

Annual Report 2004

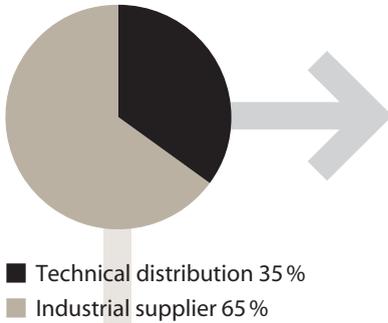


Highlights

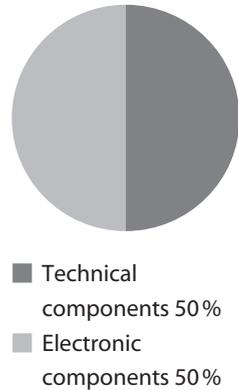
Industrial Supplier and Distributor of Technical and Electronic Components

The Dätwyler Group is an internationally-oriented, diversified group, active as an industrial supplier and distributor of technical and electronic components. Within these activities, the group focuses on attractive markets and niches that offer profitable growth. Through its five divisions - Cables+Systems, Rubber+Plastics, Precision Tubes, Pharmaceutical Packaging and Technical Components - it serves its core markets for the automotive, telecom, pharmaceutical, machinery and construction industries. Innovative solutions and our competence in development, in partnership with our customers, constitute the pillars of our strategy. The Dätwyler Group, based in Altdorf (Switzerland), generates sales of over CHF 1 000 million and has approximately 4 500 employees; two thirds of its sales are abroad. Dätwyler has been listed on the main board of the SWX Swiss Exchange since 1986 (Securities Code No. 164991). www.daetwyler.ch

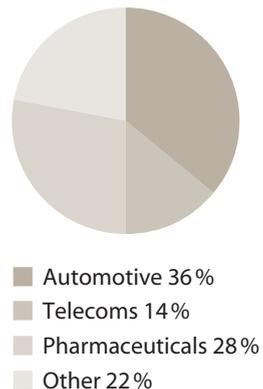
Sales by Core Activity



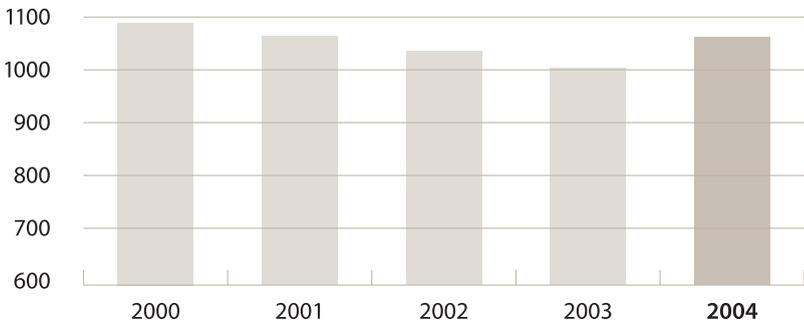
Sales by Technical Distribution



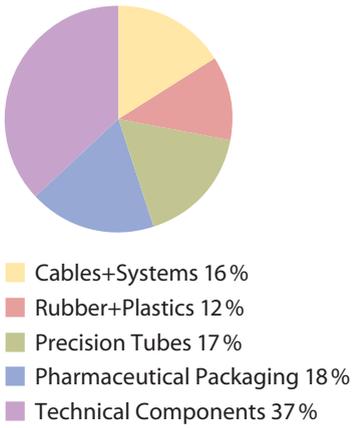
Sales as Industrial Supplier



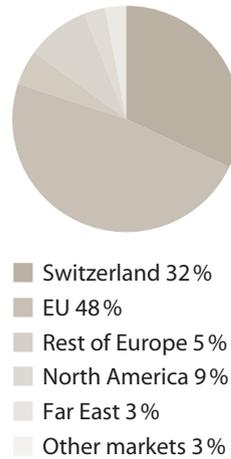
Gross Sales 2000 to 2004 (in CHF million)



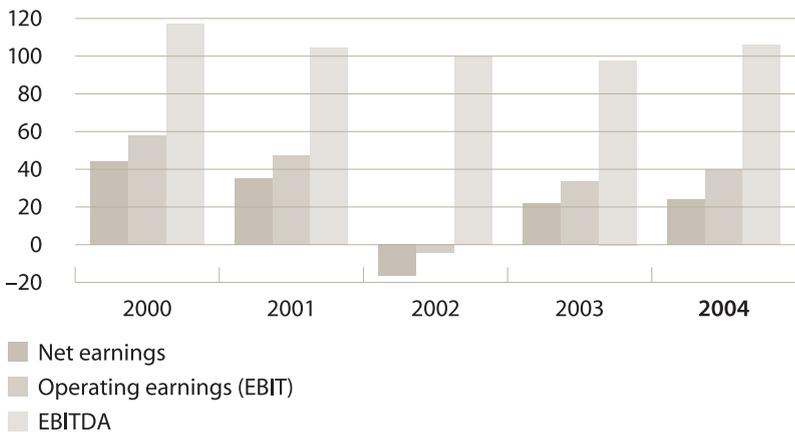
Sales by Division



Sales by Region



Earnings Statistics 2000 to 2004 (in CHF million)



Dätwyler Group (in CHF million)	2004	2003
Gross sales	1 063.0	1 003.9
Changes vs. Previous year in %	5.9%	-3.2%
Earnings before interest, taxes, depreciation and amortization (EBITDA)	106.0	97.9
Margin (in % of gross sales)	10.0%	9.8%
Earnings before interest and taxes (EBIT)	39.9	33.8
Margin (in % of gross sales)	3.8%	3.4%
Net earnings	24.2	22.1
Margin (in % of gross sales)	2.3%	2.2%
Cash Flow	90.3	86.2
Margin (in % of gross sales)	8.5%	8.6%
Free Cash Flow	-6.5	39.3
Capital expenditure in tangible fixed assets	54.2	42.5
Total assets	995.3	1 017.7
Stockholders' equity	633.8	618.8
Equity ratio in %	63.7%	60.8%
Cash and cash equivalents	171.3	227.7
Net cash and cash equivalents	0.7	6.0
Number of employees	4 480	4 301

Dätwyler Holding Inc. (in CHF million)	2004	2003
Financial and investment income	42.7	39.0
Net earnings	40.8	37.2
Stockholders' equity	443.8	410.7
Equity ratio in %	97.3	81.6
Capital stock ⁽¹⁾	90.0	90.0
Dividends paid	8.5 ⁽²⁾	7.7

Data per Dividend-Bearing Share (Bearer) (in CHF million)	2004	2003
Net earnings ⁽³⁾	159	146
Dividend	55 ⁽²⁾	50
Dividend yield as of 12/31	2.4%	2.5%

⁽¹⁾ CHF 77.0 million eligible for dividend

⁽²⁾ Proposed by the board of directors to the general meeting

⁽³⁾ No facts exist that lead to a dilution of the earnings per share

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Editorial

Dear stockholders

The general economic recovery has positively influenced sales in the course of the year under review in all countries and industries in which the Dätwyler Group was involved. This basically encouraging development, however, is deceptive and conceals the fact that demand in the home markets, Switzerland and Germany, increased only moderately and under price pressure. This is true especially for the telecom and construction industry in these two countries.

Increase of Sales and Earnings

The Dätwyler Group has had to fight for its sales and profit growth realized in 2004, through intensive cultivation of the markets and systematic cost-cutting measures. With regard to sales, an increase of 5.9% resulted compared to the previous year (CHF 1 003.9 million) to CHF 1 063.0 million. Operating earnings (EBIT) improved by 18.0% to CHF 39.9 million (previous year CHF 33.8 million). The EBIT margin rose by 0.4 percentage points and reached 3.8%. Net earnings rose by 9.5% compared to the previous year (CHF 22.1 million) to CHF 24.2 million. Drastic price increases for raw material such as copper, elastomer and strip steel prevented a higher profit and margin increase. The equity base and the liquidity situation of the group continue to present themselves as very solid. The equity ratio increased to 63.7% and cash and cash equivalents exceed the bank loans. Based on the improved net earnings and the positive outlook, the board of directors proposes an increase of the dividend to 11% (previous year 10%).

Precision Tubes on Growth Path – Cables+Systems Unsatisfactory

In 2004, four of five divisions exceeded the sales and profit figures of the previous year. The Precision Tubes Division, which, despite stagnating automobile sales, found itself back on the growth path, showed an especially encouraging development. The Rubber+Plastics, Pharmaceutical Packaging and Technical Components Divisions were also convincing with a solid performance in the year under review. Pharmaceutical Packaging excelled once more with very good profitability figures. On the other hand, Cables+Systems again registered a negative result. Dätwyler intends to vigorously boost the competitiveness of Cables+Systems with growth projects and cost-cutting measures introduced by the new management. The situation in the fiber optics sector continues to be difficult.



Every second car in Europe and the U.S. contains Dätwyler safety components.

Dätwyler Serves Four Strong Market Needs

When we change from the short-term observation of the year under review to the long-term view in the future, we are convinced that the strategic orientation of the divisions is correct. On the one hand, because the trend for outsourcing by our customers will continue to grow in a long-term perspective, on the other hand, however, in particular because our company is oriented with its products and services towards four basic needs of the modern society, which are: Communication, mobility, health and safety. These four needs are strong market trends, which will gain in importance in the future.

■ *Communication*

How strong the need for communication in society is, is illustrated by the worldwide triumph of internet and mobile telephony. Data communication was especially able to generate growth through the interconnection of computers, a process that will not come to an end for a long time yet. Arthur D. Little expects that the broad band market will grow annually by 20% by 2010. In order to realize this potential, Dätwyler offers innovative systems solutions for data communication within buildings (LAN) and between buildings (city networks) on a copper and fiber optics base.

■ *Mobility*

Individual liberty knows no boundaries. Modern man is mobile. Mercer Management Consulting proceeds from the assumption that the number of vehicles produced worldwide each year will increase by a third by 2015. Moreover, Dätwyler as a supplier to the automotive industry is present in market segments with above average growth. Our very precise safety components manufactured from rubber are used as sealings in various safety and convenience installations. And our precision tubes make vehicles lighter through the replacement of solid material and – through lower fuel consumption – more ecological.

■ *Health*

Good health is very valuable for us humans. This is shown by the expenses for health that continue to grow worldwide. But from the 30 000 known illnesses only a third can be treated according to the German Fraunhofer Institute. The modern therapies for this are frequently based on liquid drugs that are produced utilizing biotechnology. They require innovative packaging components. In this highly specialized niche market, Dätwyler is number two worldwide and supplies most of the internationally leading pharmaceutical companies.

■ *Safety*

With the increase of risks of all kinds, the need for safety will continue to grow. With regard to companies, this is shown among others in the prevention of production interruptions. The selection of reliable suppliers for raw material and for technical and electronic standard products is central to this. As technical distributors, the Dätwyler companies offer their customers doubled safety: First,

they guarantee the quality of the products with their market and material expertise, and second, they guarantee the comprehensive supply capacity of a standard product line of more than 300 000 products with their logistics know-how.

Focusing within the Divisions

The orientation towards four strong trends shows that our products and services are tailored to the needs of the market. The concept of a diversified group will also remain the guiding concept in the future. Focusing takes place within the group divisions. In the year under review, we reinforced among others the Pharmaceutical Packaging Division with the acquisition of Seal Line. We have made further complementary acquisitions with regard to the Technical Components Division.

Change in the Board of Directors and Executive Board

At the annual general meeting of 2005, Roland Zimmerli will resign from his office as chairman of the board and retire. The board of directors, which constitutes itself, has appointed Ulrich Graf to be the new chairman; Hans R. Rüegg remains vice chairman. On the executive board level, Pierre-André Stalder and Timothy P. Ryan left the Dätwyler Group in 2004. At the beginning of August 2004, Paul J. Hälg and Johannes Müller took up their appointments as CEO and as head of the Cables+Systems Division, respectively. As of May 1, 2005, Dirk Lambrecht will become head of the Rubber+Plastics Division.

Outlook 2005

Economic development will hardly accelerate in 2005. We proceed on the assumption that decisive demand stimulation will remain absent in the current year in the two main markets, Switzerland and Germany, as well as in the telecom and construction industry. Added to this are the unchanged, high prices for raw material such as copper, elastomer and strip steel. Despite these difficult general conditions, the Dätwyler Group strives for a clear increase in sales and earnings in 2005. The basis for this is the strong market position of the individual companies in highly specialized niches, the intensified cultivation of international markets with above-average growth such as Eastern Europe and Asia and productivity increases implemented in the last few years.

Thanks

In the first place, we owe many thanks to our customers. It is they who enable our endeavors. We also owe our employees a warm thank you for their strong commitment to the service of our customers and we thank our stockholders for the trust that they have shown in our company.

For the board of directors



Roland Zimmerli, President

For the executive board



Dr. Paul J. Hälg, CEO

Our Helmsman is Stepping Down



Roland Zimmerli

Honoring Roland Zimmerli

Roland Zimmerli joined the Dätwyler Group at the beginning of 1970 as head of the floor coverings factory. At the annual general meeting in April 2005, he will resign from his office as chairman of the board of directors of Dätwyler Holding Inc. in order to retire. Between these two dates are 35 intensive years, during which Roland Zimmerli from the Canton of Solothurn has set much into motion in the Dätwyler Group in the Canton of Uri. Our company owes him many thanks for his committed work.

After his successful beginning as head of the floor coverings factory, Roland Zimmerli in addition headed the rubber factory as of 1976. In 1981 followed his promotion to president of the executive board of Dätwyler AG and to head of the cable factory. In this function, he distinctly shaped the development in the following years of the Dätwyler operations in Uri. In 1987, he was called to the executive board of Dätwyler Holding Inc., the presidency of which he assumed in 1991. After his retirement in 1999, he was appointed chairman of the board. In addition, he was a board member of renowned Swiss companies in the course of his career.

As successor of Peter and Max Dätwyler, Roland Zimmerli was as from 1991 the first chief executive officer in the 76 year company history who was not a member of the family. Under his leadership, Dätwyler developed into an internationally-active group which generates more than two thirds of sales abroad. The gentle transition of Dätwyler from a family company into a public company was also to be credited to him. He approached this task with care and sensitivity without losing his relation to the entrepreneurial roots and to the employees. It is this humanity that always distinguished Roland Zimmerli. Although he always had the helm at Dätwyler under control, he was not perceived as a hard and calculating manager but as a much appreciated responsible man. The Dätwyler Group today presents itself in good condition. The basis for the successful further development of the group is laid.

In honor of his great merits in the service of the Dätwyler Group, the board of directors appointed Roland Zimmerli to honorary chairman. For the transition to his new period of life, the board of directors, the executive board and the staff wish him much happiness and good health.

A handwritten signature in black ink, appearing to read 'Hans R. Rüegg'.

Hans R. Rüegg
Vice Chairman of the Board of Directors

A handwritten signature in black ink, appearing to read 'Ulrich Graf'.

Ulrich Graf
Designated Chairman of the Board of
Directors

Business Review 2004

Dätwyler Group

- Consolidated sales increased by 5.9% to CHF 1 063.0 million (previous year CHF 1 003.9 million). The currency influence is negligible: In local currency, sales growth was 6.0%. The positive contribution from the change in the scope of consolidation amounts to CHF 7.2 million or 0.7%.
- The foreign share in group sales remained almost unchanged at 68.8% (previous year 68.5%).
- Operating earnings (EBIT) at CHF 39.9 million were 18.0% higher than in the previous year (CHF 33.8 million). Included in this are impairment charges of a total of CHF 5.5 million on the fiber optics plant in the Cables+Systems Division and on a property in the Technical Components Division. The EBIT margin improved by 0.4 percentage points and reached 3.8% (previous year 3.4%).
- Net earnings at CHF 24.2 million were 9.5% higher than in the previous year (CHF 22.1 million).
- Cash flow rose 4.8% to CHF 90.3 million (previous year CHF 86.2 million). The cash-flow margin remained almost unchanged at 8.5% (previous year 8.6%).
- Gross capital expenditures in tangible fixed assets increased by 27% from the low value of CHF 42.5 million in the previous year to CHF 54.2 million.
- The equity ratio continued to rise and amounted to 63.7% (previous year 60.8%) at the end of 2004.
- The number of employees – recalculated to full-time positions – increased by 166 to 4 323 positions.
- Change in the board of directors: At the 2005 general meeting, Roland Zimmerli will retire from his office as chairman of the board and resign from the board of directors. The board of directors, which constitutes itself, appointed Ulrich Graf to be the new chairman; Hans R. Rüegg remains vice chairman.

Dätwyler Divisions

Personnel

- On the executive board level, Pierre-André Stalder and Timothy P. Ryan left the Dätwyler Group. At the beginning of August 2004, Paul J. Hälgi and Johannes Müller took up their appointments as CEO and as head of the Cables+Systems Division, respectively. As of May 1, 2005, Dirk Lambrecht will become head of the Rubber+Plastics Division.

