translated at the average exchange rates for the year under review. The foreign currency translation differences resulting from applying different translation rates to the statement of financial position, the income statement and the statement of comprehensive income are added to or deducted from the line translation reserve of the equity. The same principle is applied for those resulting from the translation of the subsidiaries' opening net asset values at year end rates and those arising from long term intercompany loans (net investment approach).

Transactions in consolidated entities where the transaction currency is different from the functional currency of the entity are recorded using exchange rates prevailing at the time of the transaction. Gains or losses arising on settlement of these transactions are included in the income statement. Monetary assets and liabilities denominated in foreign currencies are translated using the exchange rates prevailing at year end (closing date). Any gains or losses resulting from this translation are also recognized in the income statement.

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)		
	2012	2011	Change in %	31.12.2012	31.12.2011	Change in %
1 EUR	1.204	1.233	-2.3	1.207	1.216	-0.7
1 USD	0.932	0.882	5.7	0.915	0.940	-2.6
1 CAD	0.934	0.893	4.5	0.919	0.920	-0.1
1 GBP	1.484	1.418	4.6	1.479	1.455	1.6
1 SGD	0.750	0.703	6.6	0.749	0.723	3.7
1 CNY	0.148	0.136	8.5	0.147	0.149	-1.5
1 JPY	0.012	0.011	5.4	0.011	0.012	-12.4
1 PLZ	0.289	0.299	-3.3	0.296	0.273	8.7
1 THB	0.030	0.029	4.5	0.030	0.030	0.7
1 ZAR	0.114	0.122	-6.5	0.108	0.116	-6.9
1 DKK	0.162	0.166	-2.2	0.162	0.164	-1.0
1 AUD	0.968	0.919	5.4	0.950	0.955	-0.6
1 CZK	0.048	0.050	-4.6	0.048	0.047	1.9
1 BRL	0.477	0.529	-9.7	0.447	0.503	-11.3
100 KRW	0.083	0.080	4.3	0.086	0.081	5.8

Current/Non-current distinction

Current assets are assets expected to be realised within one year or consumed in the normal course of the Group's operating cycle or assets held for trading purposes. All other assets are classified as non-current assets.

Current liabilities are liabilities expected to be settled by use of cash generated in the normal course of the Group's operating cycle or liabilities due within one year from the reporting date. These also include short term borrowings made as part of credit limits granted for an indefinite period, but subject to a termination period of less than one year from reporting date. All other liabilities are classified as non-current liabilities.

Segment reporting

Since 1st of January 2011, the Interroll Group consists of one single business unit. The complete product range is sold in all markets through the respective local sales organisation. The customer groups being OEM's (original equipment manufacturers), 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. Assembly units receive semi-finished products from the manufacturing units and assemble a wide product range for their local markets. The Interroll Research Center, which is centrally located, develops new application technologies and new products for all product groups. The manufacturing units continuously refine the current product ranges they are focused on.

The Group Management and the Interroll management structure are organized by functions (overall management, Products & Technology, Global Sales & Services, Corporate Marketing, Corporate 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.

Based on the current management structure, financial reporting to the chief operating decision makers is carried out in one reportable segment which is equal to the consolidated statements of the Group.

Statement of cash flows

The statement of cash flows presents, net of any foreign exchange rate effects, cash flows during the year classified by operating, investing and financing activities, thereby providing information about the changes of cash and cash equivalents during the reporting period. Cash equivalents are held for the purpose of meeting the Group's short term cash commitments rather than for investment or any other purposes. The effect of foreign exchange rate changes on cash and cash equivalents in foreign currencies is disclosed separately.

Net cash from operating activities is determined using the indirect method, whereby the net result for the year is adjusted for:

-
- a) effects of transactions of non-cash nature;
-
- b) deferrals or accruals of past or future operating cash receipts or payments;
-
- c) items of income or expense associated with investing or financing cash flows.

Impairments

The carrying value of long term non-financial assets except assets from retirement benefits and assets from deferred taxes are assessed at least once a year. If indications for an impairment exist, a calculation of the recoverable amount is performed (impairment test). Goodwill, other intangible assets with an indefinite useful lifetime and intangible assets which are not yet available for use, the recoverable amount is calculated regardless of the existence of indications. If the carrying value of such an asset or the cash generating unit to which such an asset belongs to exceeds the recoverable amount an adjustment is recognized through the income statement. Impairments on a cash generating unit or a group of cash generating units are first adopted on the goodwill and are thereafter proportionally split onto the other assets of the unit (or the Group).

The recoverable amount is the higher value of fair value less selling costs and value in use. The estimated future discounted cash flows are evaluated to determine the value in use. The discounting rate applied corresponds to a pre-tax rate which reflects the risk related the assets. If an asset does not largely generate independent cash flows the recoverable amount of the cash generating unit is calculated to which the asset concerned belongs to.

Impairments on the remaining assets are reversed if the estimations made in the calculation of the recoverable amount have changed and either has resulted in a reduction of the impairment amount or no impairment is required anymore. An appreciation in value of the goodwill may not be performed.

Derivative financial instruments

Derivatives financial instruments are stated at fair value. The method of recognizing gains or losses depends on the type of the underlying transaction. The Group designates certain transactions with derivatives as either hedges of the fair value of recognised assets or liabilities (fair value hedges); or hedges of highly probable forecasted financial transactions (cash flow hedges). The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items within the context of its risk management objective and strategy. The Group also documents its assessment of the effectiveness of the derivatives at acquisition and during its term in relation to both, the values hedged or also in view of future cash flows.

Changes in fair value are recognised as follows:

a) Fair value hedges

Changes in the fair value of derivatives designated and qualified as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged assets or liabilities.

b) Cash flow hedges

Changes in fair value of derivatives designated and qualified as cash flow hedges are recognised in equity. Amounts accumulated in equity are recycled to the statement of comprehensive income in the periods when the hedged item will affect profit or loss. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the initial transaction is ultimately recognized in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

c) Other securities or financial instruments

Certain derivatives do not qualify for hedge accounting. Changes in the fair value of such hedging instruments are recognised immediately in the income statement. The fair value of derivatives traded in public markets is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price. The fair value of derivatives which are not traded publicly (for example, “over-the-counter” derivatives) is determined by a valuation provided by the financial institution from whom the derivative has been acquired.

2.4 Accounting principles: statement of financial position

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. Non-current assets acquired by way of finance leases are recognised at the lower of the present value of future minimum lease payments and fair value, and depreciated accordingly. The related leasing liabilities are presented at their present value.

Depreciation is recognised on a straight-line basis over the estimated useful life and considering a potential residual value. The following useful economic life terms apply to the Group's main asset categories:

Buildings	25 years
Machinery	10 years
Vehicles	5 years
Office machines and furniture	5 years
Tools and moulds	5 years
IT infrastructure	3 years

Components of major investments in fixed assets with different estimated useful lives are recognised separately and depreciated accordingly. Estimated useful lives and estimated residual values are revised on a yearly basis as per reporting date and resulting adjustments are recorded in the income statement.

Assets under construction which completion has not yet been concluded or which cannot be used yet are capitalised based on incurred costs as per closing date. Respective depreciation is recognised when the construction can be used.

Interests directly related to the acquisition or construction of property, plant and equipment is capitalised and allocated to the related asset.

Intangible assets

Intangible assets include goodwill, intangible assets purchased in the course of business combinations (patented and unpatented technology, customer relationship), licenses and patents and similar rights acquired from third parties as well as software acquired from third parties. These assets are stated at cost value and are amortised on a straight-line basis over the following, expected useful life time:

Standard software	3	years
ERP – Software	8	years
Customer relationship	5–10	years
Patents, technology and licenses	6	years

Acquired customer relationship are customer values identified within the scope of IFRS 3. They are amortised based on their estimated useful life being a period of 5 – 10 years. In markets in which Interroll holds a solid market position, customer value is amortised over 10 years. A shorter amortization period is defined in markets with stiff competition.

Patents and technical know-how are amortised over their expected useful life. In view of the innovative market- and competition environment the amortization period has been determined to be 6 years.

Furthermore intangible values acquired within business combination may be identified. Such result from individual contractual agreements. These values are amortized over the period deviated from the contractual agreement.

Goodwill and intangible assets with an indefinite useful life are allocated to specific cash generating units in order to allow the identification of possible impairment. Such impairment tests are carried out on a yearly basis and any impairment is recognised in the income statement. Goodwill arising from the acquisition of a foreign entity is attributed to that entity's net assets and reported in the functional currency of that entity being translated to the Group's reporting currency at the year end rate.

Financial assets

Financial assets mainly comprise loans receivable that are stated at amortised cost less any valuation allowance. The recognition of interest income is based on the effective interest rate method. Moreover this item includes investments of less than 20%. They are stated at their estimated fair value. Any fair value adjustments are recognised in the equity and are recycled in the income statement only at the date of disposal or when impairment arises.

Non-current assets held for sale

Tangible assets or a group of assets are classified as “non-current assets held for sale” if their carrying value will most probably be realised in a divestment transaction rather than by being used in the normal course of business. Such assets are brought actively onto market and should be sold within one year. Non-current assets held for sale are presented at the recoverable amount, which is the lower of book value or fair value less costs to sell.

Inventories

Inventories are stated at the lower of cost (purchase price or Group production cost) and net realisable value. The cost of inventories is calculated using the weighted average method. Production overheads are allocated to inventories on a proportional basis. Slow moving goods and obsolete stocks are impaired. Intercompany profits included in inventories are eliminated by affecting net result.

Trade and other accounts receivable

Trade and other accounts receivable are stated at amortised cost, generally equalling nominal value. The amount of valuation adjustments corresponds to the difference between the carrying amount and the net present value of the future estimated cash flow. The valuation adjustments include individual impairment for specifically identified positions, where indication exists that the outstanding amount might not be fully recovered.

Lump sum impairment covers expected losses that cannot be excluded based on historical data and payment statistics. As soon as sufficient evidence is available that the receivable will definitively not be recovered, the related amount is directly written off and offset with the specific individual impairment respectively.

Marketable securities

Marketable securities are stated at their fair value as of balance sheet date. Unrealised gains and losses are included in the financial result.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, postal and bank accounts, as well as credit balances payable on demand and deposits with a residual maturity of not more than 90 days at acquisition date. These balances are stated at nominal value.

Shareholders' equity

Shareholders' equity is categorised as following:

a) Share capital

The share capital contains the fully paid in registered shares.

b) Share premium

Share premium comprises payments from shareholders that exceed the par value as well as realised gains/losses including tax on transactions with own shares.

c) Reserve for own shares

The acquisition price of own shares is disclosed as a reduction of shareholders' equity. Realised gains and losses on transactions with own shares are recognised in share premium. Compensation and cash inflows resulting from the issue and subsequent possible exercise of share options are credited to the Groups' reserves.

d) Translation reserve

Translation reserve consists of accumulated translation differences resulting from translation of group subsidiaries' financial statements with a functional currency other than Swiss Franc and of equity-like intercompany loans. The changes in currency differences is presented in the consolidated statement of comprehensive income.

e) Retained earnings

Retained earnings contains not distributed profits.

Financial liabilities

Loans payable and overdrafts are stated at amortised cost. The recognition of interest expenses is based on the effective interest rate method.

Provisions

Provisions relate to product warranties and impending losses whose amount and timing is uncertain. They are recognised if the Group has an obligation based on past occurrences at balance sheet date or a cash drain is probable and can be reliably determined. The amounts recognised represent management's best estimate of the expenditure that will be required to settle the obligation. Providing the effect is material, long term provisions are discounted.

Retirement benefits

The Group sponsors pension plans according to the national regulations of the countries in which it operates. All significant pension plans are operated through pension funds that are legally independent from the Group. Generally, they are funded by employees' and employers' contributions. The foreign pension schemes are normally defined contribution plans whereby the pension expense for a period equals the companies' contributions during that period. The Swiss and French pension schemes have certain characteristics of a defined benefit plan; the financial impact of this plan on the consolidated financial statements is determined based on the Projected Unit Credit Method.