Cables+Systems

- Sales: Despite continuing overcapacities, a slight increase by 3.1% to CHF 167.0 million (previous year CHF 162.0 million) could be registered.
- EBIT: Price and competitive pressure as well as massive increases in raw material prices led to negative operating earnings of CHF 14.6 million (previous year CHF –11.8 million). Included in this is an impairment charge on the fiber optics plant of CHF 3.5 million.
- In order to boost competitiveness, the new management has introduced a package with growth projects and cost-cutting measures.
- Outlook 2005: With regard to sales, only a slight recovery is expected. The measures introduced will clearly improve earnings.

Rubber+Plastics

- Sales: Despite a difficult environment in the sales markets of the automobile and construction industry, an increase of 7.0% to CHF 130.3 million (previous year CHF 121.8 million) resulted.
- EBIT: With operating earnings of CHF 3.2 million (previous year CHF 2.6 million), the positive earnings situation could be fortified despite a massive increase in raw material prices.
- The industry business sector was strengthened by the integration of plants and regular customers of Lonstroff.
- Outlook 2005: Despite high raw material prices and a weak dollar, slight sales growth and a further consolidation of the positive earnings situation is striven for.

Precision Tubes

- Sales: Thanks to reinforced sales efforts, an encouraging increase by 14.1% to CHF 180.8 million (previous year CHF 158.5 million) resulted.



Camshaft tubes from Rothrist replace the solid material in automobile manufacture.

- EBIT: Considerable progress in productivity in manufacturing led to operating earnings of CHF 7.5 million (previous year CHF –0.4 million) despite significant increases in raw material prices.
- Precision tubes increasingly replace solid material in the automotive industry. Added to this is the know-how in further processing which makes the Dätwyler company, Rothrist, an interesting outsourcing partner.
- Outlook 2005: The reinforced sales efforts and the optimized production processes should positively influence sales and earnings.

Pharmaceutical Packaging

- Sales: Acquisition-related, an increase by 4.3% to CHF 195.6 million (previous year CHF 187.6 million) was recorded.
- EBIT: At CHF 23.2 million, EBIT remained on the high level of the previous year thanks to productivity increases.
- With the acquisition of Seal Line (annual sales of CHF 24 million) as of July 22, 2004, the entry into the market segment of pistons for disposable syringes was realized.
- Outlook 2005: The encouraging number of orders on hand and the global market position form a strong basis for another successful year.

Technical Components

- Sales: Increase by 4.1% to CHF 392.4 million (previous year CHF 376.8 million). Divestment-adjusted growth amounted to 5.9%.
- EBIT: Increase by 9.2% to CHF 16.6 million (previous year CHF 15.2 million). Included in this is an impairment charge on a property in the Zurich East area of CHF 2.0 million.
- Specialty Distribution: Divestment of Mader GmbH and acquisition of Richterich+Zeller AG. Enlargement of the products and services offered in the MRO business (maintenance, repair and operations) and expansion of the position as partner for customer-specific projects in the OEM business (original equipment manufacturer).
- Mail-Order Distribution: Growth projects – such as the reinforced cultivation of the Eastern European markets – and continuous productivity increases led to a gratifying development.

- Outlook 2005: Based on the strong market position of the individual companies, demand growth is estimated to be positive.

Dätwyler Holding Inc.

In CHF million	2004	2003	Δ %
Net earnings	40.8	37.2	+9.7 %
Income from subsidiaries and affiliates	30.5	26.5	+15.1 %
Financial income	12.2	12.5	–2.4 %
Total Assets (12/31)	456.1	503.2	–9.4 %

Convertible Bonds

On January 7, 2004, Dätwyler Holding Inc. repaid the 2¾% convertible bonds January 7, 1998–2004, due on January 7, 2004, in the nominal amount of CHF 78 million. The conversion rights expired on December 29, 2003, and were not exercised.

Dividend

Distribution of a higher dividend of 11% (previous year 10%) based on

- the improved net earnings,
- the positive outlook in the medium-term,
- the continuation of the current dividend policy (pay-out ratio of approximately 33%).

Proposed motion of the board of directors to the annual general meeting on April 26, 2005: Dividend of 11% (previous year 10%)

- Dividend per bearer share (CHF 500.– par value): CHF 55.– (previous year CHF 50.–)
- Dividend per registered share (CHF 100.– par value): CHF 11.– (previous year CHF 10.–)

Cables+Systems

Business Review

The Cables+Systems Division realized sales in the amount of CHF 167.0 million in 2004. These sales were 3.1 % higher than in the previous year (CHF 162.0 million). The continuing price and competitive pressure – especially in the home markets Switzerland and Germany – as well as the massive increases in raw material prices for copper led to a significant erosion of the margins. Thus, the division registered unsatisfactory, negative operating earnings (EBIT) of CHF –14.6 million (previous year CHF –11.8 million) despite the cost-saving measures introduced last autumn. In this amount, an adjustment for an impairment charge of CHF 3.5 million based on unsatisfactory capacity utilization of its fiber optic cable plant is taken into consideration.

Package with Growth Projects and Cost Reduction Measures

The division has introduced a number of measures under the new management for boosting its competitiveness: On the cost side, these included, among others, an even more consistent adaptation of the organization in Switzerland and Germany as well as in England to the current market conditions. In addition to the organization, the product lines are also being reviewed and unprofitable products are being given up. On the market side, several growth projects for the development of additional markets and the further expansion of certain product segments as well as for the optimization of the entire materials flow have been defined and commenced. In the year under review, Dätwyler Cables+Systems has achieved further progress on the way from a mere cable manufacturer to a systems provider.

Structured Cabling for Buildings

The market for structured cabling for buildings (LAN) is now as before characterized by overcapacities and strong competition. The respective price and margin pressure increasingly took hold of the connecting components as well. The main part of the loss therefore also occurred in the Structured Cabling for Buildings sector. A clear differentiation through special services in consulting and in logistics is necessary for a sustainable improvement of the margin. Dätwyler has introduced corresponding activities. The OEM sector for copper data cables and the Asian companies continued to realize good sales.



Copper data cables form the basis for entire systems offered by Dätwyler.

Telecom Carriers

The Telecom Carrier sector developed gratifyingly in the Swiss market. However, expectations abroad had to be reduced strongly based on high intensity of the competition, unfavorable political influences and continuing low prices.

Safety Cabling Systems

The Safety Cable sector registered all in all a positive development. This applies especially to Germany and to the markets in Central and Eastern Europe which are characterized by German standards. The Swiss market is developing only slowly since the demanding German rules and standards have not gained acceptance in the Swiss market so far. Interesting partners could be found for future projects in Hong Kong and China.

Elevator Industry and Cable Assembly

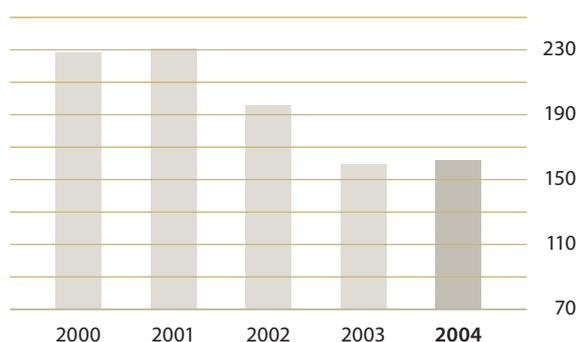
The Elevator Industry and Cable Assembly sector looks back to a successful year. Kaved AG was able to further expand its strong position in the Swiss market; Dätwyler Suzhou realized markedly higher sales in China. There is a massive pressure on prices also in this segment despite the increasing demand. The respective cost reduction programs were therefore introduced. The newly-developed products ("Compensation Weight" and "Floorlink") were well accepted. They require however, more time than foreseen for market introduction.

Outlook

In Asia and in Central and Eastern Europe, the division continues to expect strong growth. In Western Europe, in particular in the home markets, Switzerland and Germany, Dätwyler expects only a slight revival on a low level. Based on the measures introduced, the year 2005 will bring a clearly better result compared to the previous years. A breakeven result will not be possible for the present, since the growth and cost cutting projects will have their full effect only after 2005.

Key Figures Cables+Systems

Gross sales in CHF millions



in CHF millions	2003	2004
Gross sales	162.0	167.0
EBIT	-11.8	-14.6
Net operating assets (NOA)	122.4	115.7
Capital expenditures	7.1	5.5
Number of employees (units)	676	681

Strategy

Supplier of high-quality system solutions and services in the areas of structured cabling in buildings, telecom carriers, safety technology, cabling for the elevator industry as well as cable assembly.

Target Groups

- Manufacturing industry
- Banks/insurance
- Telecom/cable TV companies
- Municipal utilities/electrical utilities
- Public-sector facilities
- Educational facilities
- Railroad companies/traffic infrastructure/airports
- General contractors
- Installers
- Elevator industry
- Electrical wholesale industry
- Electricians

Products and Services

Structured Cabling in Buildings

- System solutions for local area networks (LAN), optimized for easy installation and for a maximum of operating reliability.
- Brands: unilan®, uninet®, hypern®, optofil®, optoversal®, optomod®

Telecom Carriers

- System solutions for city and access data networks enable telecom, cable and municipal network operators to cost-efficiently connect their customers to wide area networks (WAN)
- Brands: optofil®, optoversal®, telefil®

Safety Technology

- Comprehensive safety technology for energy and data transmission from a single source. In use worldwide, many times proven in practice.
- Pyrofil® – halogen-free safety cables with functional maintenance as well as enhanced behavior in the event of fire.
- Pyrosys® – certified fastening systems and accessories for cable installations with functional maintenance in the event of fire.
- Ecobus® – the future-oriented, intelligent cabling system for building automation.

Elevator Industry

- Comprehensive system solutions and services for the electrical installation of elevators.
- Brand: Dynofil®

Cable Assembly

- Cable assembly and logistics systems solutions for the elevator industry as well as for plant and machine engineering.



Dätwyler fiber optics cables can contain up to 566 hair-thin optical fibers.



Stuttgart Airport Trusts in Dätwyler Cables and Systems

Nine million passengers per year or up to 50 000 persons on a peak day pass through the new terminals of Stuttgart Airport. With such large gatherings of people, functioning safety systems and professional protection against fire are a must. Certified cable systems with functional maintenance form the basis for this. The Stuttgart airport has successfully realized four new large construction projects in the past six years. And safety systems of Dätwyler Cables+Systems with halogen-free cables and pertinent fastening and supporting components were always involved. In Terminal 4, the Stuttgart Airport also relies on the comprehensive Dätwyler systems solution in regard to data communications. Dätwyler Cables+Systems is the competent contact partner in the areas of structured cabling in buildings, safety technology and elevators for the planning and realization of entire systems. The range offered reaches from consulting on cables and system components to optimized logistical services.

Rubber+Plastics

Business Review

The Rubber+Plastics Division was confronted with stagnating markets for the automotive and construction industries and with massively increasing prices for elastomer raw materials in 2004. Despite these difficult general economic conditions, the division increased sales by 7.0% to CHF 130.3 million (previous year CHF 121.8 million). The positive earnings situation could be reinforced with an increase of the operating earnings (EBIT) to CHF 3.2 million (previous year CHF 2.6 million).

Increase of Raw Material Prices

The positive earnings situation is even more gratifying, since the massive increase in raw material prices caused an unusual, strong erosion of the gross margins. Through an extraordinary increase in production efficiency, the division managed to reduce the margin erosion. The growth rates that were realized prove on the one hand the strong market presence in the hotly contested automotive, construction and apparatus industries, on the other hand, they stand for the high technical competency for the fulfilling of the most demanding quality requirements. These two factors together with the selected outsourcing of the production to cost efficient locations form the supporting pillars of the strategy that now has proved to be correct.

Automotive Sector

The year under review was characterized in the Automotive sector by stagnating sales in the core markets of Europe and the U.S. as well as by rising raw material prices. On top of this came the requests by Dätwyler customers for price concessions which have already become almost routine. Only thanks to systematic cost management was the division able to show significant growth in sales and an increase in earning power despite this difficult environment, however, on a low-level. Gratifyingly, all locations contributed to the sales and earnings improvement. The expansion of the activities in the Czech plant was systematically propelled forward. The plant in the U.S. also made significant progress in the year under review, thanks to the successfully implemented restructuring, and fulfilled the targets. On the market side, the Automotive sector was able to further expand its position. Innovative customer solutions and the achievement of the highest quality requirements in regard to precision and safety components were the basis for this.



Fully automated quality control of safety components for the automobile industry.

Construction Sector

Despite a lack of economic impulses in the most important export markets, the Construction sector achieved a distinct sales and earnings increase in comparison with the previous year. This was facilitated by strong growth in strategic cooperative ventures. The subsidiaries in France and Germany also strengthened their positive earnings situation thanks to the measures for productivity increase introduced in the previous years. On the market side, the strategic orientation to high-quality special sealing profiles in building construction and civil engineering showed clear successes. The goal of the Construction sector is to become a leading specialty provider of construction products and complete sealing solutions on the basis of elastomers. For this, the strategy chosen will be systematically continued. Thus, the sector laid the strategic foundations for the cultivation of international markets with above-average growth in the year under review.

Industrial Sector

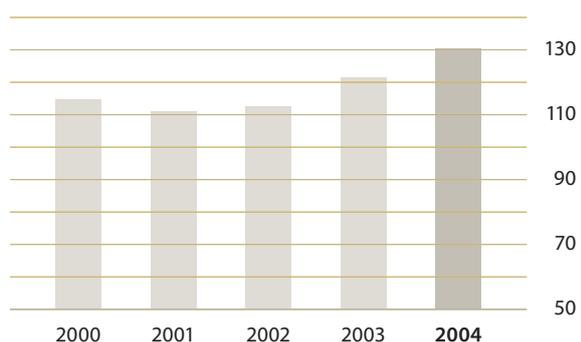
The newly created Industrial sector was reinforced by the acquisition of plants and customers of Lonstroff at the beginning of March 2004. In the year under review this sector exceeded the sales and earnings goals. In regard to distribution, the new sector works closely together with the Dätwyler companies, Maagtechnic and Fähnletechnic. The joint market cultivation has commenced well with the receipt of a major order for drum seals. The production location, Ukraine, developed most satisfactorily and realized very positive results within the context of a customer audit.

Outlook

For the Rubber+Plastics Division, the year 2005 will be characterized by high raw material prices. These together with the weak dollar will weigh heavily on the margins. Despite these demanding conditions, the division strives for a slight increase in sales and a further consolidation of the positive earnings situation. Within the framework of localized external growth, further acquisitions and participations are being examined.

Key Figures Rubber+Plastics

Gross sales in CHF millions



in CHF millions	2003	2004
Gross sales	121.8	130.3
EBIT	2.6	3.2
Net operating assets (NOA)	78.1	78.8
Capital expenditures	6.8	5.6
Number of employees (units)	620	628

Strategy

Dätwyler Rubber+Plastics provides innovative, customer-specific solutions to sealing and insulation problems for high-quality applications in automotive manufacturing as well as in industrial and construction systems. The development laboratory for rubber compounds, the mixing plant and mold-making operations form the technological basis that makes Dätwyler Rubber+Plastics a competent development partner.

Target Groups

- System developers and suppliers to the automotive and construction industries as well as the manufacturing industry.

Products and Services

Development and production of solutions to customer-specific problems in the form of high-precision molded rubber components as well as extruded and sheet products. The offer includes rubber components from blends of all customary elastomers and their combinations as well as combinations of rubber composites with the materials metal, plastic, fabric and fiber composites. The development, manufacturing and processing of all elastomers, among others, fluororubbers, fluorosilicone, EPDM featuring high thermal stress-resistance, ethylene acrylate elastomers, liquid silicone and nitrile rubber, serve as the basis therefor.

Automotive

(molded rubber components)

Product groups:

- Fuel and engine management
- Booster diaphragms
- Mastercylinder, ABS
- Power brakes
- Foundation
- Comfort and safety (air conditioning, airbag, etc.)

Construction (extruded and sheet products)

Product groups in building construction:

- Window seals
- Door and gate seals
- Cladding seals, optionally co-extruded
- Expansion seal plates
- Sealing, lining and cladding tapes for internal and external applications
- Load-bearing profiles for railcar glazing

Product groups in civil engineering:

- Sealing systems for single-leaf lining finish tunnel construction
- Joint seals
- Expansion profiles
- Injection hoses
- Special seals for pipe joints

Manufacturing Industry (molded rubber components and extrusion products)

Product groups:

- Machines and apparatuses
- Household technology
- Tool industry
- Pipe joints
- Traffic and vehicle construction
- Defense technology



High value tools such as motor saws require the utmost from molded rubber components.