Actuarial gains and losses arising from the periodical reassessments of defined benefit plans are recognised to the extent that they exceed 10% of the higher of the present value of the defined benefit obligation and the fair value of plan assets. The amount exceeding this "corridor" is amortised over the expected average remaining duration of employment of the employees participating in the plan.

Trade accounts payable

Trade accounts payable are stated at amortised cost, generally equalling nominal value.

2.5 Accounting principles: income statement

Revenue recognition, income from services

Revenue is generally recognised upon delivery (transfer of risk and use), depending on the size and the complexity of the order, when technically approved by the customer. The Group establishes appropriate warranty provisions relating to rendered services in order to cover expected claims. Services which the Interroll Group performs in direct relation to its core products sold are recognised upon delivery in net sales. The Group performs services to third parties in connection with administrative tasks and freight. Furthermore, the Group grants distribution licenses to selected franchisees. Revenue resulting from these services are disclosed as other operating income in the income statement.

Material expenses

Material expenses include all costs of raw materials and consumables used, goods purchased and third-party manufacturing, processing or conversion of the Group's products (services purchased).

Product development

Expenditure on research and development is only capitalised when the cumulative recognition criteria of IAS 38 are met. Expenses for product development include wages and salaries, material costs, depreciation of technical equipment and machinery dedicated to research and development, as well as proportional overhead costs. Such expenses are included in the respective line item of the income statement.

Employee participation plans

Certain employees participate in equity based compensation plans of Interroll Holding Ltd. All equity based compensation granted to these employees is valued at fair value at grant date and recognised as personnel expense over the period until vesting date. The fair value is calculated on the basis of the Binomial method. Discounts granted to beneficiaries on the unconditional purchase of Interroll shares are recognised in the income statement at grant date. Cash inflows resulting from equity based participation plans are recognised as an increase of equity. Cash compensated participation plans are recognised as other liabilities and are valued at fair value at balance sheet date.

Operating lease expenses

Property, plant and equipment that are held under operating leases are not recognised on the statement of financial position. The operating lease expense is recognised in the income statement on a straight-line basis over the lease contract period. Operating lease obligations depending on revenues are estimated and accrued as they become due.

Financial result

Interest expenses on loans and finance lease liabilities are recognised as financial expenses, whereas interest income on financial assets is recognised in financial income, both on an accrual basis. Moreover the financial result includes foreign exchange gains and losses arising from the translation of items of the statement of financial position and transactions in foreign currencies as well as changes in fair value of financial instruments.

Income tax expense

Current income taxes are calculated on the statutory results of the Group companies at the enacted or substantively enacted tax rate. They also include adjustment charges and credit notes issued on previous years' results.

Changes in deferred taxes are generally recognized in the income tax position, unless the underlying transaction has been directly recognised in the other comprehensive income. In such case the related income tax is also directly recognized in the statement of comprehensive income or in equity. Temporary differences resulting from initial recognition of assets and liabilities are not recognised in the income statement. Temporary differences on the participation value of subsidiaries are not recognised if it is probable that the temporary differences will not go into reverse in the foreseeable future.

Deferred taxes are calculated using local enacted or substantively enacted tax rates. The future benefits of tax loss carry-forwards are recognised as an asset if it is probable that future taxable profits will be available to realise such benefits.

3 RISK MANAGEMENT

3.1 Operational and strategic risk management

Risk management on group level supports strategic decision making. Operational and strategic risk management coordinates and monitors risks arising from the economic activities of the Group.

A systematic operational and strategic risk analysis is performed annually by the group management. In an annual strategy meeting, Group Management discusses and analysis such risks. The board of directors is regularly informed in a uniform manner with the nature, scope, assessment and counteractive measures of the risks.

3.2 Financial risk management

General information to the financial risk management of the Interroll Group

The Group's activities expose it to a variety of financial risks: market risk (currency risk, interest rate risk and price risk), credit risk, liquidity risk and cash flow risk. The Group's risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on Group's financial performance.

The Board of Directors has the supreme responsibility for risk management. The Board of Directors appoints thereto the Audit Committee, who is responsible for the development and the supervision of the risk management principles. The Audit Committee reports regularly to the Board of Directors.

The principles established for risk management are geared to identify and analyze those risks that may impact the Group, to define adequate limits and to perform controls over the risks and their adherence to. The risk management principles and the related procedures are regularly verified in order to consider changing market conditions and operations of the Group. The target is to develop management regulations and management processes and a disciplined and constructive control environment through existing training and guidelines ensuring a disciplined and conscious handling of risks.

The Audit Committee supervises management in the control of compliance with principles and processes. Their adequacy is permanently verified in respect of the risks that the Group is exposed to. The Audit Committee is supported in this respect by the internal audit department.

Financial risk management is carried out by the central treasury department. Group Treasury identifies, evaluates and reduces financial risks in close co-operation with the Group's operating units and reports at regular intervals to the Audit Committee.

The following sections provide a summary of the scope of individual risks and on the targets, principles and processes implemented for measuring, monitoring and hedging financial risks. Additional information on the financial risks is included in the notes to the consolidated financial statements (see note "6.9 – Financial risks").

Market Risk

Market risks to which the Interroll Group is exposed to can be summarised into the following three main risk categories:

a) Currency risk exposure

The Group operates internationally and is exposed to foreign exchange risks arising from various currencies. Foreign exchange risks arise from future commercial transactions and from recognised assets and liabilities. To manage its foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, the Group operates an internal monthly "Netting" process. Net exposure resulting from assets and liabilities recognised is partially reduced using forward currency contracts. Such contracts are entered into only with high-credit-quality financial institutions. Furthermore the decentralised structure of the Group contributes to a substantial reduction of foreign currency exchange risks.

b) Interest rate risk

Financial assets and liabilities contain interest bearing loans at either a fixed or a variable rate. Relating interest risks are disclosed in 6.9.

c) Price risk

The Group is exposed to raw material price changes as well as to price changes on financial liabilities and assets. Raw material price risks are not hedged while risks from financial assets and liabilities may partially or fully reduced using derivative financial instruments (as described in 2.3 – Principles of consolidation and valuation, section "derivative financial instruments").

Credit Risk

The risk of default is the risk to incur a financial loss when a customer or a counterparty to a financial instrument does not fulfill its legal obligation. The default risk at Interroll exists on trade and other accounts receivable and on cash and cash equivalents.

Customers exceeding EUR 5 000 credit limit are verified for their creditworthiness before the order is executed. The creditworthiness verification is also based on the credit information database provided by an international service provider leading in this sector. Their software allows determining a credit limit per single customer, based on specifically determined calculation formulas. The calculation formulas have been defined by the Interroll Group.

Accumulation of credit risks in trade and other accounts receivable is limited due to numerous customers and their worldwide location. The extent of credit risks is mainly determined by the individual characteristics of each single customer. The risk evaluation includes an assessment of the creditworthiness by considering the customer's financial situation, its credit history and other factors. Sales and revenue from services are performed only with customers whose credit worthiness is proved through the above process. A credit limit is defined for each customer. These limits are verified at least once a year.

Interroll invests its funds in short term deposits at a multitude of banks with whom long standing relationships exist. Such deposits have a maturity date shorter than twelve months. Likewise transactions with derivative financial instruments are entered into only with major financial institutions. Interroll does not hold material open positions with these institutions.

The maximum credit risk from financial instruments corresponds to the balance sheet amount of each single financial asset. There are no guarantees or other liabilities that could increase the risk over the corresponding amount in the statement of financial position.

Liquidity Risk

Liquidity risk is the risk that the Group cannot fulfil its financial obligations on time.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close market positions at any time. Due to the dynamic nature of the underlying business, Group Treasury aims to ensure funding by keeping committed credit limits available.

3.3 Capital risk management

Objectives and principles of capital management

It is the objective of the Interroll Group to safe-guard its going concern by the definition and adherence to a strong base of equity. Such equity level is defined based on the operational and balance sheet risk of the Group. Refunding of the Group shall be adapted to the asset structure and allow further growth of the business. The distribution of a regular portion of the profits shall be made possible based on the realisation of an appropriate return on equity.

Equity ratio targets and pay-out ratio

Based on above targets and principles, Group Management aims at a long term equity ratio of approximately 50 %. The ordinary pay-out ratio corresponds to about 30 % of net profit. This ratio may deviate depending on the general economic outlook and the planned future investment activities.

Key figures to capital management

The following table discloses some essential key figures in regards to capital risk management. Further notes can be found in the inbounds of the annual report.

in m CHF, if not noted differently	2012	2011
Total assets	226.9	239.2
Net financial assets/debts	8.7	-17.6
Gearing (net debts/equity)	n/a	0.1
Operating cash flow	38.2	14.5
Indebtedness factor (net debts/cash flow)	n/a	1.2
Equity	159.4	143.3
Equity ratio (equity in % of assets)	70.2	59.9
Result	19.4	18.2
Return on equity (in %)	12.8	13.4
Non-Diluted Earnings per share	24.3	23.0
Distribution per share	8.0	7.0
Pay out ratio (in %)	32.9	30.5

Debt Covenants

Determined debt covenants for committed credit lines in the amount of CHF 40 m demand an equity ratio of at least 35 % (see 6.9 Financial risks – Credit facilities and debt covenants)

4 CHANGES TO THE SCOPE OF CONSOLIDATION

Changes in the business year 2012

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

Changes in the business year 2011

As per 1 January 2011 the business activities of the former licensing partner in Australia (CSA Conveyors) were acquired by Interroll Australia Pty. Intangible and tangible assets at fair value amounted to CHF 1.1 m whereof half was paid in November 2010 and the other half in January 2011.

Allocation of net assets acquired

in thousands CHF	2012 Fair value	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

The full amount is for the acquisition of CSA Conveyors and was settled in cash.

Cash flow from acquisitions

in thousands CHF	2012	2011
Settled in cash for the acquisition of CSA Conveyor	–	– 1 114
thereof already settled in the previous year	–	570
Settlement of outstanding acquisition price from previous years	–	– 387
Net cash used in acquisitions	–	– 931

The settlement of an outstanding acquisition price in 2011 was the last installment related to the acquisition of BDL France dated back in year 2006.

Further notes to acquisitions

Intangible assets taken over in previous year from the former licence partner in Australia contain to a major part of customer relations. Business activities from the acquired business contributed to CHF 1.9 m (previous year: CHF 2.8 m) to each year's result. Its effect onto the Group's result is immaterial.

5 OPERATING SEGMENTS

Sales and non-current assets by geographical markets

Sales and non-current assets according to geographical markets is presented as follow:

in thousands CHF	SALES				NON-CURRENT ASSETS			
	2012	in %	2011	in %	2012	in %	2011	in %
Other EMEA	136 992	44.7	124 196	45.7	13 854	11.9	15 291	12.5
Germany	73 254	23.8	52 251	19.2	53 068	45.8	57 388	46.7
Switzerland	4 983	1.6	4 928	1.8	37 624	32.4	37 107	30.2
Total Europe, Middle East, Africa (EMEA)	215 229	70.1	181 375	66.7	104 546	90.1	109 786	89.4
USA	42 494	13.8	42 989	15.8	5 902	5.1	6 672	5.4
Other Americas	14 083	4.6	15 997	5.9	1 822	1.6	2 172	1.8
Total Americas	56 577	18.4	58 986	21.7	7 724	6.7	8 844	7.2
Total Asia and Pacific	35 349	11.5	31 571	11.6	3 710	3.2	4 164	3.4
Total Group	307 155	100.0	271 932	100.0	115 980	100.0	122 794	100.0

The key definition of turnover has been defined according to the invoice address. Switzerland is the country of domicile of Interroll Holding Ltd. Non-current assets are disclosed excluding financial assets and deferred tax assets.