"30 St Mary Axe" in London with Dätwyler Seals

London has a new landmark: "30 St Mary Axe," by the star architect, Sir Norman Foster, and with its distinct fir-cone shape, gives a special character to the skyline – and is lauded by architecture critics as the most beautiful skyscraper in the world. The technologically challenging metal-glass facade of the new Swiss Re Tower in London was realized by Schmidlin AG, Facade Technology from Aesch/Basel, one of the worldwide leading facade construction companies. In regard to the seals, Schmidlin relied on the know-how of Dätwyler Rubber+Plastics. The 250-kilometer seal profile made from EPDM rubber assumes an important function for the imperviousness of the metal-glass facade to wind and rain. Depending on the season, they minimize the loss of heat or cold of the facade and therefore make a contribution to the energy-friendly qualities of the 180-meter-high building. "30 St Mary Axe," lovingly called "the gherkin" by Londoners, is an example of how Dätwyler Rubber+Plastics has developed into a worldwide innovative partner of the leading facade construction companies thanks to its many years of engineering and extrusion competency.

Precision Tubes

Business Review

After a slow start in the year 2004, the Precision Tubes Division increased its performance significantly compared to the unsatisfactory previous year as of the beginning of spring. The basis for that was the expansion of existing and the acquisition of new orders as well as large increases in productivity in manufacturing. The division that operates under the name Rothrist has realized new records in regard to volume as well as in regard to value. Sales could be increased to CHF 180.8 million from CHF 158.5 million in the previous year. This corresponds to an increase of 14.1%. The operating earnings (EBIT) also showed a positive trend in 2004 and reached CHF 7.5 million (previous year CHF -0.4 million).

Undiminished Pressure on the Margins in the Automobile Business

The positive development of sales and profits is even more encouraging since the general conditions in the sales and procurement markets were not ideal. The situation in the automobile market did not improve in 2004. In Europe as well as in North America, considerable overcapacities have been built up. Automobile sales in this world region stagnated on a high level and the automobile manufacturers had to pay for these sales with high price reductions. Thus, the pressure on the margins for automotive suppliers such as Rothrist continues to be significant.

On the procurement side, the prices for strip steel have massively risen since spring of 2004. The price increase has also diminished availability of high quality ingoing material. Thanks to many years of focusing on a few strong and qualitatively leading strip steel suppliers, Rothrist, however, has available, also in a continuously tight steel market, the necessary supply of ingoing material.

Strategically Well-Positioned

The efforts to increase sales which have been strengthened already in the previous years have come to fruition in the year under review. In addition to that, precision tubes in automotive manufacturing increasingly replace solid material and are therefore a growth market. The use of precision tubes reduces the weight and consequently the fuel use of the automobiles. This allows manufacturers to respond to the trend towards more environmentally friendly vehicles without having to lower driving convenience.



Further processing of precision tubes into cardan shafts for the automobile industry.

Rothrist seeks long-term partnerships with its customers that include an early participation in the development process. The basis for that is the systematic pursuit of the strategy for the increase of value creation all along the tube. The share of tube components that are customer-specifically further processed also continued to grow in 2004. This leads to closer customer relations and, thus, to a stronger differentiation of Rothrist in the market. The global cultivation of customers makes the Dätwyler company an interesting partner for internationally-oriented automobile manufacturers. Geographically, Rothrist has above all advanced the cultivation of the Chinese market.

Successful Measures for Productivity Increase

In regard to manufacturing, Rothrist Rohr (Schweiz) AG has used the year 2004 to solve the initial problems that partially still existed with new equipment. At the beginning of the year, furthermore, a modern tube straightening machine was successfully commissioned. The timely processing of the high order and production volumes required organizational and personnel measures, including necessary new hiring.

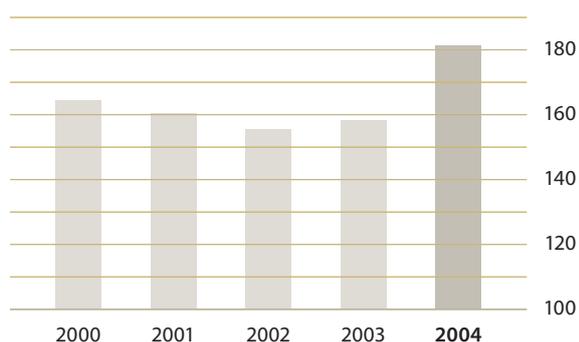
Rothrist Rohr (Deutschland) GmbH improved in comparison to the weak previous year and also achieved a top result in regard to production and sales. The earnings situation is, however, still in need of improvement. The respective organizational measures have been introduced and are being systematically implemented. The efforts to increase efficiency and improve the product mix are also here in the forefront.

Outlook 2005

The automobile industry expects no increase in demand for the new business year. An improvement in the availability and the prices for the strip steel ingoing material is not in sight. Accordingly, margins will continue to remain under pressure. However, Rothrist is convinced that the intensified sales efforts and the continuously optimized production processes will also positively influence the sales and results in 2005.

Key Figures Precision Tubes

Gross sales in CHF millions



in CHF millions	2003	2004
Gross sales	158.5	180.8
EBIT	-0.4	7.5
Net operating assets (NOA)	170.0	177.8
Capital expenditures	5.6	6.0
Number of employees (units)	544	542

Strategy

As a supplier of precision tubes for gas springs, vehicle components, structural elements and shock absorbers for automotive applications, Rothrist Tube seeks to achieve technological leadership and the expansion of its strong market position worldwide. The prerequisites for this are systematic attention to markets, production facilities that are unique in this sector and comprehensive, customer-specific additional services in the further processing of precision tubes.

Target Groups

- Automobile manufacturers
- Systems suppliers to the automobile industry
- Component manufacturers

Products and Services

- Welded and cold-drawn precision tubes in large volumes
- Optimized to customer-specific applications and processing methods
- In manufactured and customized lengths
- Extensive further processing

Applications in Automotive Engineering

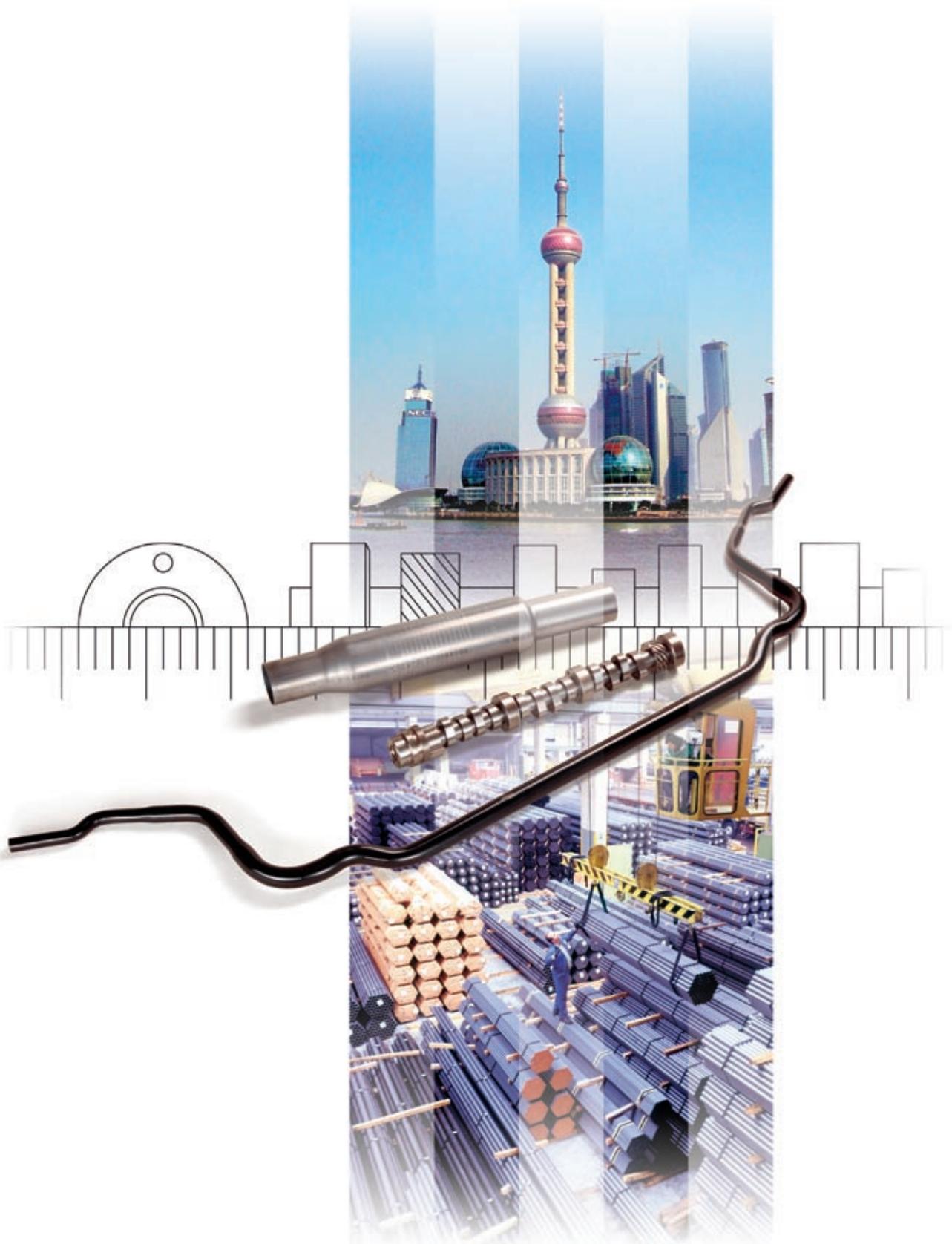
- Chassis stabilizers
- Cardan shafts
- Drive shafts
- Assembled camshafts
- Gas springs
- Steering components (steering columns, servo steering cylinders, geared racks, steering linkages)
- McPherson struts
- Hydraulic cylinders
- Axles
- Shock absorbers
- Piston rods
- Transmission shafts
- Restraint systems

Other Applications

- Motorcycle forks
- Gas-filled springs for office chairs and other applications
- Hydraulic cylinders
- Profile tubes for cardan shafts (e.g. in agricultural machinery)
- Tubes for hydroforming
- Overload clutches
- Other customized, industrial applications (e.g. for extruded and other mass-produced components)



More than 80% of precision tubes from Rothrist are used in automobile manufacture.



Rothrist with Strong Position in

China's Growth Market

China is developing into the most important market of the future of the automobile industry. A symbolic sign of this is the Formula One Grand Prix of China that took place for the first time in September 2004 in Shanghai. Already now, the People's Republic is the fourth largest automobile manufacturer in the world; almost all major manufacturers are represented in this country through joint ventures with Chinese partners. The Dätwyler enterprise, Rothrist, is also intensely involved in the Chinese market. In this context, it profits from the good reputation that its precision tubes enjoy in the international automotive industry. Rothrist supplies serially just-in-time to various engine and automotive plants in China. The precision tubes are further processed in-house by customers such as GM, GKN or Shanghai Automotive into camshafts, cardan shafts and stabilizers. Rothrist is optimally positioned in order to be able to profit from the forecasted growth in the Chinese automotive industry.

Pharmaceutical Packaging

Business Review

Sales by the Pharmaceutical Packaging Division grew by 4.3% to CHF 195.6 million (previous year CHF 187.6 million) in 2004. The increase originated with the company, Seal Line, that was acquired in July 2004. On an acquisition-adjusted previous year basis, a slight decrease in sales of 0.5% resulted after years of continuous growth. The main cause of this development is the desertion of a major customer to the competition. This has been known since the acquisition of the U.S. company, Wheaton Pharmatech (2002). In regard to the operating earnings (EBIT), the division that operates under the name Helvoet Pharma has maintained with CHF 23.2 million the already very good result of the previous year. This corresponds to a very good EBIT margin of 11.9%.

Ongoing Productivity Increases

The systematic productivity increases are the basis of the ongoing high profitability of the division: thus, the merger of two locations each in the U.S. and Germany for the manufacturing of aluminum caps has positively influenced the result in the year under review. In 2004, the expansion of the factory building at the original U.S. location in Pennsauken, New Jersey, followed. This constitutes the precondition for the closure of the plant in Salisbury, Maryland, and for the centralization of all manufacturing activities for rubber closures in the U.S. in 2005.

Acquisition of Seal Line

For Helvoet Pharma, the year under review was characterized by the acquisition of the Italian company, Seal Line S.p.A., Montegaldella, Vicenza, as of July 22, 2004. Seal Line employs 170 and realizes annual sales of CHF 24 million. The acquisition has strategic character, since Helvoet Pharma is opening up a new market segment with Seal Line. This new market segment consists of pistons for disposable syringes, for which Seal Line has the specific development and manufacturing know-how as well as an existing customer base. As the worldwide number two in the industry, Helvoet Pharma pursues a growth strategy. Because the healthcare market is highly regulated, acquisitions form an important part of the growth strategy.



Systematic further development of rubber compounds as a success factor.

Optimization of the Innovation Process

In addition to external growth, Helvoet Pharma also strives for continuous internal growth. The basis for this is an environment that enables innovations. In order to guarantee this, the company has made a comprehensive analysis of the innovation processes in the year under review. Among others, Helvoet Pharma has introduced measures for a more structured analysis of the needs of the customers, for a better structuring of the project management as well as for the enhancement of the competencies and responsibilities of its project team leaders.

Omniflex – Coating Technology in Worldwide Demand

The Omniflex coating technology, with which Helvoet Pharma established a worldwide standard in 1993, shows how central innovation is to entrepreneurial success. The Omniflex protective coating reduces the reaction between drugs and the rubber stoppers to an absolute minimum. Demand for closures with an Omniflex coating is continuously increasing, positively influenced by the development of sensitive biotechnological drugs. Helvoet Pharma already realizes the third capacity enlargement in its Belgian plant.

New Sales Potential by Deepening Value Creation

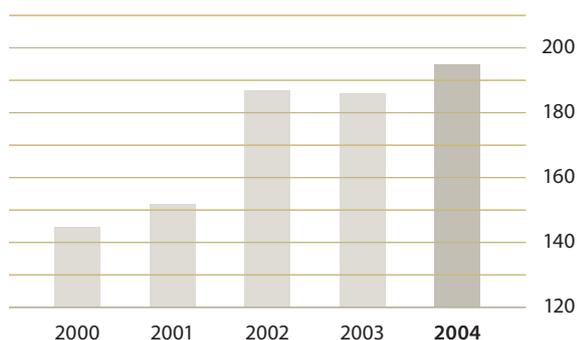
The pre-existing Italian manufacturing plant near Milan has taken into operation a new facility for the production of “ready-for-sterilization” (RfS) products in the year under review. Helvoet Pharma has thus three manufacturing plants (Italy, Belgium, U.S.) with RfS-facilities. With this, the company reacts to the trend of pharmaceutical companies to outsource the know-how-intensive cleaning and siliconization processes of packaging components. This deepening of value creation opens up additional sales potential for the suppliers.

Outlook

2005 has begun with a brisk demand in all product and market segments. The global market position of Helvoet Pharma with 1 150 committed employees forms the strong basis for another successful year.

Key Figures Pharmaceutical Packaging

Gross sales in CHF millions



in CHF millions	2003	2004
Gross sales	187.6	195.6
EBIT	23.2	23.2
Net operating assets (NOA)	183.5	224.4
Capital expenditures	13.4	16.0
Number of employees (units)	1 018	1 150

Strategy

The Pharmaceutical Packaging Division (which operates under the name Helvoet Pharma) is a world-wide leading supplier of rubber, plastic and aluminum closures for injectable drugs, diagnostics and drug delivery systems. Proven partnerships with all major pharmaceutical groups, a global presence and a strong focus on innovation embody the basis for this strategy.

Target Groups

- Manufacturers of injectable pharmaceuticals, diagnostics and drug delivery systems

Products and Services

Rubber and Aluminum/Plastic Components for Pharmaceutical Packaging

- Serum and lyophilization stoppers for injection vials
- Pistons, tip-caps and needle covers for pre-filled syringes
- Pistons and discs (assembled with aluminum caps) for dental cartridges
- Stoppers for infusion bottles and discs for bottle-pack containers
- Dual-port closures for bottlepacks
- Aluminum caps with rubber discs (lined seals)
- Plastic bottlepack caps (separate or with rubber discs)
- Plastic hangers for infusion bottles

Special Services

- Omniflexplus coating for rubber components to improve compatibility and cleanliness
- Ready-for-sterilization (RfS) components: Rubber components which require no further pretreatment by the customer
- Ready-for-use (RfU) components: Gamma sterilized rubber components and aluminum caps
- Quality certificate via EDI (electronic data interchange)

Rubber Components for Diagnostics and Delivery Systems

- Stoppers and needle covers for blood collection tubes
- Pistons for infusion pumps
- Components for aerosols
- Pistons for disposable syringes



Fully automated quality control of pharmaceutical packaging components.



Helvoet Pharma Expands Product Line

Syringes enable the injection of liquid drugs directly to the seat of disease. In this context, there is a distinction between pre-filled syringes and disposable syringes.

In the case of both types, the piston made from rubber fulfills an important function. Precise engineering and the right rubber compound are decisive for the quality of the piston. Up to date, Helvoet Pharma had concentrated on the development and production of the more demanding pistons for pre-filled syringes. With the acquisition of the Italian Seal Line, the Dätwyler enterprise in mid-2004 also entered the market for pistons for disposable syringes. Seal Line supplies disposable syringes to most of the major manufacturers worldwide. In addition to this strong market position, the Italian company is characterized by highly automated manufacturing plants. Together with the material competency and the engineering and design know-how of Helvoet Pharma, interesting synergies result for future growth.