Information about major customers

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

Sales by product group

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

in thousands CHF	2012	in %	2011	in %	2010	in %
Drives	99 297	32.3	95 132	35.0	97 917	34.6
Rollers	80 428	26.2	83 212	30.6	79 086	27.9
Conveyors & Sorters	69 347	22.6	42 758	15.7	52 145	18.4
Pallet- & Carton Flow	58 083	18.9	50 830	18.7	53 921	19.0
Total Group	307 155	100.0	271 932	100.0	283 069	100.0

6 NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

6.1 Property, plant and equipment

Movements of property plant and equipment

in thousands CHF	LAND & BUILDING		PRODUCTION EQUIPMENT & MACHINERY		OFFICE EQUIPMENT & MOTOR VEHICLES		ASSETS UNDER CONSTRUCTION		TOTAL PROPERTY, PLANT AND EQUIPMENT	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Cost										
At 1.1.	74 782	73 013	88 197	84 425	8 765	9 168	1 999	2 799	173 743	169 405
Currency translation adj.	-659	-1 720	-670	-1 138	-64	-177	-13	-71	-1 406	-3 106
Additions	449	4 248	4 440	5 093	1 675	1 320	-	1 224	6 564	11 885
Disposals	-8	-71	-6 001	-1 495	-1 245	-1 529	-	-	-7 254	-3 095
Reclassifications	341	-688	1 830	1 144	-844	-19	-1 181	-1 953	146	-1 516
Changes in the scope of consolidation*	-	-	-	168	-	2	-	-	-	170
At 31.12.	74 905	74 782	87 796	88 197	8 287	8 765	805	1 999	171 793	173 743

Accumulated Depreciation & impairments

At 1.1.	-23 562	-22 404	-61 648	-57 123	-6 426	-6 933			-91 636	-86 460
Currency translation adj.	243	470	456	700	22	136			721	1 306
Depreciation	-2 823	-2 756	-6 973	-6 730	-1 028	-1 011			-10 824	-10 497
Impairment losses	-	-	-	-	-	-			-	-
Disposals	5	18	5 931	1 413	984	1 363			6 920	2 794
Reclassifications	-222	1 110	-861	92	937	19			-146	1 221
At 31.12.	-26 359	-23 562	-63 095	-61 648	-5 511	-6 426			-94 965	-91 636
Property, plant and equipment at 31.12.	48 546	51 220	24 701	26 549	2 776	2 339	805	1 999	76 828	82 107
Capital commitments**	5 187	-	1 646	567	82	-			6 915	567
Insurance value***	85 357	91 638	119 664	120 296	-	-			205 021	211 934

* Detailed information on the changes in the scope of consolidation is disclosed in note 4.

** Capital commitments for land and buildings are related to the erection of the Regional Center of Excellence in Atlanta.

*** The insurance value of production equipment and machinery also covers other tangible assets.

Further notes to property plant and equipment

At the end of the period under review no risks exist in the opinion of Group Management which negatively impact the book value of fixed assets.

6.2 Non-current assets held for sale

Both buildings that were held for sale (Spain, Wassenberg/DE) were sold at a total price of CHF 2.2 m in the first half of 2012.

The profit realised on these sales was CHF 1.2 m and is included in the other operating income. Mid of 2011, the building that was put on sale in Denmark was sold at a price of CHF 0.5 m.

6.3 Intangible assets

Movements of Goodwill and intangible assets

in thousands CHF	GOODWILL		SOFTWARE		PATENTS, TECHNOLOGY AND LICENCES		CUSTOMER RELATIONSHIP		TOTAL INTANGIBLE ASSETS	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Cost										
At 1.1.	12 174	12 407	26 128	19 363	13 773	14 154	20 988	20 666	73 063	66 590
Currency translation adj.	-49	-233	-19	-37	-91	-362	-125	-553	-284	-1 185
Additions	-	-	4 082	7 734	-	-	-	-	4 082	7 734
Disposals	-	-	-197	-926	-154	-19	-124	-	-475	-945
Reclassifications	-	-	-	-6	-	-	-	-	-	-6
Changes in the scope of consolidation*	-	-	-	-	-	-	-	875	-	875
At 31.12.	12 125	12 174	29 994	26 128	13 528	13 773	20 739	20 988	76 386	73 063

Accumulated Amortisation & impairments

At 1.1.	-3 126	-3 126	-4 096	-3 513	-13 332	-12 115	-11 822	-9 848	-32 376	-28 602
Currency translation adj.	-	-	20	28	88	317	72	277	180	622
Amortisation	-	-	-2 877	-1 516	-368	-1 553	-2 224	-2 251	-5 469	-5 320
Disposals	-	-	196	899	154	19	81	-	431	918
Reclassifications	-	-	-	6	-	-	-	-	-	6
At 31.12.	-3 126	-3 126	-6 757	-4 096	-13 458	-13 332	-13 893	-11 822	-37 234	-32 376
Total intangible assets, net at 31.12.	8 999	9 048	23 237	22 032	70	441	6 846	9 166	39 152	40 687
Capital commitments	-	-	1 244	752	-	-	-	-	1 244	752

* Detailed information on the changes in scope of consolidation is disclosed in Note 4.

Goodwill: impairment test

The impairment tests are generally based on a three year plan and on the present value of future (pre-tax) cash flows (value in use) determined using a discount rate of 8.3% (previous year: 10.7%). The growth rate and the discount rate were defined as key assumptions. No further growth was assumed for the extrapolation of free cash flows.

Sensitivity analysis to the goodwill impairment tests

The sensitivity analysis performed resulted in both years under review in the conclusion that the discounted value of future free cash flows exceeds the value of the current goodwill also when assuming a change of the discount rate under normal economic conditions. The growth rate was reviewed in regards to its sensitivity. This test lead to the conclusion that the discounted value of future cash flows exceeds the value of the current goodwill position even if no growth is assumed.

Software

Out of the accumulated acquisition costs, CHF 26.7 m (previous year: CHF 22.9 m) relate to the setup, design and introduction of SAP. In the year under review the additions to this process management system amount to CHF 3.8 m (previous year: CHF 7.5 m). Capital commitments for software are related to the investment and development of SAP.

SAP was launched mid 2011 for the two Centers of Excellence for Drum Motors and Rollers/RollerDrive as well as for all European sales and service subsidiaries. Development costs incurred until that date in the amount of CHF 19.5 m were capitalised mid 2011 and are subject to amortisation over 8 years. In the third quarter of 2012, SAP was also launched in the CoE for Supermarket Products, in the Regional Center of Excellence for Rollers and Drum Motors in the USA as well as in several sales subsidiaries in Asia/Pacific. Respective development costs of CHF 6.9 m were capitalised and are subject to amortisation over 8 years since 1 October 2012. Further developments to introduce this ERP for other production sites were undertaken until end of 2012 and respective investments amount to CHF 0.3 m. No amortisation has been recognised so far on this amount.

An impairment test with the same key assumptions as those used for the tests on the goodwill value was performed for the intangible assets disclosed as software. The sensitivity analysis performed resulted in the conclusion that the discounted value of future free cash flows exceeds the value of the current goodwill also when assuming a change of the discount rate under normal economical conditions.

Customer relationship

Customer relationship is normally amortised on a straight line basis over 10 years. At year end 2012, an amortisation term of additional 3 years remains on the major portion of customer relationship. A review if indicators exist that point towards an impairment of customer relationship was performed. There are no signs that would indicate an impairment of this value.

6.4 Assets pledged or assigned

in thousands CHF	31.12.2012	31.12.2011
Land & buildings	1 299	1 308
Trade receivables	593	157
Total assets pledged or assigned	1 892	1 465

These assets are pledged respectively assigned to local credit lines granted (see Liquidity risk in note 6.9).

6.5 Inventories

Detailed overview on the positions belonging to the inventory

in thousands CHF	31.12.2012	31.12.2011
Raw materials	24 879	27 402
Work in progress	11 824	18 343
Finished products	1 097	1 241
Valuation allowance	-2 205	-1 886
Total inventory, net	35 595	45 100

No inventory was pledged in both years under review.

Development of valuation allowance on inventory

in thousands CHF	2012	2011
Balance as per 1.1.	-1 886	-1 859
Currency translation adjustment	36	70
Additions	-734	-313
Reductions	379	216
Total valuation allowance on inventory as per 31.12.	-2 205	-1 886

The addition of valuation allowances is due to slow or non moving items within the inventory. The reduction of valuation allowance on inventory is related to sale or scrap of items, as well as to a reassessment of the valuation allowance affecting the consolidated income statement of the Group.

6.6 Trade and other accounts receivable

Detailed overview of trade and other accounts receivable

Trade accounts receivable arise from deliveries and services relating to the Group's operating activities. VAT, withholding tax and other current receivables are included in the other accounts receivable. The other accounts receivables are analysed for valuation adjustment like trade receivables. There was no valuation adjustment necessary on other accounts receivable in both years under review.

in thousands CHF	31.12.2012	31.12.2011
Trade accounts receivable from goods and services	52 648	53 739
Valuation allowance	-2 376	-2 407
Total trade accounts receivable, net	50 272	51 332
Prepaid expenses and accrued income	1 223	1 338
Prepayments for inventories	1 244	1 001
Other accounts receivable	4 700	3 983
Total other accounts receivable	7 167	6 322
Total trade and other accounts receivable, net	57 439	57 654

Aging and valuation allowance of trade accounts receivable

Trade accounts receivables are due and specific/general valuation allowance have been evaluated as follows:

in thousands CHF	31.12.2012				31.12.2011			
	GROSS	VALUATION ALLOWANCE		NET	GROSS	VALUATION ALLOWANCE		NET
		INDIVIDUAL	COLLECTIVE			INDIVIDUAL	COLLECTIVE	
Not past due	34 532			34 532	34 619			34 619
Past due 1-30 days	10 893			10 893	11 676			11 676
Past due 31-60 days	3 337			3 337	3 432	- 2		3 430
Past due 61-90 days	684	- 11		673	1 046	- 94		952
Past due > 90 days	3 202	- 1 158	- 1 207	837	2 966	- 1 095	- 1 216	655
Total trade accounts receivable	52 648	- 1 169	- 1 207	50 272	53 739	- 1 191	- 1 216	51 332

Development of the individual and collective valuation allowance of trade accounts receivable

The valuation allowance on trade accounts receivable from third parties developed as follows:

in thousands CHF	2012			2011		
	VALUATION ALLOWANCE			VALUATION ALLOWANCE		
	Total	INDIVIDUAL	COLLECTIVE	Total	INDIVIDUAL	COLLECTIVE
At 1.1.	- 2 407	- 1 191	- 1 216	- 3 019	- 1 767	- 1 252
Currency translation adjustment	11	2	9	120	84	36
Additions	- 655	- 655		- 292	- 292	
Allowance used	242	242		388	388	
Allowance reversed	433	433		396	396	
At 31.12.	- 2 376	- 1 169	- 1 207	- 2 407	- 1 191	- 1 216

During the year under review, an amount of CHF 0.2 m (previous year: CHF 0.4 m) relating to irrecoverable trade receivables was written off. Currently, no other risks are identifiable in the net trade accounts receivables. Sales are broadly diversified across geographical and industrial markets. Thus, the risk of unexpected losses from trade receivables is assessed to be low.

Currencies in trade accounts receivable

Trade accounts receivables reported in CHF are denominated from the following currencies:

in thousands CHF	31.12.2012		31.12.2011	
		in %		in %
EUR	25 051	47.6	28 805	53.6
USD	7 798	14.8	8 424	15.7
CNY	4 755	9.0	3 822	7.1
THB	4 324	8.2	2 690	5.0
DKK	2 325	4.4	1 985	3.7
all other currencies	8 395	16.0	8 013	14.9
Total trade accounts receivables, gross	52 648	100.0	53 739	100.0

Regional break down of trade accounts receivables

Trade accounts receivables can be broken down into the following geographical areas:

in thousands CHF	31.12.2012		31.12.2011	
		in %		in %
Europe, Middle East, Africa	31 212	59.3	34 784	64.8
Americas	9 276	17.6	9 640	17.9
Asia and Pacific	12 160	23.1	9 315	17.3
Total trade accounts receivables, gross	52 648	100.0	53 739	100.0

At average, trade accounts receivables are 53 days outstanding (DSO). The respective value is for Europe 45, for Americas 64 and for Asia 93). In the previous year, the DSO was 57 for the Group, for Europe 56, for Americas 63 and for Asia 54.