Technical Components

Business Review

The general economic recovery positively influenced demand and results in the Technical Components Division in 2004. Sales increased by 4.1 % compared to the previous year to CHF 392.4 million (previous year CHF 376.8 million). If the sale of the German company, Mader GmbH, as of the end of September 2004 is taken into consideration, a sales growth of 5.9% results on a comparable previous year basis. In regard to the operating earnings (EBIT), the division was able to exceed with CHF 16.6 million the result of the previous year (CHF 15.2 million) by 9.2%. Therein included is an impairment charge of CHF 2.0 million on a property, due to ongoing overcapacities of commercial and industrial space in the agglomeration Zurich-East.

Specialty Distribution

In the Specialty Distribution sector, sales and earnings steadily increased during the course of the year under review. The customers from the machine and apparatus industry in Switzerland and in the Southwest of Germany enjoyed good market development based on strong export activity. On the sales side, the leading market position could be further boosted through the targeted enlargement of the products and services offered in the MRO business (maintenance, repair, operations). Also in the OEM business (original equipment manufacturer), the sector expanded its position as competent project partner for customized solutions. On the company side, the Specialty Distribution sector successfully implemented a number of measures for process optimization and increase in performance. The realization of the new logistics center at the Maagtechnic location in Dübendorf is advancing according to plan. With the commissioning of the new plant in early autumn of 2005, the cooperation between the companies, Maagtechnic and Fähnletechnik, will be further intensified. The Dätwyler group continues to pursue the strategy of focusing within the individual divisions. In this sense, on the one hand, Mader GmbH was sold as of the end of September 2004 to an investor group. On the other hand, Maagtechnic has reinforced its position in the interesting market of fluid and sealing technology for the chemical industry with the acquisition of the Basel company, Richterich+Zeller AG, as of the beginning of 2005.



Automatic conveyor belts for the efficient processing of orders in the mail order sector.

Mail Order Distribution

The Mail Order Distribution sector, which is very sensitive to the business cycle, profited in 2004 from the general economic recovery. Through the consistent implementation of growth projects, Distrelec and Schuricht clearly exceeded the figures of the previous year in regard to sales and results. Gratifyingly, all country organizations and both product areas have equally contributed to the success. Eastern European activities have also developed very well since the EU Eastern enlargement in May 2004. Despite the improved economic environment, competitive pressure and the pressure on the margins continue unchanged. On the market side, the sector will continue to counteract this pressure in the future with various growth projects. Included in these is the steady expansion of the product line and the intensified cultivation of the Eastern European growth markets. On the cost side, new projects for productivity increases are being implemented. Dätwyler Electronics, which is active as a distributor of electronic components and connection technology, also achieved a clear sales increase in 2004. In particular the product group, Visualization and Micro-Controller, contributed to the growth. Despite shortages at certain points and long delivery terms, the margin remained under strong pressure.

Dätwyler i/o devices

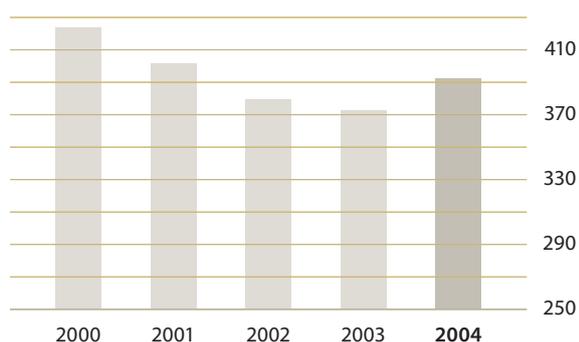
The industrial sector, Dätwyler i/o devices, maintained the level of sales of the previous year in 2004. However, the result is unsatisfactory. Numerous new projects with high growth potential are very promising for the future. The basis for this is the advising of key accounts by our own distribution companies in the main markets, Europe, the U.S. and Asia, as well as targeted innovation. The production location, Mexico, has been given up. This has burdened the earnings side with one-time special positions.

Outlook

Based on the strong market position of the individual companies and the planned productivity increases, the Technical Components Division assesses the outlook for the year 2005 in principle as positive.

Key Figures Technical Components

Gross sales in CHF millions



in CHF millions	2003	2004
Gross sales	376.8	392.4
EBIT	15.2	16.6
Net operating assets (NOA)	314.3	303.9
Capital expenditures	9.0	20.2
Number of employees (units)		
– Dätwyler Teco Distribution	899	838
– Dätwyler i/o devices	374	456

Strategy

Dätwyler Teco Distribution supplies technical and electronic components based on sound specialist and mail order distribution expertise in the fields of industry and electronic commerce. Specialist distribution positions itself as a trade, service and manufacturing enterprise.

Dätwyler i/o devices is active worldwide in the manufacturing and marketing of silicone-based keyboard molds, keypads and connectors. The products are used in automotive engineering, instrumentation and telecommunications.

Target Groups

- Dätwyler Teco Distribution: Industrial corporations, small and medium-sized enterprises, business to business.
- Dätwyler i/o devices: Systems supplier to the automotive industry and manufacturers of various measuring and analysis instruments as well as telecom equipment.

Products and Services

Dätwyler Teco Distribution

Dätwyler Teco Distribution is a leading business to business supplier of technical and electronic components in Switzerland and neighboring countries. An extensive range of 300 000 standard components, automated interfaces to customers and in-depth applications expertise enable cost-effective order processing and individually tailored solutions for customers.

Specialty Distribution

- Elastomer and plastics technology
- Fluidics and power transmission
- Work safety/tools/consumables
- Design, construction and manufacturing of customer-specific ready-to-be-installed components and modules

Mail Order Distribution

- Active and passive components
- Connecting technology
- Data processing accessories/computer peripherals
- Telecommunications
- Internet services

Dätwyler i/o devices

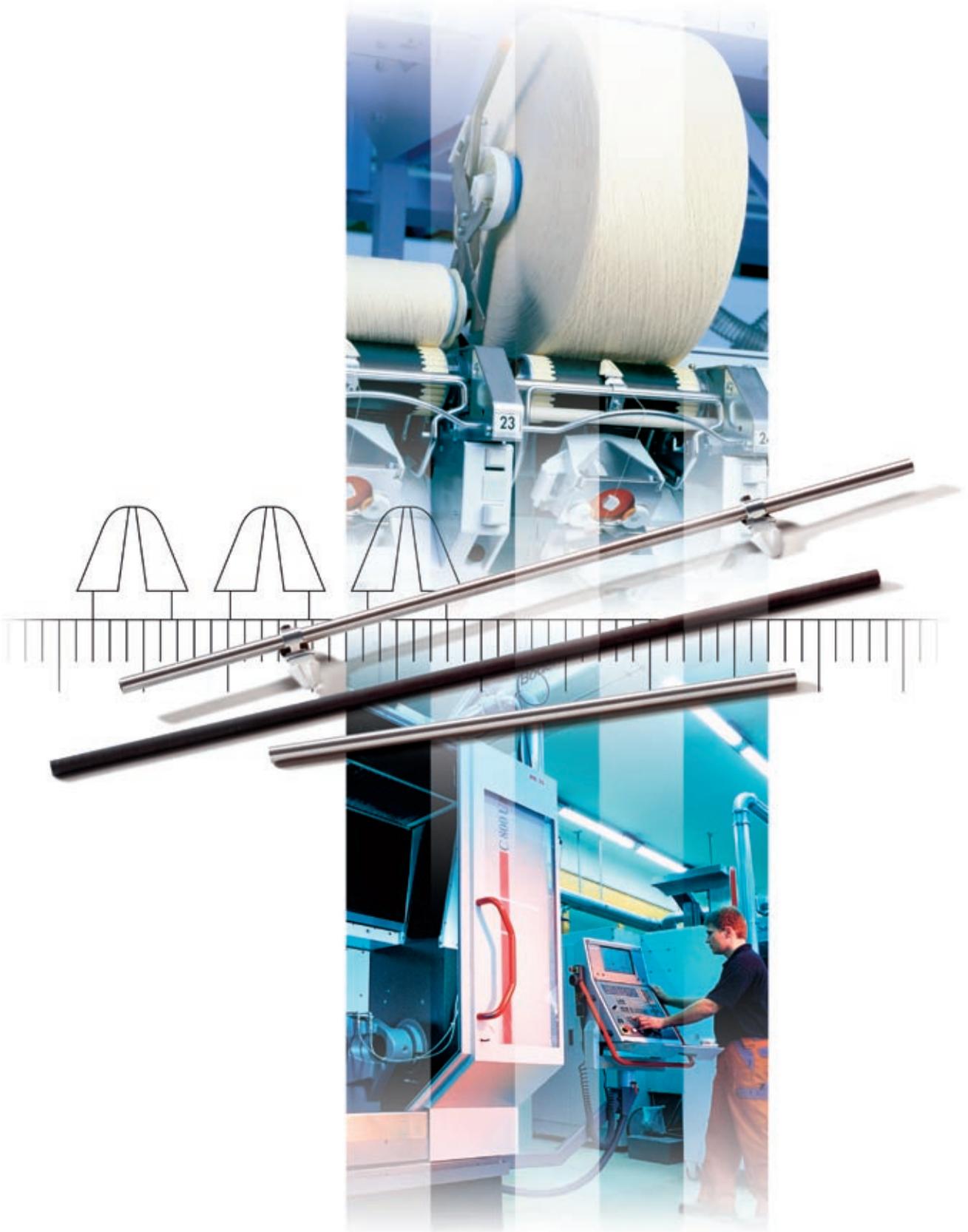
Dätwyler i/o devices is active worldwide in the field of silicone keypads and keyboard molds for applications in automotive engineering, instrumentation and telecommunications. Extensive applications expertise, worldwide distribution capabilities (in Europe, the U.S. and Asia) and modern production facilities (in-house manufacturing and joint ventures in Asia) enable the highest standards expected by customers to be fulfilled worldwide.

Technology

- Silicone in compression or injection processes
- IMD (in-mold decoration) on polycarbonate and ABS film basis
- Plastic caps, also chromium plated with in-mold symbols
- Polydome films, contact films (flexible PCBs)
- Connectors in silicone elastomer



The Thai plant of Dätwyler i/o devices has been certified according to ISO/TS 16949:2002.



50% Productivity Increase Thanks to Materials Competency by Maagtechnic

The automatic rotor spinning machines, Autocoro, manufactured by the German textile machine company, Schlafhorst, holds its own with bravado in the global competition of the textile industry. This company, belonging to the Swiss group, Saurer, is continually engaged in increasing the efficiency of its machines. Thanks to the materials competency of Maagtechnic, a Dätwyler enterprise, Schlafhorst was able to optimize the yarn guide bar in Autocoro (in the picture above, to the left and the right of figure 23) which is important for productivity. For high-performance spinning machines, this is manufactured from a combination of composite material (carbon-fiber-reinforced plastic, CFP) and high-grade steel instead of regular steel. Through the creative use of CFP, Maagtechnic achieved a weight reduction of the yarn guide bar by 30%. This, in turn, enables Autocoro spinning machines to increase the take-up speed of the yarn and thus the productivity of the spinning machines by 50% to 300 meters of yarn per minute. With this and similar solutions, Maagtechnic is positioning itself as an innovative partner in the industry.

Environment

Basic Values

The companies in the Dätwyler Group fulfill their responsibilities with regard to environmental protection as required by applicable legal provisions. Furthermore, identifiable risks are minimized within reasonable limits. Specifically, this means that in selecting resources and production processes, environmentally friendly materials and processes having the least possible environmental impact during manufacture, use and disposal of the products are chosen whenever possible.

Certification

Based on the ecological basic values, seven Dätwyler companies are certified for compliance with ISO 14001: Dätwyler Cables+Systems, Dätwyler Fiber Optics and Maagtechnik in Switzerland, Rothrist Rohr in Switzerland and in Germany as well as Helvoet Pharma in Belgium and in Germany. Further group companies strive for ISO environmental certificates. The Belgian production location of Helvoet Pharma is additionally certified according to the demanding OHSAS 18 001 standard.

Selected Measures in 2004

The reporting focuses on the four divisions that are active in industrial manufacturing.

Cables+Systems

(Production Location in Altdorf, Switzerland)

- The Energieagentur der Wirtschaft (EnAW – Business Energy Agency) – on behalf of the Swiss Agency for the Environment, Forests and Landscape (SAEFL) – has recognized as fulfilled the voluntary reduction of CO₂ emissions of Cables+Systems according to the agreed-upon goals in 2004. Dätwyler Cables+Systems has been a member of EnAW since 2003.

- Through targeted measures such as the replacement of solvents in the production and cleaning, emissions of volatile organic compounds (VOC) could be further reduced.
- The consumption of resources per CHF 1 000 of product value (value of goods manufactured, vgm) declined in the four-year period 2001 to 2004 – with the exception of electric power. The strong decline in fossil fuels and CO₂ emissions can be explained with the new heating system (since 2002).

		2004	2001
Heating oil, extra light	MWh/1000 CHF vgm	0.087	0.184
Electric power	MWh/1000 CHF vgm	0.180	0.147
Drinking/industr. water	m ³ /1000 CHF vgm	9.355	10.028
CO ₂	kg/1000 CHF vgm	24.395	53.912
VOC	kg/1000 CHF vgm	0.057	0.068

Rubber+Plastics

(Production Location in Schattdorf, Switzerland)

- Rubber+Plastics in 2004 invested CHF 1 million in a building renovation based on the newest technology of heat insulation. This will continue to reduce the consumption of fossil fuel in the future.
- Water consumption could be lowered by 5 % in comparison to the previous year through targeted measures.
- Despite rising sales, the volumes of disposable waste stagnated for the second time in a row.
- The consumption of resources per CHF 1 000 of product value (vgm) could be reduced almost in every respect in the four-year period from 2001 to 2004.

		2004	2001
Heating oil, extra light	MWh/1000 CHF vgm	0.100	0.109
Electric power	MWh/1000 CHF vgm	0.204	0.224
Compressed air	m ³ /1000 CHF vgm	96.712	106.007
Drinking/industr. water	m ³ /1000 CHF vgm	14.805	15.125
CO ₂	kg/1000 CHF vgm	42.966	46.780
VOC	kg/1000 CHF vgm	0.534	0.500



Responsibility for the environment: Mixing plant of Dätwyler Rubber+Plastics.

Precision Tubes

(Production Locations in Switzerland and Germany)

- The year 2004 was characterized at the Precision Tubes Division by a successful certification for compliance with ISO 14 001 at the two production locations in Switzerland and Germany as well as the further development of the comprehensive environmental management system.
- Approximately 60 000 tons of strip steel are processed at the production location, Rothrist, each year. Materials are supplied exclusively by rail, which corresponds to approximately 1 200 freight cars. The scrap of steel that is produced in manufacturing is forwarded at 100 % to reprocessing or further utilization in the chemical industry.
- In the year under review, at both production locations, the focus was on the optimization of preparation for emergencies. At the production location in Germany, new collecting troughs and special containers for used oil and water endangering materials were installed in the context of preparation for the environment certification.
- The consumption of resources per ton of manufactured products did not develop uniformly at the main production location in Switzerland in the four year period from 2001 to 2004. Thanks to the heat recovery measures of the previous years, the consumption of heating oil declined strongly. The increase with regard to power and water consumption can be explained with the growth of the vertical range of the manufacturing. Specific measures have been taken to counteract the upward trend with regard to water consumption.

		2004	2001
Heating oil, extra light	MWh/t Product	0.044	0.107
Electric power	MWh/t Product	0.449	0.431
Propane gas	MWh/t Product	0.371	0.428
Drinking/industr. water	m ³ /t Product	2.944	2.760
CO ₂	kg/t Product	99.159	128.697
VOC	kg/t Product	0.951	2.003

Pharmaceutical Packaging

(Production Locations in Belgium, Italy and the U.S.)

- The production location in Belgium was recertified for compliance with ISO 14 001 in 2004. Through targeted measures, the consumption of biological and chemical oxygen in effluent could be reduced significantly.

- At the production location in the U.S., Helvoet Pharma introduced reusable packaging containers for one of its major customers. This reduces the consumption of cardboard significantly. In the mixing plant, the pneumatic press was replaced by a hydraulic press which leads to significant energy savings.
- At the production location in Italy, rubber waste is increasingly recycled. The share of recycled rubber could be significantly increased in 2004.
- The consumption of resources per CHF 1 000 of product value (vgm) in Belgium has not significantly changed in the four-year period from 2001 to 2004. An external audit has shown that the energy consumption (natural gas and electricity) of the production processes have reached an encouragingly low level from which further optimization is difficult.