6.7 Cash and cash equivalents

Positions included in cash and cash equivalents

in thousands CHF	31.12.2012	31.12.2011
Cash on hand, bank and postal accounts	12 559	9 797
Short term deposits	1 550	725
Total cash and cash equivalents	14 109	10 522

Interest rates of cash and cash equivalents

The interest rates on cash and cash equivalents vary between 0 % (for CHF) and 11 % (BRL). The respective rates of 2011 were 0 % (CHF) and 5 % (ZAR) respectively .

Currencies hold in cash and cash equivalents

in %	31.12.2012	31.12.2011
EUR	49.0	20.0
CHF	8.0	1.0
USD	14.0	17.0
THB	4.0	21.0
JPY	2.0	9.0
KRW	4.0	7.0
ZAR	8.0	6.0
other currencies	11.0	19.0
Total cash and cash equivalents	100.0	100.0

Transfer limitations on cash and cash equivalents

Cash and cash equivalents of CHF 1.3 m (2011: CHF 1.0 m) at Interroll South Africa as well as at Interroll Brasil are subject to transfer limitations. These transfer limitations do not have any impact on their operating activities.

6.8 Financial instruments

Reconciliation from balance sheet items to valuation categories as per IAS 39

The table below shows an overview of financial instruments held by valuation category according to IAS 39:

in thousands CHF	31.12.2012	31.12.2011
Cash and cash equivalents	14 109	10 522
Trade and other accounts receivable	56 195	56 653
Financial assets	890	932
Total financial assets at amortised costs	71 194	68 107
Foreign currency forward contracts*	- 213	- 224
Total financial instruments at fair value	- 213	- 224
Trade and other accounts payable	33 284	37 305
Financial liabilities	5 421	28 121
Total financial liabilities at carrying value	38 705	65 426

* see notes 6.9 and 6.16

Book values of cash and cash equivalents, trade and other accounts receivable and payable as well as financial assets amount closely to fair value due to their short term maturity. Advance payments for inventory are excluded from the valuation categories as per IAS 39 because the subsequent transaction is not of monetary nature. Financial assets and liabilities are predominantly due within approximately 2 years and their net present values corresponds very closely to their book values.

6.9 Financial risks

Currency risk exposure

Due to its international focus, the Interroll Group is exposed to foreign currency risks. Risk exposures result from transactions in currencies deviating from the entities' functional currency.

The following table shows the major currency risks at the respective balance sheet date:

in thousands CHF	31.12.2012					31.12.2011				
	EUR	CHF	USD	SGD	JPY	EUR	CHF	USD	SGD	JPY
Financial assets	2	70				2	70	-	-	-
Trade and other accounts receivable	4744	1390	3024	2346	1804	7178	1278	4040	2498	2131
Cash and cash equivalents incl. intercompany loans	683	19486	1220			382	18474	715	-	-
Financial liabilities		4965	2196			-	5000	-	-	-
Trade and other accounts payable	6391	4534	2087	2411	62	6853	4029	3645	2291	109
Short term liabilities	3909	2725	2196			70	10940	728	-	-
Currency risks on the balance sheet (gross)	15 729	33 170	10 723	4 757	1 866	14 485	39 791	9 128	4 789	2 240
Elimination equal currency	-5 092	-21 386	-3 721	-164	-36	-7 619	-37 063	-3 710	-133	-
Currency risks on the balance sheet (net)	10 637	11 784	7 002	4 593	1 830	6 866	2 728	5 418	4 656	2 240
Natural Hedges	-1 355	-912	-220	-	-	-593	-286	-223	-38	-
FX forward contracts	-2 875	-	-1 844	-2 577	-1 262	-656	-	-3 702	-2 565	-1 116
Net currency risk exposure	6 407	10 872	4 938	2 016	568	5 617	2 442	1 493	2 053	1 124

The currency risk on the balance sheet (gross) is equal to the sum of the value of all positions in the balance sheet that are held in a different currency than the functional currency of a company. Such positions contain both, group internal as well as external amounts. In a first step, all of those risks are added up because a currency risk can arise on the debit as well as on the credit side of the balance sheet. The total is then disclosed as currency risk on the balance sheet (gross). The risk of each currency group is translated into CHF at the closing rate and added up to total Group values. "Elimination equal currency" results from setting off short positions versus long positions of currency risks which exists in the same foreign currency deviating from the functional currency and which are presented in the same group entity. Natural hedges result from netting out currency risks among all group entities. The amount disclosed in line "FX forward contracts" (foreign currency forward contracts) corresponds to the amount actually hedged and translated into CHF. Changes in the valuation of fair value hedges are recognized in the financing result (see note 7.5). The table only contains the material foreign currency risks. All others are regarded to be immaterial in both years.

Net investments in foreign subsidiaries are long term investments. Such investments are exposed to currency fluctuation, because they are held in another currency than the Group's functional currency. From a macroeconomic and long term point of view, the currency exchange effects should be neutralised by the inflation rate at the subsidiaries domicile. Due to this reason and also due to costs for respective derivative instruments, the Group does not hedge such risks.

Foreign currency forward contracts

The fair values of the derivative financial instruments are classified as hierarchy 2 in the sense of IFRS 7. The valuation in hierarchy 2 is based on factors which cannot be tracked to actively listed prices on public markets. Instead, they can be monitored directly (as a price) or indirectly (as a derivative of the price).

The Group prepares regularly a rolling forecast of foreign currency cash flows. 0–50 % of such budgeted, future foreign currency flows may be hedged through forward contracts. At the end of the year under review, there were no open cash flow hedges held by the Group.

The notional amount corresponds to the hedged balance sheet risk, translated into CHF. With derivative financial instruments, the Group hedges normally 50–100 % of its net currency risks on the balance sheet.

The following table shows the contractual and fair values the foreign currency forward contracts held by the Group:

in thousands CHF	31.12.2012				31.12.2011		
Hedged currency	SELL/BUY	MATURITY	NOTIONAL AMOUNT IN CHF	FAIR VALUE	SELL/BUY	NOTIONAL AMOUNT IN CHF	FAIR VALUE
USD	USD/CAD	Feb-13	1 224	17	USD/CAD	2 467	–
USD	USD/CHF	Feb-13	620	5	CAD/USD	1 235	1
SGD	SGD/EUR	Feb-13	1 413	– 13	SGD/EUR	1 363	– 53
SGD	JPY/SGD	Feb-13	1 164	– 100	JPY/SGD	1 202	– 26
EUR	EUR/CHF	Feb-13	5 749	12	EUR/CHF	656	9
EUR	CHF/EUR	Feb-13	2 874	– 4	–		
JPY	JPY/EUR	Feb-13	1 262	– 131	JPY/EUR	1 116	– 66
CNY	CNY/EUR	Feb-13	654	–	CNY/EUR	571	– 41
THB	THB/EUR	Feb-13	640	1	THB/EUR	985	– 48
Total FX forward contracts*				– 213			– 224

* see note 6.16

Sensitivity analysis to the currency risk exposure

As per year end, a sensitivity analysis was carried in respect to financial instruments. The sensitivity analyses calculates the effect of FOREX – changes on the major currency pairs within the Group. These risks particularly result from different currencies between costs for production and invoicing currency to the customers. Asummed currency fluctuations would have the following effects on the foreign currency positions in the balance sheet:

in thousands CHF	31.12.2012			31.12.2011		
	EUR vs. CHF	CHF vs. USD	CAD vs. USD	EUR vs. CHF	CHF vs. USD	CAD vs. USD
CURRENCY PAIR						
Financial Assets	70	–	–	71	4416	–
Trade and Other Receivables	– 1 396	338	1 765	– 2 092	196	2 663
Cash and Cash Equiv. incl. IC-Loans	19 464	368	809	18 459	3 666	611
Financial Liabilities	4 965	–	–	5 000	–	–
Trade and Other Payables	2 255	– 200	638	2 010	– 174	713
Short Term and Current Liabilities	2 725	2 196	–	10 940	657	5
Gross Exposure per currency pair	28 083	2 702	3 212	34 388	8 761	3 992
Risks opposing each other	– 19 892	– 1 412	– 1 276	– 32 876	– 967	– 1 437
FX forward contracts	– 2 875	–	– 1 224	– 656	–	– 2 467
Net FX exposure per currency pair	5 316	1 290	712	856	7 794	88
Currency change in %	2	6	5	10	15	5
Effect on the result (+/-)	106	129	71	86	779	9
Income tax expense at 20.1 %	– 21	– 26	– 14	– 17	– 157	– 2
Net FX exposure after income taxes	85	103	57	69	622	7

Analogously to the currency risk analysis, the net risks of currency pairs are summed up. The position “Risks opposing each other” is a result of netting out those risks that are contrary to each other. The disclosed amount in line “FX forward contracts” equals to the total of hedged currency risks of a currency pair. It is also deducted from the gross risk as it deviates linearly with the fluctuation of the currency. The income taxes are calculated in line with the applicable rate for an ordinary taxed entity in Switzerland (see note 7.6).

Interest risks

As per balance sheet date, the Group had interest bearing net financial liabilities of CHF 3.5 m (previous year: CHF 26.4 m, see also note 6.12). There are CHF 2.4 m (previous year: 1.7 m financial assets, of which CHF 0.5 m (previous year: CHF 0.0 m) are not interest bearing. There are financial liabilities of CHF 5.4 m (previous year: CHF 28.1 m). The portion of not interest bearing financial liabilities was immaterial in In both years under review.

The following table divides interest bearing assets and liabilities into fix and variable as well as shows none interest bearing positions within financial assets and liabilities. A change of the interest rate would have had no effect onto the equity because the Group currently does not hold any cash flow hedges to hedge currency risks and because there are no assets held for sale at a fix interest rate. The Group regularly monitors its interest risks and reserves the possibility to hedge such in future.

in thousands CHF	31.12.2012				31.12.2011			
	NOM. INT. RATE IN %	BOOK VALUES	BASIS POINTS + 100 - 100		NOM. INT. RATE IN %	BOOK VALUES	BASIS POINTS + 100 - 100	
Financial assets								
fix interest rate	0-3.4	615			0-1.0	1 150		
Variable interest rate	0-11.0	1 284	13	- 13	0-2.0	445	4	- 2
Not interest bearing	-	541						
Total deposits		2 440	13	- 13		1 595	4	- 2
fix interest rate		-			2.0	62		
Total loans		-	-	-		62	-	-
Cash on hand, bank and postal accounts		12 559				9 797	-	-
Trade and other receivables		56 195				56 653		
Total other financial assets		68 754	-	-		66 450	-	-
Total financial Assets		71 194	13	- 13		68 107	4	- 2
Financial liabilities								
fix interest rate	1.7	4 965			0-1.7	5 018		
Variable interest rate		-			0-1.9	22 779	- 227	182
Total bank loans		4 965	-	-		27 797	- 227	182
fix interest rate	6.0	389			6.0	297		
Not interest bearing		-				27		
Total other loans		389	-	-		324	-	-
Bank overdrafts		67				-		
Trade and other accounts payable		33 284				37 305		
Total trade and other accounts payable		33 351	-	-		37 305	-	-
Total financial liabilities		38 705	-	-		65 426	- 227	182
Net financial liabilities		32 489	13	- 13		2 681	- 223	180

Sensitivity analysis to the interest risks

Interest sensitivity is only calculated on interest bearing items of the balance sheet. No effect is calculated on items bearing interests at a fixed rate. As per above analysis, the Group's annual result would have remained on the same amount in case of an interest rate being one percentage point higher or lower. In the previous year, an increase of the interest rate of one percentage point, would have changed the Group's result by CHF 0.22 m). The result would have improved with an interest reduction of one percentage point by CHF 0.18 m in the previous year. For certain interest bearing positions, the interest rate is already lower than one percent. Therefore, the effect of the reduction was only calculated up to the current interest rate being lower than 1.0 %.

Liquidity risk

The Group carries out quarterly a complete liquidity planning on a consolidated basis. The Group holds liquidity reserves in form of committed and uncommitted credit lines in order to comply with an unexpected and extraordinary liquidity demand.