		2004	2001
Natural gas	MWh/1000 CHF vgm	0.059	0.050
Electric power	MWh/1000 CHF vgm	0.130	0.156
Drinking/industr. water	m ³ /1000 CHF vgm	0.655	0.741

Personnel

Basic Values

Independent, well-qualified, participative and motivated personnel is the company's most important asset. In this context, motivation, training and leadership are primarily the responsibility of management. Considerable importance must therefore be attached to the selection, training and information of managerial personnel. Dätwyler fosters a culture of open communication at all levels of the hierarchy. This also includes regular contact between executive management and personnel representatives.

Personnel Development

The markets in which the Dätwyler Group operates call for thoroughly trained personnel who engage in a continuous process of learning. The efforts invested in training young specialist personnel are reflected by the 234 apprenticeship training positions provided by companies in the Dätwyler Group worldwide. Ongoing educational programs aimed at developing the technical and social competencies of personnel are supported at all levels of the hierarchy.

A Selection of Measures in 2004

Cables+Systems and Rubber+Plastics

- Launch of a systematic "presence management:" The goals include a change in mentality and a reduction of the costs of absences due to illness and accident through rapid reintegration at the work place.
- Pilot project "flexible retirement" with part-time work and early-retirement for employees as from age 60.

Precision Tubes

- At the production location Germany, a premium system was introduced in cooperation with the works' council and trade unions which, in addition to productivity, also takes quality aspects into consideration.

Pharmaceutical Packaging

- At the production location Belgium, a survey was made regarding personnel satisfaction. This survey serves as the basis for a package of measures.

Technical Components

- Maagtechnic initiated coaching for new teams for the successful mastering of the processes of change. At the occasion of the commissioning of the new logistics center, training of all employees in behavioral and professional competence and process mastering was initiated.

Social Responsibility

Since its incorporation, the Dätwyler Group has maintained firm roots in the Canton of Uri. This is also where the charitable Dätwyler Foundation is based. Set up in 1990, the foundation has been endowed over the years with capital in the amount of CHF 19.5 million from the private assets of the brothers Peter and Max Dätwyler. The foundation owns no shares in Dätwyler Holding Inc. and has no influence on the management of the Dätwyler Group. The purpose of the Dätwyler Foundation is to promote charitable undertakings in the fields of art, architecture and local customs; education, instruction and training; natural and social science and the humanities; physical training and the conservation of nature, the national heritage and the environment. The foundation has made grants of CHF 4.1 million since it was formed. Of this amount, CHF 3.4 million or approximately 83% of the total amount went to applicants from the Canton of Uri or to persons and institutions closely associated with the Canton of Uri. In the year under review, CHF 0.24 million were granted.



Worldwide approximately 4 500 employees work for the Dätwyler Group.

Directors and Officers as of December 31, 2004

Board of Directors

- **Roland Zimmerli**, born 1934 ^(1,2)
Chairman, term of office expires in 2007
- **Hans R. Rüegg**, born 1946 ⁽¹⁾
Vice chairman, 2006
- **Ulrich Dätwyler**, born 1941
2006
- **Hanspeter Fässler**, born 1956 ⁽²⁾
2008
- **Ulrich Graf**, born 1945 ^(1,2)
2008
- **Werner Inderbitzin**, born 1946
2006
- **Ernst Odermatt**, born 1948
2008
- **Franz Steinegger**, born 1943
2006
- **Franz J. Würth**, born 1940
2007

⁽¹⁾ Member of the Audit Committee

⁽²⁾ Member of the Compensation Committee

All members of the board of directors are elected to hold office until the date of the annual general meeting in the year stated.

- **Max Dätwyler**, born 1929
Honorary Director

Executive Board

- **Paul J. Hälgi**, born 1954
CEO and Technical Components
- **Silvio A. Magagna**, born 1946
Chief Financial Officer
- **Johannes Müller**, born 1958
Cables+Systems
- **René Trauffer**, born 1944
Precision Tubes
- **Piet Wijnen**, born 1948
Pharmaceutical Packaging

Statutory and Group Auditors

- PricewaterhouseCoopers AG, Zurich (CH)

Corporate Governance December 31, 2004

As a company dedicated to long-term value creation, Dätwyler has clear management and control principles in line with current ideas on the subject of corporate governance. These are set out in the Articles of Incorporation (www.daetwyler.ch/Group/Organization) and in the Regulations for the Organization and Conduct of Business of Dätwyler Holding Inc. On the following pages, they are set forth in accordance with the relevant SWX Swiss Exchange guidelines. Reference is made accordingly to subject matters explained in detail in the Notes to the Consolidated Financial Statements. If no information is given regarding an item in the SWX guidelines, this item is either not applicable to Dätwyler or not essential.

Corporate Structure and Stockholders

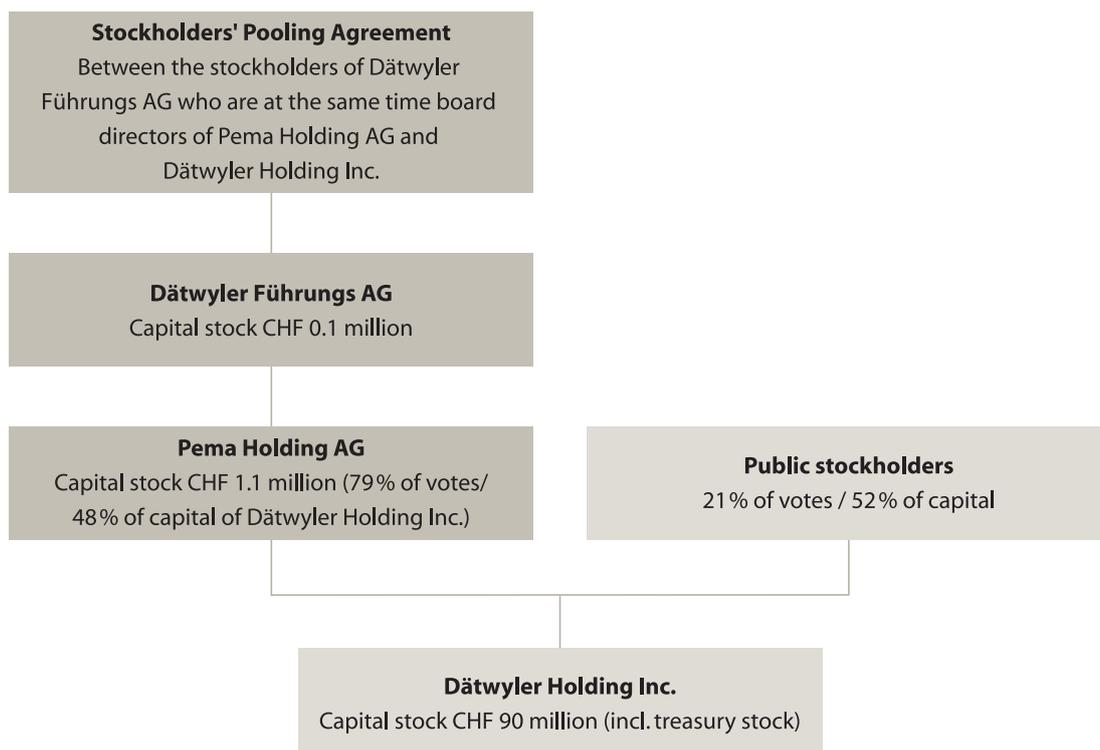
The Dätwyler Group is an internationally-oriented diversified group, active as a supplier to industrial customers and as a distributor of technical components. Within these activities, the group focuses on known and attractive markets and niches. Through its five divisions – Cables+Systems, Rubber+Plastics, Precision Tubes, Pharmaceutical Packaging and Technical Components – it serves its core markets for the automotive, telecom, pharmaceutical, machinery and construction industries.

Major Stockholders and Ownership

Pema Holding AG is in the possession of all 220 000 registered shares and 42 000 of the total of 136 000 bearer shares of Dätwyler Holding Inc. This corres-

ponds to 79.39% of the voting rights or 47.78% of the capital stock. The entire capital stock of Pema Holding AG was brought into Dätwyler Führungs AG which therefore indirectly holds a majority of the voting rights of Dätwyler Holding Inc.

Dätwyler Führungs AG is owned by its directors who are elected by cooptation and who are simultaneously directors of Pema Holding AG and of Dätwyler Holding Inc. They have acquired half of the capital stock of 0.1 million Swiss francs of Dätwyler Führungs AG in equal portions at par value and are subject to clear rules of a stockholders' pooling agreement. On leaving the board, they transfer their shares to their successors at par value. These arrangements were made in order to ensure, on a



legally irreproachable basis, that the top management holds the majority of voting rights in Dätwyler Holding Inc.

The board of directors of Dätwyler Holding Inc. is not aware of additional stockholders or stockholder groups bound by a stockholders' pooling agreement with holdings exceeding 5% of all voting rights.

Corporate Structure and Group Companies

The required information regarding the group structure can be found on the following pages of this annual report:

- Page 88 et seq.: Summary of corporate structure.
- Page 53 et seq.: Segmental reporting in conformity with IFRS.
- Page 70 et seq.: Detailed list of the group companies and companies in which the group has an interest.
- Page 85 et seq.: Details of the listed corporation, Dätwyler Holding Inc., under Share Information and Practical References.

No company within the consolidated Dätwyler group is listed on a stock exchange. There are no cross-holdings with other companies.

Capital Structure

Composition of the capital stock in CHF million on December 31, 2004:

	2004
220 000 registered shares of CHF 100 p.v.	22.0
136 000 bearer shares of CHF 500 p.v.	68.0
Total ordinary capital stock	90.0
Authorized capital stock	none
Conditional capital stock	none
Participation certificates	none
Dividend-right certificates	none
Registration and voting restrictions	none
Opting-out or opting-up provisions	none

All shares are fully paid up. With the exception of the treasury stock (26 000 bearer shares, see page 62, Item 19, Treasury Stock), all shares carry voting and dividend rights. Information on changes in stockholders' equity for the years 2004 and 2003 can be found on page 47, Proof of Stockholders' Equity.

Changes in equity for the year 2003 in 2002 are described in the 2003 Annual Report, page 47, Proof of Stockholders' Equity.

Convertible Bonds and Options

Dätwyler has no bonds or convertible bonds outstanding.

On January 9, 2001, 2000 stock options were allocated at the price of CHF 30 each in the context of an executive option plan. For detailed information, see Notes to the Consolidated Financial Statements, page 62, Item 19, Treasury Stock, as well as the Note to Dätwyler Holding Inc., page 77, Item 8, Treasury Stock.

Internal Organization

The Role of the Board of Directors

The board of directors is the supreme decision-making, management and supervisory body of the Dätwyler Group. The board of directors has at least five members and no more than eleven. On December 31, 2004, the board of directors consisted of nine members. The office of the chairman of the board is distinct from that of the chief executive officer (CEO). As of the balance sheet date, the directors perform no executive functions within the group and have no business relationships with the Dätwyler Group. With the exception of two members, all directors are deemed independent. Cross-interests in other companies listed on a stock exchange do not exist.

Elections of directors are staggered, and the term of office is four years. Directors may be reelected several times; there is no limitation on the term of office. The average age of the directors currently serving is 60 years, the average term of office five years.

Main Responsibilities and Procedures of the Board of Directors

The board of directors constitutes itself. Its main responsibilities are defined based on Art. 716a of the Swiss Code of Obligations. According to the Regulations for the Organization and the Conduct of Business of Dätwyler Holding Inc., the board of directors may appoint committees from among its members to deal with clearly defined subject areas in order to

fulfill its responsibilities efficiently. Currently, there are two such committees, i.e. the Audit Committee and the Compensation Committee.

The board of directors holds six ordinary meetings annually, each lasting between half a day and two entire days. Extraordinary board meetings are held if necessary. In 2004, the board of directors met six times. The agenda for the board meetings is determined by the chairman of the board together with the CEO and the CFO. Any director may request the inclusion of an item on the agenda or the convocation of an extraordinary meeting.

The directors receive documentary material at least 10 days prior to the meetings to enable them to prepare for the individual items on the agenda. Depending on the items on the agenda, the chairman specifies which members of the executive board shall provide information to the meetings of the board of directors and attend in an advisory capacity. The board of directors operates as a unit and passes resolutions, whenever possible, unanimously. If there is no unanimity, the minutes of the meeting must list how each director voted. The board of directors has a quorum if at least a majority of the directors are present. It adopts resolutions with the majority of the directors present. The chairman participates in the vote and has the casting vote in the event of a tie.

Procedures of the Committees

The committees are governed by regulations that define their responsibilities and powers. They report to the board of directors on the results of their activity at the next meeting. They meet at the invitation of the chairman as often as business requires, the Audit Committee at least three times a year, the Compensation Committee at least twice a year.

All directors and members of the executive board as well as the statutory auditors may request meetings of the committees. Depending on the items on the agenda, the CEO, the CFO and, if required, a representative of the statutory auditors or a technical specialist participate at the meetings in an advisory capacity. For the passing of resolutions, a quorum of at least two members is necessary. The committees adopt resolutions with an absolute majority of the votes cast. In the event of a tie, the chairman has the casting vote.

Audit Committee

The Audit Committee consists of at least three members who are elected by the directors from among their number for a term of office of one year. The Audit Committee appoints the chairman. Members of the Audit Committee are: Hans R. Rüegg (Chairman), Roland Zimmerli, Ulrich Graf.

The Main Responsibilities of the Audit Committee are:

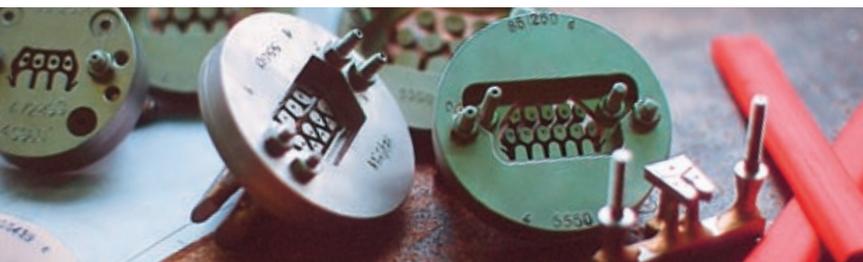
- To ensure a comprehensive and efficient auditing concept for Dätwyler Holding Inc. and the Dätwyler Group.
- To comment on audit schedules and audit results.
- To accept recommendations by the statutory auditors, discuss them with the executive board and summarize them for the board of directors.
- To assess the executive board's motion to the board of directors for the election of statutory auditors of Dätwyler Holding Inc. for submission to the general meeting.

Compensation Committee

The Compensation Committee is composed of three directors: The chairman of the board of directors and two other directors elected by the board of directors from among their number. The chairman of the board of directors presides over the meetings. Members of the Compensation Committee are: Roland Zimmerli (Chairman) Hanspeter Fässler, Ulrich Graf.

The Main Responsibilities of the Compensation Committee are:

- To elaborate principles regarding salary, bonus and incentive systems.



Extrusion tools for the manufacture of rubber sealing gaskets for tunnel construction.

- To submit proposals to the board of directors for the remuneration of directors and members of the executive board.
- To periodically assess the salary and bonus systems applied within the Dätwyler Group and the incentive and profit-sharing systems for the executives and other personnel.

Allocation of Authority between the Board of Directors and the Executive Board

The powers of the board of directors and the executive board are set forth in the "Regulations Governing the Organization and Conduct of Business", in accordance with Art. 20 of the Articles of Incorporation of Dätwyler Holding Inc. This is regularly updated. It describes the responsibilities of the board of directors which are non-transferable by law and delegates all other business activities to the executive board. The principles of the "Regulations Governing the Organization and Conduct of Business" are set forth in detail for all business and technical areas in the documents "Management Process," "General Allocation of Authority among the General Meeting – Board of Directors – Executive Board," "Group Management Philosophy," "Allocation of Authority in Group Management" and "Investment Manual."

Information and Control Tools vis-à-vis the Group Executive Board

The board of directors has a number of tools for supervising and controlling the executive board. These are set out in the "Management Process" document:

- Monthly group consolidation including brief report
- Semi-annual report
- Internal semi-annual and annual report
- Annual assessment/approval of the annual budget and medium-term planning
- Annual assessment/approval of the updated group and divisional strategies
- Special reports on significant investments, acquisitions and cooperative ventures.

In addition to these institutionalized information and control tools, the board of directors has an internal audit unit at its disposal. This audit unit is being progressively expanded.

Directors

Roland Zimmerli (born 1934, Swiss)

Chairman (term of office expires in 2007)

CEO ad interim till July 31, 2004

Roland Zimmerli has been chairman of the board of directors of Dätwyler Holding Inc. since 1999. In this function, he is also a member of the Audit and Compensation Committees. Prior to his election to the board of directors, Roland Zimmerli was president of the executive board of Dätwyler Holding Inc. from 1991 through 1999. He previously headed the Cables+Systems and Rubber+Plastics divisions. He joined the Dätwyler Group in 1970 as head of the floor covering plant. Roland Zimmerli has been a member of the boards of directors of renowned Swiss companies. He graduated with an MBA from the University of Zurich.