Credit facilities and debt covenants

The amount of unused credit facilities as per end of the reporting year amounted to CHF 77.4 m (previous year: CHF 57.3 m).

In the year under review, the committed credit lines for an amount of CHF 40.0 m which were agreed upon in 2009 were extended with the same conditions for another duration of 3 years. They ensure the funding of the future investment program and serve generally for the business financing. The Group always complied with the agreed debt covenants which are the following:

EBITDA : net interest costs	= min. 4.0
Net debt : EBITDA	= max. 3.0
Equity : total assets	= min. 35 %

The ageing of the financial liabilities is disclosed in Note 6.12 (see "Ageing of financial liabilities").

6.10 Information on shareholder's equity

Reconciliation from total issued shares to the outstanding shares

	2012	2011
Issued shares par value CHF 10.00 each (previous year: CHF 10.00)	854 000	854 000
Own shares held by the Group as per 1.1.	60 099	74 400
Purchase of own shares	-	3 149
Sale of own shares	- 2 700	- 12 713
Attribution of shares relating to bonus plan	- 2 941	- 2 084
Attribution of shares related to options exercised	- 2 740	- 2 653
Own shares held by the Group as per 31.12.	51 718	60 099
thereof reserved for issuance under option program	43 225	45 965
thereof unreserved	8 493	14 134
Shares outstanding at 31.12.	802 282	793 901

6.11 Earnings per share

Non-diluted earnings per share

The non-diluted earnings per share in 2012 amount to CHF 24.27 (2011: CHF 22.99). The calculation is based on the profit attributable to the equity holders of the parent company, divided by the weighted average of shares outstanding.

	2012	2011
Result attributable to the equity holders (in thousands CHF)	19 396	18 193
Shares outstanding as of 1.1.	793 901	779 600
Effect of the purchase of own shares	-	- 2 076
Effect of the sale/attribution of own shares	4 503	11 828
Effect of the issue of shares under option plans	686	2 100
Weighted average of shares outstanding	799 090	791 452
Non-diluted earnings per share (in CHF)	24.27	22.99

Diluted earnings per share

The diluted earnings per share in 2012 amount to CHF 24.23 (2011: CHF 22.86). They are calculated by adjusting the weighted average number of ordinary shares outstanding to include all dilutive potential ordinary shares.

The potential ordinary shares resulting from the issue of options under the employee stock option plan (see note 7.1) had a dilutive effect in both years under review due to the fact that the strike price (CHF 323) was below the average share price (Current year: CHF 333, previous year: CHF 358) during the year under review. This effect is outlined below.

	2012	2011
Result attributable to the equity holders (in thousands CHF)	19 396	18 193
Weighted average of shares outstanding	799 090	791 452
Dilutive effect of share options	1 319	4 521
Weighted average of shares outstanding (diluted)	800 409	795 973
Diluted earnings per share (in CHF)	24.23	22.86

6.12 Financial liabilities

Details to current and non-current financial liabilities

in thousands CHF	31.12.2012	31.12.2011
Bank overdrafts/loans	67	–
Other financial liabilities	329	22 850
Total current financial liabilities	396	22 850
Bank loans	4 965	5 035
Other loans	60	236
Total non-current financial liabilities	5 025	5 271
Total financial liabilities	5 421	28 121

Net financial liabilities to equity ratio

in thousands CHF	31.12.2012	31.12.2011
Total financial liabilities	5 421	28 121
./. Cash and cash equivalents	- 14 109	- 10 522
Net financial liabilities (-net cash)	- 8 688	17 599
Equity	159 363	143 285
Net financial debt in % of the equity	n/a	12.28

Loan structure

in thousands CHF					31.12.2012		31.12.2011	
	CUR- RENCY	WEIGHTED AV. INTEREST RATE	INTEREST DUE FIX/VARIABLE	YEAR OF MATU- RITY	FACE VALUE	CARRYING AMOUNT	FACE VALUE	CARRYING AMOUNT
Fixed short term loan	CHF	0.65 %	V	2012	-	-	10 194	10 180
Fixed short term loan	EUR	0.70 %	V	2012	-	-	12 617	12 571
Fixed long term loan	CHF	1.70 %	F	2013	5 041	4 965	5 151	5 000
Other bank loans					-	-	134	134
Total bank loans					5 041	4 965	28 096	27 885
Other loans	EUR/DKK	0%–6.00 %	F	2014	413	389	236	236
Total other loans					413	389	236	236
Total Loans					5 454	5 354	28 332	28 121

Ageing of financial liabilities

The financial liabilities as per December 31, 2012 are due as follows:

in thousands CHF	BOOK VALUE	FACE VALUE (UNDISCOUNTED)	WITHIN 6 MONTHS	WITHIN 6-12 MONTHS	WITHIN 1-2 YEARS	WITHIN 2-5 YEARS
Bank loans	4 965	5 041		5 041		
Other loans	389	413			413	
Bank overdrafts	67	67	67			
Trade/other accounts payable*	33 497	33 497	33 497			
Total financial liabilities	38 918	39 018	33 564	5 041	413	-

* An ageing analysis is not readily available. Based on past experience, it can be reliably assumed that the full amount is due within less than 6 months.

The financial liabilities as per December 31, 2011 were due as follows:

in thousands CHF	BOOK VALUE	FACE VALUE (UNDISCOUNTED)	WITHIN 6 MONTHS	WITHIN 6-12 MONTHS	WITHIN 1-2 YEARS	WITHIN 2-5 YEARS
Bank loans	27 885	28 096	22 897	12	5 187	
Other loans	236	236			179	57
Trade/other accounts payable*	37 529	37 529	37 529			
Total financial liabilities	65 650	65 861	60 426	12	5 366	57

* An ageing analysis is not readily available. Based on past experience, it can be reliably assumed that the full amount is due within less than 6 months.

Mortgage secured loans

In both years under review, there were no loans secured by a mortgage.

6.13 Leasing liabilities

Finance leases

In both years under review, there were no liabilities relating to finance lease outstanding.

Operating leases

Liabilities from operating leases mainly relate to building rentals and will become due as follows:

in thousands CHF	31.12.2012	31.12.2011
within 1 year	2 810	3 010
between 1 and 5 years	4 984	7 631
over 5 years	2 797	2 540
Total operating leases	10 591	13 181

In both years under review, operating lease expense do not include material amounts for contingent rent.

6.14 Provisions

Movements in provisions

in thousands CHF	WARRANTIES		OTHER PROVISIONS		TOTAL PROVISIONS	
	2012	2011	2012	2011	2012	2011
At 1.1.	4 917	5 661	1 294	1 637	6 211	7 298
Currency translation adjustments	- 44	- 232	- 3	- 27	- 47	- 259
Provisions made	3 292	2 283	269	350	3 561	2 633
Provisions used	- 2 166	- 2 281	- 337	- 664	- 2 503	- 2 945
Provisions reversed	- 877	- 514	-	- 2	- 877	- 516
At 31.12.	5 122	4 917	1 223	1 294	6 345	6 211

Warranty provisions

The Group companies normally grant a 24-month warranty. The warranty provision is recognised based on past experience as well as on specific projects. The warranty provision corresponds to roughly 1.7 % (previous year: 1.8 %) of net sales. The reduction in the percentage of sales is a consequence of improved production processes, the reduction of warranty cases for certain product groups and on the increased quality controls in the manufacturing facilities. In absolute terms, the warranty was only increased due to the higher sales volume.

Data from the past indicates that between 30 % and 50 % of the warranty provision will be used in the subsequent year.

Other provisions

The other provisions mainly include pension liabilities according to IAS 19 in the amount of CHF 1.0 m (previous year: CHF 1.0 m).

6.15 Pension obligations and pension costs

General information to the pension plans of the Group

The pension costs for 2012 amounted to CHF 1.6 m (2011: CHF 1.6 m). Such costs consist of employer contributions relating to the defined contribution plans and pension costs relating to the defined benefit plans.

The pension plans in Switzerland and France are regarded as defined benefits plans in line with IAS 19. In both years under review, approximately 190 employees participated in the defined benefit plans. The Swiss plan is outsourced to a collective foundation whereas the plan of France is outsourced to an insurance company. It can be assumed that the assets of both plans do not include Interroll shares.

Components of pension costs

in thousands CHF	2012	2011
Costs of the defined contribution plans	- 879	- 713
Current service costs, net	- 600	- 706
Interest costs	- 356	- 354
Expected return on plan assets	296	226
Amortisation of actuarial losses	- 22	- 76
Costs of the defined benefit plans	- 682	- 910
Total pension costs	- 1 561	- 1 623

The expected future contributions of the employer will not change materially in future years provided the number of insured employees remains stable.

Funded status for the defined benefit plans

in thousands CHF, as per year end	2012	2011	2010	2009	2008
Present value of defined benefit obligation	- 15 153	- 12 211	- 12 151	- 10 770	- 9 478
Fair value of plan assets	11 419	11 012	9 882	9 357	8 402
Pension liability	- 3 734	- 1 199	- 2 269	- 1 413	- 1 076
Unfunded fair value of benefit obligations	- 296	- 247	- 239	- 243	- 205
Unrecognised net actuarial losses/(gains)	2 949	428	1 788	1 174	923
Unrecognised past service costs/(benefits)	59	64	68	-	-
Defined benefit obligation, net	- 1 022	- 954	- 652	- 482	- 358
Experience adjustments					
- of plan liabilities	- 12	266	- 102	- 76	573
- of plan assets	56	- 378	35	68	14

Roll forward of the defined benefit obligation

in thousands CHF	2012	2011
Benefit obligation as per 1.1.	- 12 458	- 12 390
Current service costs, net	- 600	- 706
Interest costs	- 356	- 354
Contributions from plan participants	- 362	- 353
Actuarial gains/(losses)	- 2 483	908
Translation difference	5	8
Insurance premiums	264	265
Benefits funded/(paid), net	539	164
Benefit obligation as per 31.12.	- 15 451	- 12 458

In order to shorten the presented statement of financial position, the net benefit obligation is disclosed within the other long term provisions.

Roll forward of the present value of plan assets

in thousands CHF	2012	2011
Fair value of plan assets as per 1.1.	11 012	9 882
Expected return on plan assets	296	226
Actuarial gains/(losses)	- 56	378
Translation difference	- 2	- 2
Insurance premiums	- 264	- 265
Employer contributions	610	604
Employee contributions	362	353
Benefits funded/(paid), net	- 539	- 164
Fair value of plan assets as per 31.12.	11 419	11 012

Investment categories

in %	2012	2011
Equity securities	1.4	2.3
Debt securities	75.3	74.8
Real estate	16.7	17.3
Other investments	6.6	5.6
Total Investments in %	100.0	100.0

Roll forward of the unrecognised pension deficit

in thousands CHF	2012	2011
Unrecognised pension liabilities as of 1.1.	- 954	- 652
Pension costs	- 682	- 910
Contributions	610	604
Currency translation/plan expansion	4	4
Unrecognised pension liabilities as of 31.12.	- 1 022	- 954

Actuarial assumptions

in %	2012	2011
Discount rate	2.0	2.9
Expected return on plan assets	2.2	2.6
Expected benefit increases	0.0	0.0
Average future salary increases	1.5	1.5
Average fluctuation rate	10.0	10.0

6.16 Trade and other accounts payable

in thousands CHF	31.12.2012	31.12.2011
Trade accounts payable to third parties	12 356	14 123
Advances received from customers	10 878	12 344
Total trade accounts payable	23 234	26 467
Other liabilities	8 321	11 952
Foreign currency forward contracts*	213	224
Total other accounts payable	8 534	12 176
Accrued personnel expenses	7 994	6 861
Accrued interest	15	18
Other accrued expenses	4 598	4 351
Total accrued expenses	12 607	11 230
Total trade and other accounts payable	44 375	49 873

* see note 6.9

Advances received from customers mainly relate to larger projects within the product groups “Conveyors & Sorters” and “Pallet- & Carton Flow”. Other liabilities include VAT and social security related liabilities. Accrued personnel expenses relate to accrued vacation and bonuses.

7 NOTES TO THE CONSOLIDATED INCOME STATEMENT

7.1 Personnel expenses

Details to personnel expenses and number of employees

in thousands CHF	2012	2011
Wages and salaries	73 030	68 183
Social security costs	11 140	10 409
Pension costs (see note 6.15)	1 561	1 623
Other personnel related costs	2 999	2 919
Equity based personnel expenses to management personnel	964	774
Total personnel expenses	89 694	83 908
Thereof production related personnel expenses	39 567	34 617
Average number of employees	1 420	1 340

In the period under review 2 941 own shares (previous year: 2 084) were attributed to management members as part of their bonus scheme. In the year under review 2 174 shares (previous year: 1 200) have been blocked for sale for a period of four to five years as of grant date. The shares were valued at the market value of the attribution date.

Option plan

On March 3, 2006 the Board of Directors approved a management share option plan for the next five years. In the course of the first half year of 2010, the option life time and blocked period was extended by two years for plan participants still being employed without notice as per 31. March 2010. Respective increase in value of the option (CHF 0.7 m) was debited to personnel expenses and credited to capital reserve in the year 2010.

The key data of the changed option plan is as follows:

Option life:	April 3, 2006–September 30, 2013 (previously until September 30, 2011)
Blocked period:	April 3, 2006–April 2, 2012 (previously until April 2, 2010)
Exercise period:	April 3, 2006–September 30, 2013 (previously until September 30, 2011)
Strike price:	CHF 323.00 per registered share INRN
Reference price:	Average INRN price from March 27, 2006–March 31, 2006 less 4 %
Option/share:	1 option entitles to acquire 1 registered share INRN
Option price:	CHF 15 per option

The following movements took place in the option plan in the years under review:

	31.12.2012	attributed	exercised	expired	reclassified	31.12.2011	attributed	exercised	1.1.2011
Outstanding options	43 225		- 2 740			45 965	- 4 347	- 2 653	52 965
option life until 30.09.2013	43 225		- 2 740			45 965			45 965
option life until 30.09.2011							- 4 347	- 2 653	7 000
thereof not exercised					- 45 965	45 965			45 965
thereof exercisable	43 225		- 2 740			45 965	- 2 653	- 4 347	7 000

All outstanding options have been attributed in 2006 and are exercisable since September 2011. The fair value at the grant date was CHF 4.7 m (CHF 88.64 per option). The employees contribution amounted to CHF 0.8 m (CHF 15 per option). The valuation of the option is always calculated on the basis of the binomial method and is carried out by a specialised institute. Besides from above data on the option plan, the following parameters were used for the valuation:

- risk free interest rate of 2.82 %
- volatility 25 %
- yearly unchanged profit distribution of CHF 6 per INRN
- average share price CHF 337

The options included in the plan are not subject to any vesting condition.

7.2 Research and development expenditures

These expenses are mostly incurred to further develop and complete the product range of the segments. They are included in personnel and other operational expenses as well as in depreciation on fixed tangible assets. No expenses have been capitalized as the preconditions stated in IAS 38 are not met cumulatively.

The Group incurred the following expenses for research and development during the years under review:

in thousands CHF	2012	2011
Research and development (R&D) expenditures	7 781	8 068
R&D in % of net sales	2.53	2.97

7.3 Other operating expenses

in thousands CHF	2012	2011
Production related expenses	6 719	6 632
Freight	7 706	8 388
Office, administration and IT services	8 493	6 833
Building costs	5 157	6 349
Travelling and transportation	5 153	5 168
Marketing	3 742	4 332
Consultancy, auditing and insurances	7 539	3 942
Provisions and allowances, net	2 219	1 752
Variable sales costs	2 267	1 965
Non-income taxes	504	1 365
Other expenses and services	3 299	2 171
Loss on disposal of property, plant and equipment/intangible assets	-	11
Total other operating expenses	52 798	48 908

7.4 Other operating income

in thousands CHF	2012	2011
Income from commissions, licences and freight	8 250	8 947
Income from services	845	1 029
Government grants received	101	217
Gain on disposal of tangible and intangible assets	1 260	-
Total other operating income	10 456	10 193

7.5 Financial result

in thousands CHF	2012	2011
Fair value changes of foreign currency forward contracts	-	- 348
Realised translation gains	- 998	-
Realised translation expenses	-	- 239
Interest expenses	- 276	- 647
Finance expenses	- 1 274	- 1 234
Foreign exchange gains, net	-	1 081
Fair value changes of foreign currency forward contracts	435	53
Interest income	105	182
Finance income	540	1 316
Finance result, net	- 734	82

The result from realized cash flow hedges is presented in the other operating income/expenses (see notes 7.3 resp. 7.4). In both years under review, no cash flow hedges existed (see note 6.9). Realised translation expenses of the previous year are in relation to the liquidation of Interroll DS Asia Pacific Co. Ltd. (Bangkok/Thailand). Realised translation gains in 2011 is in relation to equity-a-like loan owed by Interroll Japan Co. Ltd. (Tokyo/Japan) which was written off in the year under review.

7.6 Income tax expense

Components of income tax expense

in thousands CHF	2012	2011
Income taxes relating to the current period	5 689	4 757
Income taxes relating to past periods, net	226	- 1 623
Current income tax expense	5 915	3 134
Due to temporary differences	- 978	- 856
Due to tax rate changes	- 168	- 4
Due to (recognition)/use of tax loss carry-forwards	- 79	65
Adjustments to deferred tax assets	- 1	- 50
Other effects	-	1
Deferred income tax expense/(income)	- 1 226	- 844
Total income tax expense	4 689	2 290

Taxes on capital are included in other operating expenses (see note 7.3).

Deferred tax liabilities of CHF 0.2 m (previous year: CHF 0.2 m) have not been recognised for withholding and other taxes on the un-remitted earnings. Such distributable earnings which are subject to withholding tax are normally left in the respective companies.

Reconciliation of effective tax rate

in thousands CHF	2012	2011
Result before income taxes	24 085	20 483
Income tax expenses at the expected tax rate of 20.1 % (2011: 20.1 %)	4 841	4 117
(Tax credits)/tax charges on prior years' results, net	226	- 1 623
Effect from deviation to tax rates in Group companies	- 201	- 119
Tax rate changes, net	- 168	- 4
(Non-taxable income)/non-tax deductible expenses, net	- 148	87
(use of unrecognised tax losses)/effect of unrecognised tax losses on the current year's result, net	157	- 147
(Reversal of)/write offs on deferred tax assets, net	- 1	- 50
Other effects	- 17	29
Effective (total) income tax expense	4 689	2 290

The income tax expense analysis is based on the expected tax rate for an ordinarily taxed company in Switzerland.

Tax effects on and expiry dates of carried forward losses

in thousands CHF	31.12.2012		31.12.2011	
	NOT ACTIVATED	ACTIVATED	NOT ACTIVATED	ACTIVATED
Expiry:				
2012			90	-
2013	448	-	585	-
2014	492	-	561	-
2015	-	-	43	-
2016	-	-	907	-
2017 and later	17 756	1 545	18 578	257
unlimited	7 701	797	5 572	2 567
Total	26 397	2 342	26 336	2 824
Tax benefit	8 904	759	9 278	699
Thereof unrecognisable	- 8 904		- 9 278	
Deferred tax assets from carried forward losses		759		699

In 2012, a tax effect of CHF 1.3 m resulted from new tax losses carried forward of CHF 4.6 m. None of this effect was capitalized (previous year: new tax losses of 2.8 m with a tax effect of CHF 0.8 m, whereof nil was capitalised).

Deferred tax assets on unused tax losses carried forward and based on temporary differences are capitalized in case it is probable that such assets can be set off against future taxable profits. Due to the probability to set off current tax losses carried forward against future profits in various subsidiaries, an amount of CHF 0.8 m has been capitalized in 2012 (2011: CHF 0.7 m). Interroll considers the future set off probable based on approved business plans. The majority of non-capitalized deferred tax assets on losses carried forward concern US-based subsidiaries. The applicable tax rate for both years under review is 39 %.

Attribution of deferred tax assets/liabilities to balance sheet items

in thousands CHF	31.12.2012		31.12.2011	
	DEFERRED TAX		DEFERRED TAX	
	ASSETS	LIABILITIES	ASSETS	LIABILITIES
Intangible assets	556	548	334	755
Property, plant and equipment	340	2 331	200	2 716
Financial assets	27	10	-	22
Inventory	232	102	239	122
Benefits of loss carry forwards	759	-	699	-
Receivables	128	190	88	302
Total assets	2 042	3 181	1 560	3 917
Long term debts	-	12	-	-
Provisions	1 344	421	813	297
Short term debts	266	145	118	36
Other Liabilities	43	118	34	1
Total liabilities	1 653	696	965	334
Set-off	- 1 577	- 1 577	- 1 810	- 1 810
Total net	2 118	2 300	715	2 441

Deferred tax assets and deferred tax liabilities are netted within and between companies belonging to the same taxable unit.

The reduction of deferred tax assets and liabilities of net CHF 1.5 m (previous year: decrease of CHF 0.7 m) corresponds to net deferred tax income recognised in the income statement of CHF 1.2 m (previous year: deferred tax income of CHF 0.8 m) and a reclassification from current tax liabilities to deferred tax liabilities in the amount of CHF 0.3 m. In the previous year, deferred tax liabilities were additionally increased by CHF 0.3 m due to acquisition through business combinations and decreased by currency impacts of CHF 0.1 m.

In both years under review, current income taxes of CHF 0.1 m were credited to equity. No taxes were recognised in the other comprehensive income in both years under review.

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8 OTHER DISCLOSURES TO THE FINANCIAL STATEMENTS

8.1 Contingent liabilities and other commitments

In 2012 the Interroll Group has committed to guarantees versus third party in the amount of CHF 0.2 m (2011: CHF 0.5 m). These guarantees are in relation to customer orders. There are no further contingent liabilities in both years under review.

8.2 Related party transactions

Transactions with related parties

		VOLUME		OPEN PAYABLES	
in thousands CHF	Category	2012	2011	31.12.2012	31.12.2011
Purchase of materials	a	2 502	2 311	264	349
Consulting services	b	1 747	492	1	1
IT Investments/IT Services	a	371	614	6	16
Other purchases	a + b	567	662	3	15
Total purchases		5 187	4 079	274	381

		VOLUME		OPEN RECEIVABLES	
in thousands CHF	Category	2012	2011	31.12.2012	31.12.2011
Sale of material	a	5 400	6 675	1 013	1 232
Other income	b	525	377	103	114
Total services		5 925	7 052	1 116	1 346

Definition of related parties

The Interroll Group defines and categorises its related parties as following:

- Shareholders of Interroll Holding Ltd. holding more than 3 % of the shareholder capital.
- Members of the Board of Directors of Interroll Holding Ltd. and legal entities that are directly controlled by them.
- Members of the Group Management of Interroll Group and legal entities that are directly controlled by them.
- Local managing directors as well as people reporting to them (only for substantial transactions).

Total compensation to the Board of Directors

Total compensation in the year 2012 to the Board of Directors of Interroll Holding Ltd. is CHF 0.51 m (2011: 0.48 m). The detailed disclosure on the compensation to and shares owned by the Board of Directors and the Group Management required by Swiss law are included in the notes to the financial statements of Interroll Holding Ltd.

Total compensation to the Group Management

in thousands CHF	2012	2011
Salaries incl. bonus	3 845	3 965
Post-employment benefits	595	543
Equity based compensation	913	676
Total compensation to the Group Management	5 353	5 184

In the period under review as well as in the previous year no loans were granted. A special compensation of CHF 0.3 m was agreed upon for one member of the Group Management that left the Group during the period under review. Respective amount is included in above total compensation.

The detailed disclosure of the compensation and equities held by the Group Management in line with Swiss law (OR) can be found in the notes to the financial statements of Interroll Holding Ltd.

8.3 Subsequent events

The consolidated financial statements for the year 2012 were approved by the Board of Directors on March 5th, 2013 and are subject to further approval by the General Meeting of the Shareholders on 10 May, 2013.