Hans R. Rüegg (born 1946, Swiss)

Vice Chairman (term of office expires in 2006)

Dätwyler Holding Inc. has been able to count on the service of Hans R. Rüegg as director since 1991. In 2002, he assumed the office of vice chairman and became a member of the Audit Committee. Hans R. Rüegg was appointed managing director of Baumann Springs Ltd. in 1983 and has been chairman and managing director since 1993. He is a director of Vetropack Holding AG and vice chairman of Swissmem, the trade association of the Swiss mechanical, electrical and engineering industries. Hans R. Rüegg holds an MSc in electrical engineering from the Swiss Federal Institute of Technology of Zurich and an MBA from the University of Florida in Gainesville (U.S.).

Ulrich Dätwyler (born 1941, Swiss)

Director (term of office expires in 2006)

Ulrich Dätwyler has been a director of Dätwyler Holding Inc. since 1998. From 1987 to 1996, Ulrich Dätwyler was president of the executive board and CEO of Swiss Industrial Company Holding Ltd. (SIG) where he had been finance director since 1975. He is a member of the Board of Directors of Rieter Holding AG. Ulrich Dätwyler holds a doctorate in business administration from the University of St. Gall.

Hanspeter Fässler (born 1956, Swiss)**Director (term of office expires in 2008)**

Hanspeter Fässler has been a member of the board of directors of Dätwyler Holding Inc. since 2004. He is a member of the Compensation Committee. At the beginning of 2004, he was appointed country manager of ABB Switzerland. He has been active in various leading functions in Switzerland and abroad for ABB for 15 years. Hanspeter Fässler earned his doctorate in the specialty field of mechatronics/robotics (DSc) at the Federal Institute of Technology, Zurich. In addition, he holds an engineer's degree from Stanford University (U.S.).

Ulrich Graf (born 1945, Swiss)**Director (term of office expires in 2008)**

Ulrich Graf has been a member of the board of directors of Dätwyler Holding Inc. since 2004. He is a member of the Audit and the Compensation Committees. He has been CEO of the Kaba Group since 1989. Ulrich Graf has been active in various leading functions for the Kaba Group since 1976 and was appointed to the executive board in 1984. He is chairman of the board of directors of Griesser AG and of Fr. Sauter AG. In addition, Ulrich Graf is a member of the board of directors of Georg Fischer AG and of Feller AG as well as of the foundation board of Swiss Air Rescue, REGA, and of the board of directors of DEKRA e.V. He holds a master of science in electrical engineering from the Federal Institute of Technology, Zurich.

Werner Inderbitzin (born 1946, Swiss)**Director (term of office expires in 2006)**

Werner Inderbitzin was elected to the board of directors of Dätwyler Holding Inc. at the 2002 annual general meeting. He is chairman of the board of directors, CEO and stockholder of Garaventa AG and Ropetrans AG. He became operational head of Garaventa, a ropeways manufacturer operating worldwide, in 1992. Prior to that, Werner Inderbitzin was employed in Dätwyler's Rubber+Plastics division for 18 years, at the end as senior vice president and member of the division's management committee. Werner Inderbitzin graduated with an MBA from the University of St. Gall.

Ernst Odermatt (born 1948, Swiss)**Director (term of office expires in 2008)**

Ernst Odermatt was elected to the board of directors of Dätwyler Holding Inc. in 2004. Since 1996, he has been CEO of the Oerlikon Contraves Group and in this function has been a member of the executive board of Rheinmetall DeTec AG, Düsseldorf. Ernst Odermatt has been working for Oerlikon Contraves in various management functions since 1978. He is chairman of the board of directors of V-Zug AG and member of the board of directors of Metall Zug AG. Ernst Odermatt holds a master of science in machine engineering from the Swiss Federal Institute of Technology, Zurich, and a master's degree in business administration from the University of Zurich.

Franz Steinegger (born 1943, Swiss)**Director (term of office expires in 2006)**

Franz Steinegger has been a director of Dätwyler Holding Inc. since 1994. He was chairman of the Swiss Free Democratic Party for 12 years until 2001. He was a member of the Swiss house of representatives (Nationalrat) from 1980 through 2003. Since 1981, he has practiced as an independent attorney at law and notary in Altdorf. Franz Steinegger is chairman of the board of directors of the Swiss National Accident Insurance Fund (SUVA) and vice chairman of the board of directors of Siemens Schweiz AG. In addition, he is a director of Neue Zürcher Zeitung AG and of Jaakko Pöyry Oyi, Finland. Franz Steinegger completed his law studies with a master of laws from the University of Zurich and is a member of the bar of the Canton of Uri.



Pharmaceutical Packaging: Production of more than 10 billion components per year.

Franz J. Würth (born 1940, Belgian/Swiss)***Director (term of office expires in 2007)***

Franz J. Würth has been a director of Dätwyler Holding Inc. since 2003. From 1988 until reaching retirement age in 2002, he was a member of the executive board of the Dätwyler Group. He headed the Technical Components division from 1993 to 2002 and the Pharmaceutical Packaging division based in Belgium from 1975 to 1992. From 1970 to 1975, he was a member of the executive board of a company in the Netherlands that was acquired by Dätwyler in 1969. Franz J. Würth gained his first professional experience in various central staff positions with Dätwyler Inc. He received his commercial and business administration training in Switzerland, the UK and the U.S.

Max Dätwyler (born 1929, Swiss)***Honorary Director (since 1999)***

Max Dätwyler was chairman of the board of directors of Dätwyler Holding Inc. from its formation in 1958 until 1965. After relinquishing the chairmanship to outside directors, he remained active until the end of 1999 as vice chairman and managing director. Together with his brother, the late Peter Dätwyler, Max Dätwyler played a major role in the development of Dätwyler Holding Inc. into an internationally diversified group and, with the stockholders' pooling agreement of Dätwyler Führungs AG in 1990, secured the long-term independence of the group. Max Dätwyler holds a doctorate in chemistry from the Swiss Federal Institute of Technology, Zurich, and a master's degree in economics from the University of Zurich.

Significant Changes since the Balance Sheet Date

At the annual general meeting 2005 no elections are due. Having reached the statutory age limit, Roland Zimmerli will resign from his office as chairman of the board of directors. According to Art. 16 of the Articles of Incorporation, the board of directors constitutes itself. The board of directors has appointed Ulrich Graf to become its new chairman, Hans R. Rüegg remains vice-chairman.

Composition of the committees after the annual general meeting: Audit Committee: Hans R. Rüegg (Chairman), Ulrich Graf, Ernst Odermatt. Compensation Committee: Ulrich Graf (Chairman), Hanspeter Fässler, Werner Inderbitzin.

Members of the Executive Group***Paul J. Hälg (born 1954, Swiss)******Chief Executive Officer (CEO), from 08/01/2004***

Paul J. Hälg was appointed CEO of Dätwyler Group as of August 1, 2004. Prior to joining the Dätwyler Group, he was head of the Adhesives division and member of the group executive board of Forbo. From 1986 to 2001, Paul J. Hälg was working in various management functions with Gurit-Essex (Gurit Heberlein Group), at the end as CEO. Prior to that, he was working for five years at Swiss Aluminium Ltd. Paul J. Hälg is chairman of the board of directors of the Gurit Heberlein Group, which is listed on the stock exchange. He completed his chemistry studies at the Swiss Federal Institute of Technology with a doctorate (DSc).

Silvio A. Magagna (born 1946, Swiss)***Chief Financial Officer (CFO)***

Silvio A. Magagna has been Chief Financial Officer and member of Dätwyler Group's executive board since 1988. From 1983 to 1988, he was senior vice president finance, controlling and logistics of the group executive board of Wild Leitz (now Leica). Prior to that, he gained further international experience during five years with the Holcim Group as a regional controller and EDP manager. After completing his studies, he spent five years as a management consultant for the construction industry. Silvio A. Magagna holds a master's degree in business administration from the University of St. Gall and has pursued further studies at the University of Pittsburgh and at Stanford University (U.S.).

Johannes Müller (born 1958, Swiss)***Head of the Cables+Systems Division***

Johannes Müller has been a member of the Dätwyler Group executive board and head of the Cables+Systems group division since August 2004. Prior to that, he was CEO of the consulting company, Brainforce AG, for three years. Before he joined Brainforce in 2001, Johannes Müller worked for Cellpack AG as division head for four years. From 1987 to 1996, he worked in various international management functions with the telecommunications group, Alcatel. Johannes Müller holds an MSc in electrical engineering from the Federal Institute of Technology, Zurich, and completed, among others, additional education at Insead (FR).

René Trauffer (born 1944, Swiss/French)**Head of the Precision Tubes Division**

René Trauffer joined Dätwyler in 1993 as head of the Precision Tubes division and member of the group executive board. Prior to that, he held management functions for 13 years in Monteforno Steel and Rolling Mills: initially as sales manager, as of 1982 as a member of the executive board and as of 1987 as president of the executive board. Further stages in the career of René Trauffer included Corning Glass and Alusuisse. In both companies, he held management positions in marketing and sales with focus on Europe and the Middle East. René Trauffer has been a member of the executive board of Swissmem since 1999. He holds a master's degree in business administration from the University of St. Gall, and a doctorate in business administration from the University of Basel.

Piet Wijnen (born 1948, Belgian)**Head of the Pharmaceutical Packaging Division**

Piet Wijnen joined the Dätwyler company, Helvoet Pharma, in 1987. Since 1993, he has been head of the Pharmaceutical Packaging division and a member of the group executive board. From 1986 to 1987, he was a management consultant. Prior to that, Piet Wijnen held various management functions with Procter & Gamble Belgium for 13 years. At the end, he was head of the raw material purchasing department of Procter & Gamble Europe at its European headquarters. Piet Wijnen holds a MSc in electromechanical engineering and completed postgraduate studies in business administration.

Significant Changes since the Balance Sheet Date

The board of directors appointed Dirk Lambrecht (born 1960, German) to become the new head of the Rubber+Plastics division as of May 1, 2005. Dirk Lambrecht has experience in various management positions in the international rubber industry and holds a master of science in machine engineering.

Management Contracts

There are no management contracts for the fulfillment of management responsibilities with individuals or companies outside of the group.

Remuneration, Equity Holdings and Loans**Contents and Procedures Definition**

The remuneration components of directors and of members of the executive board are defined by the Compensation Committee and adopted by the full board of directors. The remuneration of the board of directors is paid in cash in form of a fixed fee. That of the executive board is divided into a fixed salary and a variable bonus that may amount to 36% of the basic salary at the maximum. Former directors receive no compensation. With the exception of the regular pension fund and the supplementary pension fund, no other forms of remuneration exist for former members of the executive board. Dätwyler makes no severance payments.

Remuneration of Directors and Members of the Board of Directors Currently Serving

In the year under review, non-executive directors received a total fixed fee in cash of CHF 0.475 million.

The total remuneration of the executive director and the members of the executive board in the year under review amounted to CHF 4.037 million. This sum also includes salary payments to two members of the group executive board, who left the company in the year under review. Fixed salaries account for CHF 3.456 million of this total and bonus payments in cash for CHF 0.581 million. No options or shares were allocated in the year under review.



Dätwyler rubber lining sealing ensure waterproof tunnels worldwide.

Remunerations to Former Directors and Members of the Executive Board

No remuneration was paid to former directors or members of the executive board in the year under review.

Allocation of Shares in the Year under Review

Dätwyler has neither in the year under review nor prior to that allocated any shares in the company to directors or members of the group executive board.

Stockholdings

As of December 31, 2004, members of the board of directors and persons closely associated with them held 31 Dätwyler bearer shares. A further 120 Dätwyler bearer shares were held on that date by the executive director and members of the group executive board and persons closely associated with them.

Options

On January 9, 2001, 2000 stock options at the subscription price of CHF 30 each were allocated to members of the group executive board and senior executives in the context of an executive option plan. Directors hold no options. The members of the group executive board were in the possession of 300 options on December 31, 2004. No options were allocated in the year under review. For detailed information, see Notes to the Consolidated Financial Statements, page 62, Item 19, Treasury Stock.

Supplementary Fees and Payments

Neither directors nor members of the group executive board or persons closely associated with them, respectively, received supplementary payments and fees for additional services in the year under review.

Loans to Directors and Members of the Executive Board

No loans have been granted to directors or members of the group executive board.

Highest Total Remuneration of a Director

The highest total remuneration for a director in the year under review amounted to CHF 0.773 million in cash.

Stockholders' Rights of Co-Determination

Stockholders' rights of co-determination conform to the provisions of Swiss Corporation Law. The Articles of Incorporation provide for no quorums deviating from those prescribed by law.

Voting Right Restrictions and Proxies

There are no registration and voting right restrictions. According to the Articles of Incorporation of Dätwyler Holding Inc., each share entitles its holder to one vote at the general meeting, irrespective of its par value. Representatives of stockholders are to present written proxies. Legal representatives of stockholders do not need a proxy. Stockholders who are unable to attend a general meeting may authorize a member of a corporate body of the company or an independent proxy.

Convocation of the General Meeting of Stockholders and Inclusion of an Item on the Agenda

The convocation of the general meeting as well as the inclusion of an item on the agenda is regulated in the Articles of Incorporation of Dätwyler Holding Inc. in accordance with the Swiss Code of Obligations (Art. 699 et seq.).

Entries into the Stockholders' Register

Whoever is entered into the stockholders' register at least 14 days prior to the general meeting is recognized as a stockholder and holder of all rights deriving from the registered shares.

Change of Control and Defensive Measures

There exist no provisions in the Articles of Incorporation regarding "opting-out" or "opting-up." There are no control change clauses in favor of directors and members of the group executive board at Dätwyler Holding Inc.

Statutory and Group Auditors

PricewaterhouseCoopers Inc. (previously Schweizerische Treuhandgesellschaft) has been the auditing company of Dätwyler Holding Inc. since Dätwyler's formation in 1958. The mandate to audit the group

accounts was granted for the first time in 1986. The lead auditor has officiated in this capacity since 1999.

The statutory and group auditors are elected by the general meeting for a term of office of one year. The Dätwyler Group paid PricewaterhouseCooper CHF 0.670 million for services in connection with the audit of the individual company accounts and the consolidated financial statements in the year under review. Some of the group companies are audited by other auditing companies. PricewaterhouseCoopers received CHF 0.250 million from the Dätwyler Group in the year under review for additional management and tax-related services.

The Audit Committee of the board of directors is the supervisory body for the statutory and group auditors and is also responsible for the rendering of accounts. It is supported in this respect by the internal audit unit. This function is being progressively expanded.

Information Policy

The Dätwyler group maintains open dialogue with all interested groups. In the interest of its stockholders, Dätwyler especially cultivates the relationships to the members of the financial community and to the representatives of the media. Communication takes place through the annual reports (consolidated financial statements complying with international financial reporting standards [IFRS]), semi-annual reports, general meetings and at least one annual conference for the media and analysts. In the form of press releases and on its website (www.daetwyler.ch), Dätwyler informs forthwith on all important projects in accordance with the ad hoc publicity requirements of the SWX Swiss Exchange. Contact details and important dates are listed on page 87, General Information.

Group Financial Statements

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Summary Group Finance

Income Statement

In a more friendly economic environment compared to the previous year, gross sales increased by 5.9 percent to CHF 1 063.0 million (previous year CHF 1 003.9 million) in 2004. The impact of the foreign exchange rates on gross sales is insignificant in comparison to the previous year. The positive contribution from the changes in the scope of consolidation amounts to CHF 7.3 million or 0.7%.

The earnings power on the EBITDA level improved in the year under review in absolute terms as well as in relation to sales. In absolute terms, operating earnings rose by 8.3% to CHF 106.0 million (previous year CHF 97.9 million) before depreciation and amortization (EBITDA). The EBITDA margin increased by 0.2 percentage points to 10.0% (previous year 9.8%).

On the level of the operating earnings (EBIT), an above-average increase of 18.0% to CHF 39.9 million (previous year CHF 33.8 million) resulted. Included in this are impairment charges of a total of CHF 5.5 million on the fiber optics plant in the Cables+Systems Division and on a property in the Zurich East area in the Technical Components Division. The EBIT margin, at 3.8% was 0.4 percentage points higher than in the previous year (3.4%). In the context of a more lively business activity, the personnel expenses and the operating expenses rose 2.8 percent or 6.6%, respectively, in comparison to the previous year. Also higher were the depreciation charges. They increased 10.7% to CHF 63.2 million compared to the previous year. Operating earnings were negatively influenced among others by currency losses in the amount of CHF -0.9 million (previous year currency gains of CHF 2.7 million).

With regard to the net earnings, an increase of 9.5% to CHF 24.2 million (previous year CHF 22.1 million) resulted in 2004. This corresponds to a slightly improved profit margin of 2.3%.

The cash flow, which is defined as earnings after tax plus depreciation and amortization on goodwill, amounted to CHF 90.3 million (previous year CHF 86.2 million). This led to a slight decline of the cash flow margin to 8.5%. The free cash flow was negative, amounting to CHF -6.5 million (previous year CHF 39.3 million) in 2004. This can especially be traced to higher capital expenditures in tangible fixed assets, additions of tangible fixed assets from acquisitions and an increase of the net current assets.