No further event has occurred between December 31st, 2012 and March 5th, 2013 which would require adjustment to the carrying amount of the Group's assets and liabilities, or would require disclosure in accordance with IAS 10.

8.4 Scope of consolidation

Name	Location (country)	Function	Owner	Share capital in 1 000	Ownership in %
Switzerland					
Interroll Holding AG	Sant'Antonino (CH)	F		CHF 8 540.0	
Interroll SA	Sant'Antonino (CH)	P	HD	CHF 100.0	100 %
Interroll (Schweiz) AG	Sant'Antonino (CH)	S	HD	CHF 5 000.0	100 %
Interroll Management AG	Sant'Antonino (CH)	F	HD	CHF 100.0	100 %
EMEA excl. Switzerland					
Interroll Fördertechnik GmbH	Wermelskirchen (DE)	S	DHO	EUR 25.6	100 %
Interroll Engineering GmbH	Wermelskirchen (DE)	P	DHO	EUR 1 662.2	100 %
Interroll Automation GmbH	Sinsheim (DE)	P	DHO	EUR 2 000.0	100 %
Interroll Holding GmbH	Wermelskirchen (DE)	F	HD	EUR 500.0	100 %
Interroll GmbH	Wermelskirchen (DE)	D	HD	EUR 25.0	100 %
Interroll Trommelmotoren GmbH	Baal/Hückelhoven (DE)	P	DHO	EUR 77.0	100 %
Interroll SAS	Saint-Pol-de-Léon (FR)	F	HDE	EUR 2 808.0	100 %
Interroll SAS	La Roche sur Yon (FR)	P	F	EUR 2 660.0	100 %
Interroll SAS	Saint-Pol-de-Léon (FR)	S	F	EUR 61.0	100 %
Interroll Nordic AS	Hvidovre (DK)	S	DKP	EUR 67.1	100 %
Interroll Joki AS, Hvidovre	Hvidovre (DK)	P	HD	EUR 2 013.8	100 %
Interroll Ltd.	Corby (GB)	S	HDE	GBP 0.0	100 %
Interroll Engineering Ltd.	Corby (GB)	D	HDE	GBP 0.1	100 %
Interroll España SA	Cerdanyola del Vallès (ES)	S	HDE/TI	EUR 600.0	100 %
Interroll CZ sro.	Breclav (CZ)	S	HDE	CZK 1 000.0	100 %
Interroll Europe BV	Emmeloord (NL)	F	HD	EUR 90.8	100 %
Interroll Polska Sp.z.o.o.	Warszaw (PL)	S	HD	PLZ 100.0	100 %
Interroll Lojistik Sistemleri	Istanbul (TR)	S	HD	TRY 1 000.0	100 %
Interroll SA (Proprietary) Ltd.	Johannesburg (ZA)	S	HD	ZAR 0.3	100 %

Name	Location (country)	Function	Owner	Share capital in 1 000		Ownership in %
Americas						
Interroll Corporation	Wilmington/N.C. (US)	P/S	HD	USD	65.0	100 %
Interroll Automation LLC	Jeffersonville (US)	P/S	HD	USD	0.1	100 %
Interroll Dynamic Storage Inc.	Hiram/Atlanta (US)	P/S	HD	USD	0.0	100 %
Interroll Canada Ltd.	Aurora (CA)	P/S	HD	CAD	1 720.0	100 %
Interroll Components Canada Ltd.	Concord (CA)	P/S	HD	CAD	0.1	100 %
Interroll Logistica Ltda	Jaguariuna/S. Paolo (BR)	P/S	E	BRL	1 000.0	100 %
Asia and Pacific						
Interroll (Asia) Pte. Ltd.	Singapore (SG)	S	HDE	SGD	18 625.0	100 %
Interroll Suzhou Co. Ltd.	Suzhou (CN)	P/S	SGP	CNY	42 490.2	100 %
Interroll Australia Pty. Ltd.	Victoria (AU)	S	HD	AUD	51.2	100 %
Interroll (Thailand) Co. Ltd.	Panthong (TH)	P/S	SGP/HD	THB	100 000.0	100 %
Interroll Japan Co. Ltd.	Tokyo (JP)	S	HD	JPY	10 000.0	100 %
Interroll (Korea) Corporation	Seoul (KR)	P/S	SGP/HD	KRW	1 500 000.0	100 %

Function: P = Production, S = Sales, F = Finance, D = dorming

Owner: HD = Interroll Holding Ltd., HDE = Interroll Europe BV, TI = Interroll SA, DHO = Interroll Holding GmbH, DKP = Interroll Joki AS,
F = Interroll SAS, Saint-Pol-de-Léon, E = Interroll España SA, SGP = Interroll (Asia) Pte. Ltd., Singapur

Movements within the scope of concolidation in 2012

In the year 2012, Transtechnik GmbH was merged with Interroll Trommelmotoren GmbH.

Movements within the scope of concolidation in 2011

Mid 2011, Interroll founded Interroll Lojistik Sistemleri Tic. Ltd. Sti. which has taken over sales activities for Turkey and the mid east. In December 2011 Interroll DS Asia Pacific Co. Ltd in Bangkok/Thailand was definitely liquidated.



9 REPORT OF THE GROUP AUDITOR

Report of the Statutory Auditor on the Consolidated Financial Statements of 2012 to the General Meeting of Shareholders of INTERROLL HOLDING LTD., Sant'Antonino

As statutory auditor, we have audited the consolidated financial statements of Interroll Holding Ltd., which comprise the balance sheet, income statement, statement of comprehensive income, statement of cash flows, statement of changes in equity and notes (pages 72 to 129), for the year ended 31st December 2012.

Board of Directors' Responsibility

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards as well as the International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements for the year ended 31st December 2012 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with the International Financial Reporting Standards (IFRS) and comply with Swiss law.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

PricewaterhouseCoopers AG



Patrick Balkanyi
Audit expert
Auditor in charge



Martin Graf
Audit expert

Zurich, 5th March 2013

FINANCIAL STATEMENTS OF INTERROLL HOLDING LTD.

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1 FINANCIAL STATEMENTS OF INTERROLL HOLDING LTD.

1.1 Balance sheet

in thousands CHF	see Notes*	31.12.2012	31.12.2011
ASSETS			
Cash and cash equivalents		701	5
Accounts receivable from subsidiaries		870	819
Other receivables from third party		340	79
Own shares	3.1	16 805	17 138
Total current assets		18 716	18 041
Investments		213 169	213 169
Loans to subsidiaries	3.3	11 953	11 930
Total non-current assets		225 122	225 099
Total assets		243 838	243 140
EQUITY AND LIABILITIES			
Trade and other accounts payable from subsidiaries		386	337
Trade and other accounts payable from third party		27	109
Accrued Expenses		2 119	1 205
Total current liabilities		2 532	1 651
Loans from subsidiaries	3.4	4 094	2 209
Provision for loan assets and investment risks	3.5	110 771	110 771
Other provisions		–	804
Total non-current liabilities		114 865	113 784
Share capital	3.6	8 540	8 540
Share premium		14 022	19 616
General legal reserve		5 209	5 209
Reserve for own shares	3.6	17 671	21 018
Available earnings		80 999	73 322
Total shareholder's equity		126 441	127 705
Total liabilities and equity		243 838	243 140

* See notes to the financial statements.

1.2 Income statement

in thousands CHF	2012	2011
Investment income	737	10 091
Royalty income	2 983	2 654
Other operating income	1 414	728
Financial income	3 468	607
Total income	8 602	14 080
Investment expenses	–	– 212
Administration expenses	– 432	– 385
Personnel expenses	– 1 763	– 1 685
Other operating expenses	– 1 429	– 2 989
Financial expenses	– 559	– 860
Total Expenses	– 4 183	– 6 131
Result before income taxes	4 419	7 949
Income tax expenses	– 89	– 2
Result	4 330	7 947

1.3 Statement of changes in equity

in thousands CHF	SHARE CAPITAL	RESERVES FROM CAPITAL CONTRIB.	LEGAL RESERVE	RESERVE FOR OWN SHARES	AVAILABLE EARNINGS	TOTAL
as of 1.1.2011	8 540	19 078	5 209	27 959	62 938	123 724
Result 2011					7 947	7 947
Distribution from approbation from capital contributions		– 3 966				– 3 966
Appropriation to reserves from capital contributions		4 504			– 4 504	–
Change of reserve for own shares				– 6 941	6 941	–
At 31.12.2011	8 540	19 616	5 209	21 018	73 322	127 705
Result 2012					4 330	4 330
Distribution from approbation from capital contributions		– 5 594				– 5 594
Change of reserve for own shares				– 3 347	3 347	–
At 31.12.2012	8 540	14 022	5 209	17 671	80 999	126 441

2 GENERAL INFORMATION TO THE FINANCIAL STATEMENTS

2.1 Accounting Policies

Current/Non-current distinction

Current assets are assets expected to be realised or consumed in the normal course of the Company's operating cycle or assets held for trading purposes. All other assets are classified as non-current assets.

Current liabilities are liabilities expected to be settled by use of cash generated in the normal course of the Company's operating cycle or liabilities due within one year from the reporting date. All other liabilities are classified as non-current liabilities.

Foreign currency translation

Transactions in foreign currencies are recorded using exchange rates prevailing at the time of the transaction. Gains or losses arising on settlement of these transactions are included in the current year's income under financial income and financial expenses respectively. Monetary assets and liabilities denominated in foreign currencies are translated using the exchange rates prevailing at the balance sheet date. Any gains or losses resulting from this translation are also included in the current year's income, except for unrealised gains which are deferred.

2.2 Principles of valuation

Cash and cash equivalents, Accounts receivable and payable

Cash and cash equivalents are stated at nominal value. Accounts receivable are stated at nominal value less any valuation adjustment for credit risks. Accounts payable are stated at nominal value. Accounts receivable from Group companies arise from services provided by Interroll Holding Ltd. and related interest and royalties billed. These services are recognised on an accrual basis.

Own shares and options

Own shares and options to buy own shares are stated at the lower of cost and fair value.

Loans

Non-current loans receivable are stated at nominal value less any valuation adjustments deemed necessary to reflect the credit risk. Non-current loans payable are stated at nominal value.

Investments

Investments are stated at cost less any valuation adjustments deemed necessary to recognise a decline other than temporary in value (impairment). Additional provisions are recognised for general investment risks.

Accrued expenses

Accrued expenses primarily relate to interest due on loans payable stated at nominal value and to accruals for the compensation of the Board of Directors.

3 NOTES TO THE FINANCIAL STATEMENTS

3.1 Own shares and options

Shares sold, acquired and held in the periods under review

In the year under review, the Company sold 5 440 own shares at an average price of CHF 321 (previous year: sale of 12 713 shares at an average price of CHF 395). In the year under review, the Company did not acquire shares (previous year: 3 149 shares). At year end 2012, the Company held 51 718 own shares at the book value of CHF 16.8 m (2011: 60 099 own shares at a book value of CHF 21.0 m).

Shares held to cover the option plan

At year end 2012, 43 225 own shares were reserved to cover the management option plan. At end of 2011 were held 45 965 for this purpose (see note 7.1 of the consolidated financial statements). In the year under review, 2 740 shares (previous year: 2 653 shares) were sold at the strike price of CHF 323 from the option plan.

Attribution of own shares to employees

2 941 shares (previous year: 2 084) at a carrying value of CHF 0.9 m (previous year: CHF 0.7 m) were attributed to employees.

3.2 Investments

An overview on the material either directly or indirectly held investments can be found in the Notes to the consolidated statements of the Interroll Group (see “8.4 – Scope of consolidation”).

3.3 Loans to subsidiaries

The interest rates used were the following:	lowest	highest
In the year 2012	0.00 %	6.00 %
In the year 2011	0.00 %	6.00 %

The loans due to Group companies are normally redeemable with a notification period of three months. As of year end, the total outstanding group loans amounted to CHF 12 m (2011: CHF 11.9 m). For CHF 2.8 m (previous year: CHF 2.8 m) a valuation allowance has been accounted for.