The Technical Components Division is convincing with its short delivery terms and high availability.

Balance Sheet

Total assets amounted to CHF 995.3 million at the end of 2004 and were slightly below the value of the previous year (CHF 1 017.7 million).

The liquidity situation of the Dätwyler Group continues to be comfortable, although the high holdings in cash and cash equivalents from the previous year (CHF 227.7 million) decreased by CHF 56.4 million to CHF 171.3 million. The decrease can be traced, in particular, to the repayment of the convertible bonds of CHF 78 million in January 2004.

Current assets did not develop uniformly. On the one hand, inventories grew only slightly by 1.9% despite higher sales, due to consistent management of the inventories and higher raw material prices. On the other hand, trade accounts receivable increased by 12.7%.

The investment ratio was 5.1% in 2004 (previous year 4.2%). The higher capital expenditures in tangible assets (CHF 54.2 million) and the net addition of tangible fixed assets from acquisitions (CHF 22.1 million) led to an increase in the tangible fixed assets carried in the balance sheet by 2.5% to CHF 390.3 million (previous year 380.6 million).

The net impact from acquisitions or divestments on goodwill was insignificant and the ordinary amortization of goodwill amounted to CHF 2.8 million. This led to a goodwill shown in the balance sheet of CHF 40.2 million (previous year CHF 43.5 million) at the end of the year under review.

The balance sheet structure and the equity base are also characterized by distinct solidity at the end of 2004. Stockholders' equity increased by CHF 14.9 million to CHF 633.8 million. This corresponds to an equity ratio of 63.7% (previous year 60.8%). Net liquidity was CHF 0.7 million at the end of the year.

On January 7, 2004, Dätwyler Holding Inc. repaid the 2¾% convertible bonds January 7, 1998–2004, of CHF 78 million which became due on January 7, 2004.

Acquisitions made after April 1, 2004, were stated in the group financial statements on the basis of IFRS 3 "business combinations."

Income Statements Consolidated

in CHF 1 000	(1)	2004	2003
Gross sales	1/2	1 062 977	1 003 859
Rebates and allowances		-13 864	-12 893
Net sales		1 049 113	990 966
Raw materials and consumables used		-499 008	-465 583
Gross earnings		550 105	525 383
Other operating income	3	44 294	41 399
Personnel expenses	4	-313 422	-304 958
Operating expenses	6	-174 758	-163 999
Other expenses/income	7	-212	54
Depreciation	8/10/11	-63 233	-57 121
Amortization of goodwill	12	-2 835	-6 976
Earnings before interest and taxes (EBIT)		39 939	33 782
Financial expenses		-7 472	-7 845
Financial income		2 058	1 955
Interest in earnings of associated companies		208	84
Net earnings before taxes		34 733	27 976
Income taxes	9	-10 498	-5 835
Net earnings		24 235	22 141
Group cash flow ⁽²⁾		90 303	86 238
in CHF			
Earnings per dividend-bearing bearer share ⁽³⁾	18	159	146

The explanations in the notes are an integral part of these consolidated financial statements.

⁽¹⁾ Notes 1 to 18 see pages 53 to 62

⁽²⁾ Net earnings plus depreciation and amortization

⁽³⁾ No facts exist that lead to a dilution of the earnings per share.

Balance Sheets Consolidated

Assets in CHF 1 000	(1)	12/31/2004	12/31/2003
Tangible fixed assets	10	390 346	380 595
Intangible assets	11	6 485	17
Goodwill	12	40 249	43 456
Investments in associated companies	13	2 460	1 614
Deferred tax assets	25	2 738	2 492
Other financial assets	13	12 506	13 939
Non-current assets		454 784	442 113
Inventories	14	196 123	192 398
Trade accounts receivable	15	145 678	129 265
Other receivables and accrued income		26 598	24 352
Current tax assets		802	1 882
Cash and cash equivalents	16	171 334	227 700
Current assets		540 535	575 597
Total assets		995 319	1 017 710
Liabilities and stockholders' equity in CHF 1 000			
Capital stock	17	90 000	90 000
<i>Of which treasury stock</i>	19	-13 960	-14 000
Reserves	21	557 721	542 828
Stockholders' equity		633 761	618 828
Interest-bearing liabilities	26	33 720	31 887
Deferred tax liabilities	25	28 333	20 484
Provisions	24	28 134	27 818
Other long-term liabilities		6 647	6 291
Long-term liabilities		96 834	86 480
Bonds issued	23	-	78 000
Trade accounts payable		59 550	48 082
Other short-term liabilities and accrued expenses		162 447	144 087
Provisions	24	36 000	34 228
Current tax liabilities		6 727	8 005
Short-term liabilities	26	264 724	312 402
Liabilities		361 558	398 882
Total liabilities and stockholders' equity		995 319	1 017 710

The explanations in the notes are an integral part of these consolidated financial statements.

(1) Notes 10 to 26 see pages 58 to 66

Cash Flow Statements Consolidated

in CHF 1 000	(1)	2004	2003
Net earnings before taxes		34 733	27 976
Depreciation and amortization			
Tangible and intangible fixed assets	10/11	57 733	57 121
Goodwill	12	2 835	3 354
Income from equity-consolidated investments	13	-208	-84
Impairment charges	10/12	5 500	3 622
Change in long-term provisions	24	316	28
(Gain)/loss on sales of fixed assets		-1 550	-311
Financial income		-2 058	-1 955
Financial expenses		7 472	7 845
Unrealized currency translation differences (at consolidated level)		899	-2 196
Cash flow from operations before change in net current assets		105 672	95 400
Changes			
Short-term receivables		-19 382	2 943
Inventories		-3 725	8 602
Short-term liabilities and provisions		11 025	-9 938
Cash flow from operations (gross)		93 590	97 007
Interest received		1 264	1 742
Interest paid		-5 556	-7 720
Taxes paid		-10 051	-5 860
Cash flow from operations (net)		79 247	85 169
Additions			
Tangible fixed assets	10	-54 151	-42 525
Financial assets		-2 535	-
Consolidated companies (excluding cash and cash equivalents)	29	-25 609	-
Disposals			
Tangible fixed assets	10	2 199	3 811
Financial assets		2 544	5 688
Consolidated companies (excluding cash and cash equivalents)	29	5 930	-
Cash flow from investment activities		-71 622	-33 026
Change in interest-bearing liabilities		21 734	-2 554
Change in other long-term liabilities		356	-626
Repayment of bonds	23	-78 000	-
Change in treasury stock (exercising executive stock option plan)	19	200	-
Dividends paid to stockholders		-7 700	-7 700
Cash flow from financing activities		-63 410	-10 880
Net change in cash and cash equivalents		-55 785	41 263
Cash and cash equivalents pursuant to IAS 7 on January 1	16	220 969	178 812
Translation differences on cash and cash equivalents		-1 150	894
Cash and cash equivalents pursuant to IAS 7 on December 31	16	164 034	220 969
Shares, mutual fund units and similar instruments (available for sale investments)		7 300	6 731
Total cash and cash equivalents on December 31 (freely disposable)	16	171 334	227 700

The explanations in the notes are an integral part of these consolidated financial statements.

(1) Notes 10 to 29 see pages 58 to 68

Stockholders' Equity Consolidated

In CHF million	Capital stock of the holding company ⁽¹⁾	Legal reserves of the Group ⁽²⁾	Free reserves and disposable net earnings of the Group ⁽³⁾	Changes in market value of financial assets	Translation differences	Net earnings for the year of the Group	Total Group
As of January 1, 2003	76.0	162.6	354.7	-4.9	25.4	-16.9	596.9
Regrouping of reserves ⁽⁴⁾		-60.7	43.8			16.9	0.0
Dividend payment			-7.7				-7.7
Net earnings						22.1	22.1
Financial assets: gains				1.4			1.4
losses				-0.2			-0.2
Other changes			-0.7				-0.7
Translation differences ⁽⁵⁾					7.0		7.0
As of December 31, 2003	76.0	101.9	390.1	-3.7	32.4	22.1	618.8
As of January 1, 2004	76.0	101.9	390.1	-3.7	32.4	22.1	618.8
Regrouping of reserves ⁽⁴⁾		-52.6	74.7			-22.1	0.0
Dividend payment			-7.7				-7.7
Net earnings						24.2	24.2
Financial assets: gains				0.7			0.7
losses				-0.1			-0.1
Issue of shares from treasury stock	0.0		-0.2				-0.2
Other changes			-0.4				-0.4
Translation differences ⁽⁵⁾					-1.5		-1.5
As of December 31, 2004	76.0	49.3	456.5	-3.1	30.9	24.2	633.8

The explanations in the notes are part of these group financial statements.

⁽¹⁾ Capital stock of the holding company: CHF 90 million, less par value of the treasury stock in the amount of CHF 14.0 million (previous year CHF 14.0 million).

⁽²⁾ Non-distributable due to local legal provisions.

⁽³⁾ Includes treasury stock at the acquisition cost of CHF 4.9 million (previous year CHF 5.1 million) less par value in the amount of CHF 1.0 million (Note 19).

⁽⁴⁾ Pursuant to appropriations of earnings approved by the group companies.

⁽⁵⁾ Resulting from the translation of the stockholders' equity and income statements of subsidiaries into foreign currencies.

Accounting Principles

General Comments

The consolidated financial statements present a true and fair view of the financial position, the results of operations and the cash flows of the Dätwyler Group. They have been prepared in accordance with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB). They furthermore comply with the accounting provisions of the listing regulations of the Swiss Stock Exchange (SWX) and the Swiss Corporation Law. The board of directors of Dätwyler Holding Inc. approved the consolidated financial statements at its meeting of March 18, 2005, for submission to the annual general meeting of April 26, 2005.

The financial statements of the consolidated companies are prepared pursuant to uniform valuation principles. IFRS 3 was newly applied in the year under review.

The balance sheet date of Dätwyler Holding Inc. and of all group companies as well as of the consolidated financial statements is December 31.

Scope of Consolidation

The consolidated financial statements include all companies (full consolidation) which were economically part of the group during the year under review and were under the management and control of the executive board. This is normally the case for the Dätwyler Group if more than 50% of the company's capital stock was owned directly or indirectly and without restriction by Dätwyler Holding Inc., Altdorf.

Companies over which the group can exert significant influence are included in the balance sheet under investments in associated companies and are accounted for in accordance with the equity method. Otherwise they are stated at market value or, if this cannot be determined, at acquisition cost (less accumulated depreciation) and included under financial assets.

Method of Consolidation

The companies under the management and control of the executive board are consolidated according to the full consolidation method. Minority interests in the equity and income of group companies are shown separately according to the interest theory. Companies newly incorporated in the year under review or companies falling under the management and supervision of the executive board as a consequence of an increase in Dätwyler's equity interest in the course of the year under review are consolidated from the date of their incorporation or when significant influence could be exerted for the first time.

Capital consolidation, i.e. offsetting the stated book value of the investment holdings against the portion of stockholders' equity of the subsidiaries and affiliates included in the consolidated accounts which has to be eliminated, is performed according to the purchase method. Acquisitions made before March 31, 2004, were accounted for in accordance with IAS 22. Acquisitions made since April 1, 2004, have been included, however, according to IFRS 3.

Sales revenues include only sales to third parties. Deliveries, services, interest payments, income from investments, intracompany profits, accounts receivable and liabilities between the companies included in the consolidation are mutually offset against each other.

In respect of holdings in associated companies, only the portion of earnings attributable to Dätwyler is included in the income statement and the respective portion of stockholders' equity in the balance sheet (investments in associated companies).

Foreign Currency Translation

Translation for Consolidation Purposes

The financial statements of foreign subsidiaries are prepared in local currency and translated into Swiss francs for consolidation purposes. The following exchange rates were applied to the foreign currencies of major importance to the group:

	2004		2003	
	Closing rate 12/31	Annual average rate	Closing rate 12/31	Annual average rate
1 EUR	1.54	1.54	1.56	1.52
1 USD	1.13	1.24	1.24	1.35
1 GBP	2.18	2.27	2.21	2.20
100 CNY	13.69	15.06	15.03	16.28

The translation of foreign currencies for the purpose of the consolidated financial statements is based on the closing date for the balance sheet and on the annual average rate for the income statement.

Foreign currency gains and losses resulting from transactions and from the translation of balance sheet positions in foreign currencies are charged to the income statement.

Translation differences arising from the translation of balance sheets and income statements of the financial statements of foreign group companies are posted directly to the reserves (translation differences in the stockholders' equity) without an impact on income.

Translation in the Annual Financial Statements of the Individual Group Companies

Assets and liabilities in foreign currencies are translated in the annual financial statements of the individual group companies at the closing rate applied for consolidation purposes. Translation differences are posted as currency gains or losses in the income statements. There are no investments in high inflation countries.

Changes in Classification

Certain previous year data has been reclassified in order to make it comparable with that of the fiscal year 2004.

Balance Sheet and Income Statement

Tangible Fixed Assets

Land is stated in the balance sheet at acquisition cost; buildings and other fixed assets are stated at acquisition cost or production cost less straight-line

depreciation based on estimated useful life. The acquisition cost comprises the cost of purchase and costs directly attributable to utilization of the assets.

Estimated useful lives or the depreciation period in years are as follows:

Land	–
Buildings	
Building structures	20–40
Investment property	40
Interior finish	20
Installations, storage equipment, tanks, silos etc.	10–20
Production equipment (electrical/electronic components 5–8 years)	10–15
Machinery	8–10
Tools for own products	3

Maintenance and renovation costs that do not increase the value of the assets are charged to the income statement. The value of leased equipment is insignificant. Financing costs in the sense of IAS 23 are fully charged to the income statement, except in the case of major projects that spread over more than a year and generate substantial financing costs.

Investment Property

Investment property is real estate that is leased out to third parties and whose main purpose is the generation of rental income or capital appreciation. The Dätwyler Group's investment property is confined to one residential and business property and land reserves. Investment property is stated at acquisition cost less depreciation and included in the balance sheet under land and buildings in tangible fixed assets.

Intangible Assets (Including Goodwill)

Intangible assets are stated in the balance sheet at acquisition cost and are periodically reviewed for impairment and adjusted in the case of a reduction in value. The difference between the purchase price and the market value of the net assets of an investment at the time of its acquisition is capitalized at the point in time of the acquisition as goodwill and amortized over the expected useful life but not exceeding 20 years, using the straight-line method. Excluded from this is goodwill from acquisitions

that were made after March 31, 2004 which pursuant to IFRS 3 is no longer amortized but is subject to an annual impairment test.

Intangible rights acquired from third parties such as patents, licenses, etc., and payments for know-how are written off within five years using the straight-line method. Other intangible assets are written off over a period of 5 to 12 years.

Research and development expenses are fully charged to the income statements to the extent that the criteria of IAS 38 for a capitalization are not fulfilled. No research and development costs were capitalized in the business years 2003 and 2004.

Impairment of Assets

The impairment of asset values (in particular of tangible fixed assets, investments, financial assets and intangible assets) is assessed at least once a year. If there is evidence of sustained loss of value, the recoverable amount is calculated. If the book value of an asset exceeds its recoverable amount, an appropriate valuation adjustment is made in the form of impairment charges in the income statement.

Financial Instruments

In compliance with IAS 39, the Dätwyler Group allocates its financial instruments to the following categories: financial instruments held for trading purposes, financial assets available for sale, loans and accounts receivable issued by the company, and financial instruments to be held to maturity. According to IAS 39, financial assets that the management intends and is able to retain to maturity are classified as financial assets to be held to maturity. No financial assets in this category were included in the 2003 and 2004 financial statements of the Dätwyler Group.

The market values of the securities (shares, mutual fund units and bonds) are based on stock market prices on the balance sheet date. All purchases and sales of financial instruments are posted on the settlement date ("settlement date accounting").

Financial Assets

Financial assets include loans to third parties, minority interests with the exception of interests in associated companies, and securities in the nature of

long-term investments that are classified as financial assets available for sale. Loans to third parties are shown at nominal value. Minority interests are stated at market value or, if this cannot be determined, at acquisition cost (less accumulated depreciation). Securities are shown at market value, with unrealized gains and losses being included in stockholders' equity until they are sold. In the event of a sale, they are transferred to income. The impairment of financial assets is reviewed annually and ongoing reductions in value are posted to the income statement.

Derivative Financial Instruments

Derivative financial instruments are stated at market value on the balance sheet date and included in the balance sheet under other receivables or other current liabilities; unrealized gains and losses are posted to income. The market values of the derivative instruments are derived from current market prices on the balance sheet date.

The group uses forward foreign-exchange transactions and currency options to hedge currency risks. Hedge accounting in terms of IAS 39 is used only in exceptional cases and with the express approval of the executive board and was not used in the 2003 and 2004 fiscal years.