3.4 Loans from subsidiaries

The following interest rates were used:	lowest	highest
In the year 2012	0.00 %	5.50 %
In the year 2011	0.00 %	5.50 %

The loans due from Group companies are normally redeemable with a notification period of three months. As of year end 2012, the total outstanding group loans amounted to CHF 4.1 m (2011: CHF 2.2 m).

3.5 Provision for investment risks

During the year 2003 as well as in 2008, the Group implemented internal changes in the financing structure that generated an unrealised capital gain. Therefore the Company created a provision for investment risks that relates to investments in and loans due from group companies. Thereby, it is ensured that the amount of shareholders' equity presented of the parent company appears reasonable compared to the consolidated shareholders' equity.

3.6 Shareholder equity

Composition of the share capital

The share capital consists of 854 000 fully paid-in registered shares with a par value of CHF 10 each (previous year: CHF 10). Each share entitles to equal dividend and voting rights.

Significant Shareholders (at least 3 % of the share capital)

The following table shows the number of shares held by the most significant shareholders as well as their participation in percent.

Shareholder/Shareholder Group	31.12.2012		31.12.2011	
	NUMBER OF SHARES	PARTICIPATION IN %	NUMBER OF SHARES	PARTICIPATION IN %
D. Specht and family	108 610	12.72	108 845	12.75
B. Ghisalberti/E. Moreschi and family	112 743	13.20	112 743	13.20
N. Axmann and family	39 017	4.57	39 017	4.57
Sarasin Investmentfonds AG	84 712	9.92	83 594	9.79
Corisol Holding AG	-	-	22 013	2.58
Public (floating)	508 918	59.59	487 788	57.12
Total	854 000	100.00	854 000	100.00

Reserve for own shares

The reserve for own shares equals the purchase price of own shares held as of balance sheet date.

3.7 Contingent liabilities

Interroll Holding Ltd. has issued a guarantee for an existing shared credit facility in the amount of CHF 42 m (previous year: CHF 42 m) in favour of Interroll (Schweiz) AG.

In addition, Interroll Holding Ltd. issued letters of continuing financial support in favour of the following Group companies:

Country	Company
Germany	Interroll Automation GmbH, Sinsheim (DE)
France	Interroll S.A.S., La Roche sur Yon (FR)
Switzerland	Interroll (Schweiz) AG, Sant'Antonino (CH)
Canada	Interroll Canada Ltd., Aurora (CA) Interroll Components Canada Ltd., Concord (CA)

Interroll Holding Ltd. carries joint liability in respect of the federal tax authorities for value added tax debts of all Swiss subsidiaries.

4 OTHER DISCLOSURES ACCORDING TO SWISS LAW

4.1 Risk assessment

The risk management coordinates and aligns the risk management processes and reports to the Board of Directors on a regular basis on risk assessment and risk management. Organizational and process measures designed to identify and mitigate risks at an early stage have been assessed to be satisfactory by the Board of Directors.

4.2 Internal control system

The Board of Directors and management of the Group are responsible for establishing and maintaining adequate internal control over financial reporting. Interroll Holding Ltd.'s and the Interroll Group's internal control system was designed to provide reasonable assurance to the Interroll Group's management and Board of Directors regarding the reliability of financial reporting and the preparation and fair presentation of its published consolidated financial statements.

All internal control systems no matter how well designed have inherent limitations. Therefore, even those systems determined to be effective may not prevent or detect misstatements and can provide only reasonable assurance with respect to financial statement preparation and presentation. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

Interroll Group management assessed the effectiveness of the Group's internal control over financial reporting as of December 31, 2012. Based on its assessment, management has concluded that, as of December 31, 2011, the Interroll Group's internal control over financial reporting was effective based on those criteria (see notes to the consolidated financials statements "3 – Risk Management").

4.3 Compensation of and shares held by the Board of Directors

Compensation and shares held by the Board of Directors

The compensation of the members of the Board (BoD) and the shares held by them at year end are disclosed in accordance with the Swiss Code of Obligations 663^{bis} and 663c. The total compensation amounted to:

in thousands CHF		CASH	SHARES/ OPTIONS	SOCIAL SECURITY*	OTHER BENEFITS	TOTAL COMPENSATION	SHARES HELD AS OF 31.12.	VOTING RIGHTS IN %
Kurt Rudolf								
2012	P, CC	150		17		167	800	0.11
2011	P, CC	150		17		167	800	0.11
Urs Tanner								
2012	VP	75		12		87	60	0.01
2011	VP	75		12		87	60	0.01
Paolo Bottini								
2012	AC	50		7		57	20	0.00
2011	AC	50		7		57	20	0.00
Philippe Dubois								
2012	AC	50		7		57	100	0.01
2011	AC	50		7		57	100	0.01
Horst Wildemann								
2012	CC	50		4		54	-	0.00
2011	CC	50		6		56	-	0.00
Marco Ghisalberti								
2012		50		7		57	112 743	14.83
2011		50		7		57	112 743	14.97
Ingo Specht								
2012		29		5		34	108 610	14.29
2011		-		-		-	108 845	14.45
Total Board of Directors								
2012		454	-	59	-	513	222 333	29.24
2011		425	-	56	-	481	222 568	29.56

P : Chairman of the BoD AC : Audit Committee
VP : Vice Chairman of the BoD CC : Compensation Committee

* Social Security costs consist of employers and employees contributions to the state run Swiss social security system.

Options held by the Board of Directors

The Board of Directors does not hold any options to buy shares of Interroll Holding Ltd.

4.4 Compensation of and shares held by the Group Management

Total compensation of the Group Management

The compensation of the members of the Group Management and the shares held by them at year end are disclosed in accordance with the Swiss Code of Obligations 663^{bis} and 663c. The total compensation amounted to:

	REMUNERATION (NET)		EQUITY BASED COMPENS.		SOCIAL SECURITY	OTHER BENEFITS	TOTAL COMPENSATION
	FIX	VARIABLE*	SHARES**	OPTIONS			
CEO (highest)							
2012	666	863	351	–	494	41	2 415
2011	595	867	315	–	456	41	2 274
Other members							
2012	1 530	436	402	–	319	62	2 749
2011	1 468	624	234	–	337	71	2 734
Total Group Management							
2012	2 196	1 299	753	–	813	103	5 164
2011	2 063	1 491	549	–	793	112	5 008

* The difference between provisions made in the previous year and the actually paid-out bonuses is netted with the variable compensation planned for the year under review.

** In the period under review 2 871 (previous year: 1 550) own shares were attributed. 2 104 of these shares (previous year: 1 200) may not be sold for a period of four to five years as of grant date (previous year: five years). Share based payments correspond to tax values.

There was no material change in the variable portion of the remuneration to members of the Group Management. Instead of a payment in cash, the portion of assigned shares with a blocking period of 4 years was increased compared to the previous year. The fixed portion was changed with two members of the Group Management. Social costs are especially higher to higher contribution rates payable as from January 1st, 2012.

Explanation to the calculation methods and further notes to the total compensation

The calculation method according to IFRS deviates in two points from the calculation method applied for the compensation as per Swiss law, OR 663^{bis} and 663c:

- The compensation for business cars results from all amounts recognized in the income statement including depreciation/leasing instalments. According to Swiss law, 0.8% per month based on the acquisition value of the cars has been considered.
- According to IFRS share-based payments are based on their market value at grant date. Granted shares are valued at market value according to Swiss law (OR). This value is reduced depending on the agreed blocking period on these granted shares.

The difference of total compensation between the two methods of CHF 0.19 m (previous year: CHF 0.18 m) is made up by business cars (CHF 0.05 m, previous year: CHF 0.05 m) and by share-based payments (CHF 0.14 m, previous year: CHF 0.13 m).

Shares and options held by the Group Management

Shares and options owned by the members of Group management and their related parties were the following:

	SHARES AS OF 31.12.		OPTIONS AS OF 31.12.	
	2012	2011	2012	2011
Paul Zumbühl	14 098	12 598	10 000	10 000
Dr. Ralf Garlichs	100	-	2 500	2 500
Dr. Christoph Reinkemeier	110	-	-	-
Jens Karolyi	-	-	-	-
Tim McGill	2 350	2 036	1 800	1 800
Kwang-Heng Seng	300	220	1 200	1 200
Jürg Häusermann*	-	950	-	3 340
Total	16 958	15 804	15 500	18 840

* Jürg Häusermann has stepped back from the Group Management as per 30th November 2012.

5 PROPOSED APPROPRIATION OF AVAILABLE EARNINGS

Appropriation of available earnings

The Board of Directors proposes to the general assembly to appropriate the available earnings as per end of the year under review as follows:

in thousands CHF	2012	2011
Result	4 329	7 947
Available earnings carried over from previous year	73 323	62 938
Change of reserve for own shares	3 348	6 941
Appropriation to reserves from capital contributions	-	-4 504
To be carried forward	81 000	73 322

Proposed distribution of reserves from capital contributions

The Board of Directors proposes to the general assembly the distribution of reserves from capital contributions of CHF 8.00 per share (previous year: CHF 7.00). If the distribution is approved, the respective settlement will be processed in the subsequent week to the general assembly 2013.

in thousands CHF	2012	2011
Reserves from capital contributions carried over from previous year	19 615	19 078
Appropriation from available earnings	-	4 504
Distribution of CHF 7.00 in the year 2012	-5 594	-3 966
Distributable reserves from capital contributions	14 021	19 616
Proposed distribution of CHF 8.00 per share in 2013*	6 450	-
Reserves from capital contributions to be carried forward	7 571	19 616

* All shares held by Interroll Holding Ltd. or by its subsidiaries neither have voting- nor dividend rights. The number of shares entitled to dividends may increase or decrease due to the exercise of options or changes in the number of own shares held. The maximum number of shares entitled to dividends is 854 000. Accordingly, the maximum amount of distribution is CHF 6.5 m. Disclosed amount of CHF 6.5 m is based on the outstanding shares as of 4th of March 2013.



6 REPORT OF THE STATUTORY AUDITOR

Report of the Statutory Auditor on the Financial Statements of 2012 to the General Meeting of Shareholders of Interroll Holding Ltd., Sant'Antonino

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the financial statements of Interroll Holding Ltd., which comprise the balance sheet, income statement, statement of changes in equity and notes (pages 134 to 143), for the year ended 31 December, 2012.

Board of Directors' Responsibility

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements for the year ended 31 December, 2012 comply with Swiss law and the company's articles of incorporation.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers AG



Patrick Balkanyi
Audit expert
Auditor in charge



Martin Graf
Audit expert

Zurich, 5 March 2013

INVESTOR INFORMATION

		2012	2011	2010	2009
Information on the Interroll share					
Number of registered shares		854 000	854 000	854 000	854 000
Number of average outstanding shares		799 090	791 452	775 724	771 475
Number of outstanding shares per (31.12.)		802 282	793 901	779 600	771 775
Market price: highest	CHF	360	450	371	320
Market price: lowest	CHF	270	271	267	173
Market price: per 31.12.	CHF	333	279	368	307
Market capitalization per 31.12.	m CHF	267.16	221.50	286.89	236.55
P/E Ratio	Ratio	13.72	12.14	19.79	41.37
Values per share (in CHF)					
Par value as per 31.12.		10.00	10.00	15.00	15.00
Reduction of par value					5.00
Distribution out of reserves from capital contributions*		8.00	7.00	5.00	
Pay out ratio		32.92	30.45	26.89	67.48
Earnings per average share outstanding		24.27	22.99	18.59	7.41
Cash flow per average share outstanding		47.78	18.34	24.09	26.43
Equity per share outstanding as per 31.12.		198.64	180.48	163.49	172.36

* The distribution out of reserves from capital contributions in the year under review is proposed by the board of directors for the annual general assembly of 10th May, 2013.



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The German version is binding.

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Diatom: © Manfred P. Kage/OKAPIA KG

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SEM picture of a diatom

Nature achieves maximum efficiency with minimal energy and clever structures – economically and ecologically.

As a premium partner to companies in the area of internal logistics Interroll has been working with energy-efficient lightweight designs for decades.