Inventories

Purchased goods and raw materials are stated at average cost and products that are manufactured in-house are stated at manufacturing cost (including unit material and production costs and production overheads). If the realizable net sales value of these inventories is lower than their cost price or manufacturing cost, the necessary valuation reserves are provided.

Accounts Receivable and Accrued Income

Trade accounts receivable and other receivables are stated at net realizable value; accrued income is stated at cost or the lower realizable value.

Cash and Cash Equivalents

Cash and cash equivalents include cash holdings and balances on postal check and bank accounts as well as money market assets with maturities of three months at the maximum which are stated at the nominal value. The group holds short-term

securities as liquidity reserve which are classified as financial assets available for sale and are stated at market value. Unrealized gains and losses are shown in stockholders' equity until they are sold. If they are sold they are transferred to the income statement. The impairment of the securities is reviewed annually and ongoing reductions in value are posted to income.

Provisions

Provisions are made for liabilities arising from events in the past that entail the probability of an outflow of funds which can be reliably calculated. Provisions are made for expected costs in connection with restructuring if a detailed plan for such projects is available and the actions have been approved and announced.

Realized Sales

Sales proceeds are booked when the use and risk of the delivery pass to the purchaser. In principle, this occurs when the goods are delivered. Income from longer-term, ongoing delivery contracts is booked at the point in time of the individual partial deliveries according to the quantity delivered.

Income taxes

Current income taxes are calculated on the taxable result and are stated on an accrual basis.

Deferred taxes are taken into account for all temporary differences in the form of capitalized deferred taxes or taxed assets, using the liability method. Temporary differences arise due to differences between the value of assets and liabilities for tax purposes and their book value in the consolidated financial statements. Substantially enacted local tax rates are used for calculating deferred taxes.

Tax losses carried forward from earlier years are included as tax credits to the extent that it seems probable that future taxable earnings can be offset against previous tax losses. Under this method, provisions are made for deferred taxes on revaluations of certain current assets. The same applies in the event of acquisitions to the difference from the market value of the acquired asset and their value for tax purposes.

Provisions are made for taxes that would arise on the distribution of earnings retained by group companies, mainly non-refundable withholding tax and income taxes of the parent company, if it is intended to distribute these in the form of dividends.

Pension Funds

Different plans exist for the pension funds of the group depending on the legal provisions of the relevant country. They are financed either by contributions to legally independent funds or by making provisions for personnel pensions in the relevant balance sheets of the individual group companies.

All employees of Swiss group companies are members of legally independent pension funds which are defined under Swiss law as funds governed by the Federal Occupational Pensions Act. They are treated as defined-benefit pension plans. These pension funds are managed with equal representation of employers and employees. Their benefits are financed by employee and employer contributions provided for in the relevant regulations.

For presentation in the consolidated financial statements, valuation of assets and the calculation of pension liabilities are made in compliance with the provisions of IAS 19. The future liabilities are calculated annually by independent insurance experts. The total amount of the annual costs for these pension funds are determined according to the "projected unit credit method," which takes the years of service of the employee up to the valuation date into consideration. The valuation method includes actuarial assumptions with respect to the discount factor for calculating the present value, the projected future trend in employee compensation and the expected long-term return on pension fund assets. The discount factors are based on market returns on prime Swiss corporate bonds. Differences between assumptions made in actual developments, the impact of changes in actuarial assumptions and modifications to pension plans are amortized over the estimated average employment period remaining to the employee's retirement if these exceed the corridor of 10%. Any assets arising from surpluses in the case of defined-benefit pension plans are limited to an amount equivalent to the maximum future savings by the employer. Additional payments by

the employer that cannot be capitalized are shown in the item defined as such in Note 4. Full provisions are made for liabilities.

Pension plans deemed either defined-benefit or defined-contribution are provided for certain employees of foreign group companies, in particular in Germany, Belgium, Italy and the U.S. The respective liabilities arising from these plans are based on actuarial appraisals and provisions are made by the individual group companies.

Executive Stock Option Plan

The Dätwyler Group introduced a stock option plan as of January 9, 2001, for some 50 senior executives employed by the group on December 31, 2000. The expenditure arising from the stock option plan is calculated on the basis of the market value of the options on the date they were allocated, less the purchase price payable. The difference is capitalized and charged to income over the vesting period of three years. The vesting period ended on January 9, 2004, and the options expire on January 9, 2006. The shares of the company acquired for this purpose are stated independently of the executive stock option plan at the acquisition cost and offset against the stockholders' equity.

Changes in the Scope of Consolidation

In 2004, the changes listed below took place in the scope of consolidation. The impact on the consolidated balance sheet is shown in Note 29. The changes contributed CHF 7.3 million (previous year CHF 9.8 million) to the consolidated gross sales. Their impact on net earnings is not significant.

The percentages in brackets indicate the interest in the company in terms of voting rights.

Acquisition

Seal Line S.p.A., Montegaldella-Vicenza, IT (100%)	July 22, 2004
CIF s.r.l., Veggiano-Padova, IT (8%)	July 22, 2004
Lonstroff AG, Aarau – acquisition of selected assets	March 1, 2004

Sale

Guangzhou Covac Co. Ltd., Guangzhou, CN (15.5%)	January 1, 2004
Mader GmbH, Leinfelden, DE (100%)	October 1, 2004

New Incorporation

Wachendorf AG, Dübendorf (100%)	December 12, 2003
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Liquidation

Helvoet Pharma International SA, Luxembourg (100%)	November 15, 2004
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Name Changes

Helvoet Pharma Holding SA, Luxembourg, to: Helvoet Pharma International SA, Luxembourg
Dietrich Schuricht GmbH & Co.KG, Bremen, to: Schuricht Distrelec GmbH, Bremen
Rellgom AG, Dübendorf, to: Mader Technic AG, Dübendorf

Notes to the Financial Statements

1 Segmental Reporting

The Dätwyler Group is a diversified industrial corporation organized into five divisions plus financial companies.

The Cables+Systems Division is active in the sectors of structured cabling for buildings, carriers, safety cabling systems, building management and the elevator industry. It owns manufacturing facilities and distribution units in Switzerland, Germany, Austria, the UK and Asia.

The Rubber+Plastics Division is primarily active in the automotive, construction and industrial sectors. Its production facilities and distribution companies are located in Switzerland, Germany, France, the Czech Republic, the Ukraine and the U.S.

The Precision Tubes Division focuses on the strategic sectors of gas springs, automotive components, structural components and shock absorbers. Its production facilities and distribution units are located in Switzerland, Germany and the U.S.

The Pharmaceutical Packaging Division focuses on the manufacture of rubber and aluminum/plastic components for pharmaceutical packaging and rubber components for disposable medical devices. The production and distribution are operated by group companies in Belgium, Italy, Germany, the Netherlands and the U.S.

The Technical Components Division operates in the sectors of specialty distribution, e-commerce and i/o devices. Its distribution and service companies are located in Switzerland, Germany, Austria, Italy, Asia and the U.S.

A detailed description of the products and services of the individual divisions can be found on pages 8 to 27 of this annual report.

Internal reporting focuses on the above-mentioned divisions. Analysis by division is the primary reporting format for the segmental reporting that follows. Geographical analysis is the secondary reporting format.

Deliveries within the group are made at market prices.

Segmental Reporting

Primary Format by Division as of 12/31/2004

Amounts in CHF million								Group total
	Cables+ Systems	Rubber+ Plastics	Precision Tubes	Pharma- ceutical Packaging	Technical Compon- ents	Financial and service companies	Elimina- tions	
Sales to third parties	166.5	130.0	180.8	195.6	390.1	–	–	1 063.0
Sales between segments	0.5	0.3	–	–	2.3	–	–3.1	0.0
Total sales	167.0	130.3	180.8	195.6	392.4	–	–3.1	1 063.0
Depreciation	12.1	6.5	13.3	15.5	8.8	1.5	–	57.7
Impairment charges	3.5	–	–	–	2.0	–	–	5.5
Amortization of goodwill	–	0.2	–	0.5	2.1	–	–	2.8
EBIT	–14.6	3.2	7.5	23.2	16.6	4.0	–	39.9
Total assets	115.7	78.8	177.8	224.4	303.9	472.8	–378.1	995.3
Of which balance sheet value of equity-consolidated companies	–	1.0	–	–	1.5	–	–	2.5
Total liabilities (incl. minority interests)	99.6	70.9	112.2	125.1	169.0	15.9	–231.1	361.6
Capital expenditures in tangible fixed assets	5.5	5.6	6.0	16.0	20.2	0.9	–	54.2
Capital expenditures in intangible assets	–	0.8	–	11.3	–	–	–	12.1
Number of employees	715	653	579	1 126	1 371	36	–	4 480
Personnel units	681	628	542	1 150	1 294	28	–	4 323

Primary Format by Division as of 12/31/2003

Amounts in CHF million								Group total
	Cables+ Systems	Rubber+ Plastics	Precision Tubes	Pharma- ceutical Packaging	Technical Compon- ents	Financial and service companies	Elimina- tions	
Sales to third parties	161.7	121.5	158.5	187.6	374.6	–	–	1 003.9
Sales between segments	0.3	0.3	–	–	2.2	–	–2.8	0.0
Total sales	162.0	121.8	158.5	187.6	376.8	–	–2.8	1 003.9
Depreciation	12.2	6.1	12.1	14.1	10.6	2.0	–	57.1
Amortization of goodwill	–	0.4	–	0.5	2.5	–	–	3.4
Impairment of goodwill	–	–	–	–	3.6	–	–	3.6
EBIT	–11.8	2.6	–0.4	23.2	15.2	5.0	–	33.8
Total assets	122.4	78.1	170.0	183.5	314.3	520.8	–371.4	1 017.7
Of which balance sheet value of equity-consolidated companies	0.2	0.8	–	–	0.6	–	–	1.6
Total liabilities (including minority interests)	88.6	72.3	106.8	90.0	167.8	97.8	–224.4	398.9
Capital expenditures in tangible fixed assets	7.1	6.8	5.6	13.4	9.0	0.6	–	42.5
Capital expenditures in intangible assets	–	–	–	–	–	–	–	–
Number of employees	726	630	554	985	1 375	31	–	4 301
Personnel units	676	620	544	1 018	1 273	26	–	4 157

The results after EBIT are not allocated to the individual segments.

Secondary Format by Geographical Region as of 12/31/2004

Amounts in CHF million	Gross sales by region ⁽¹⁾	Gross sales by origin	Total assets ⁽²⁾	Capital expenditures in tangible assets	Capital expenditures in intangible assets	Number of employees	Personnel units
Switzerland	331.7	410.8	616.7	30.2	0.8	1 855	1 743
European Union	513.9	412.3	303.5	15.6	–	1 624	1 567
Europe (excluding Switzerland and EU)	53.8	22.7	9.6	0.6	11.3	27	22
North America	91.1	79.3	51.9	6.9	–	417	434
Far East	36.6	58.1	12.9	0.9	–	509	518
Other	35.9	79.8	0.7	–	–	48	39
Group total	1 063.0	1 063.0	995.3	54.2	12.1	4 480	4 323
Canton of Uri 2004	–	217.5	264.7 ⁽³⁾	8.7	0.8	924	863

Secondary Format by Geographical Region as of 12/31/2003

Amounts in CHF million	Gross sales by region ⁽¹⁾	Gross sales by origin	Total assets ⁽²⁾	Capital expenditures in tangible assets	Capital expenditures in intangible assets	Number of employees	Personnel units
Switzerland	316.6	390.5	677.0	21.6	–	1 836	1 721
European Union	483.9	359.4	262.0	14.4	–	1 570	1 503
Europe (excluding Switzerland and EU)	44.8	41.2	8.9	1.3	–	24	24
North America	97.2	89.2	52.6	3.9	–	421	458
Far East	29.2	40.4	5.7	1.3	–	417	427
Other	32.2	83.2	1.5	–	–	33	24
Group total	1 003.9	1 003.9	1 017.7	42.5	–	4 301	4 157
Canton of Uri 2003	–	203.2	323.4 ⁽³⁾	10.6	–	938	876

⁽¹⁾ Sales by destination.

⁽²⁾ Assets by location.

⁽³⁾ Including finance companies in the Canton of Uri (CH).

2 Gross Sales

The analysis of sales by division and geographical region has been shown in segmental reporting, Note 1.

Gross sales figures were affected by:

in CHF million	2004	%	2003	%
Changes in the scope of consolidation	7.3	0.7	9.8	1.0
Exchange-rate movements	-1.4	-0.1	-4.0	-0.4
Organic growth	53.2	5.3	-39.0	-3.8
Total change	59.1	5.9	-33.2	-3.2

The character of the Dätwyler Group as a diversified corporation makes it impossible to provide meaningful information on orders received and orders on hand.

3 Other Operating Income

This position includes among others income from services rendered, sales of scrap and costs of packaging and freight invoiced to customers.

4 Personnel

Personnel Expenses

in CHF million	2004	2003
Wages and salaries	244.4	239.4
Social security costs	58.5	56.8
Contributions to government social security institutions	26.2	26.2
Employer's pension fund contributions	12.4	11.8
Expenses for defined-benefit plans under IAS 19	2.6	3.8
Additional payments which cannot be capitalized under IAS 19	8.8	6.8
Expenses for defined-contribution plans under IAS 19	1.0	1.2
Other social security costs	19.9	18.8
Other personnel costs	10.5	8.8
Total	313.4	305.0

Bonus plans unrelated to share prices and a stock option program (see Note 19) exist for the senior management.

Number of Employees

The analysis of the workforce by division and geographical region has been shown in segmental reporting (Note 1).

5 Pension Plans

The following data summarize the financial position of the benefit-defined pension plans calculated in accordance with the principles of IAS 19. All figures are taken from actuarial appraisals.

in CHF million	2004	2003
Present value of defined-benefit obligations	-452.4	-446.6
Fair value of net plan assets	438.4	426.7
Actuarial deficit	-14.0	-19.9
Unrecognized interest of employees in the welfare fund	-4.2	-4.1
Unrecognized actuarial losses	21.3	27.4
Net assets	3.1	3.4
Of which:		
Liabilities (long-term provisions)	-1.8	-1.4
Assets (other receivables)	4.9	4.8

The annual pension costs of the defined-benefit plans under IAS 19 are calculated as follows:

in CHF million	2004	2003
Current service cost	16.5	16.0
Interest cost	15.6	15.6
Amortization of actuarial losses	-	0.4
Employees' contributions	-6.5	-6.4
Expected return on plan assets	-23.0	-21.8
Cost of defined-benefit plans according to IAS 19	2.6	3.8

The actual return on the assets of the defined-benefit pension plans was CHF 19.6 million (previous year CHF 34.8 million).

The following summary shows changes in accrued income:

in CHF million	2004	2003
Net assets as of January 1	3.4	1.9
Cost for benefit-defined plans pursuant to IAS 19	-2.6	-3.8
Contributions paid	11.1	12.1
Employer's additional payments which cannot be capitalized	-8.8	-6.8
Net assets as of December 31	3.1	3.4

The actuarial calculation of pension liabilities was based on the following average, weighted assumptions:

	2004	2003
Discount rate	3.5 %	3.5 %
Long term return on plan assets	5.5 %	5.5 %
Wage development: Projection	1.2 %	1.2 %
Pension adjustments: Projection	1.0 %	1.0 %
Average period of employment of present employees	20.6 J.	20.6 J.

6 Operating Expenses

This item states expenses for consumption of operating supplies, energy, repair and maintenance, logistics, insurance, administration and sales, rents, leasing and capital taxes. The group has no significant licensing expenses.

The cost of quality assurance is included in the manufacturing overhead, while that of applied development adapted to customers' needs which cannot be invoiced is booked under operating expenses. Approximately 5 % of gross sales is spent on this in the industrial areas. Apart from the above-mentioned costs, no other operating expenditure exceeds 5 % of gross sales.

7 Other Expenses/Income

in CHF million	2004	2003
Rental income	0.2	0.2
Other	-0.4	-0.1
Total	-0.2	0.1

8 Depreciation on Tangible Fixed Assets and Intangible Assets

in CHF million	2004	2003
Tangible fixed assets	63.0	56.7
Buildings	11.7	10.7
Machinery and operating equipment	39.0	35.0
Office equipment, EDP installations, vehicles	12.3	11.0
Intangible assets	0.3	0.4
Total	63.3	57.1

9 Income Taxes

in CHF million	2004	2003
Current income taxes	9.9	5.7
Deferred tax expense	0.6	0.1
Total	10.5	5.8

The actual tax charge on net earnings before tax can be analyzed as follows, applying the tax rate of 23 % at the registered office of Dätwyler Holding Inc. in Altdorf, Switzerland, for comparative purposes:

in CHF million	2004	2003
Net earnings before tax	34.7	28.0
Income taxes calculated at the tax rate of 23 %	8.0	6.4
Impact of differing tax rates within the group	1.7	2.5
Impact of the exclusion of current losses as deferred tax credits	4.4	7.2
Impact of offsetting tax losses against tax profits for which no deferred tax credits have been included in previous periods	-0.4	-3.6
Impact of tax deductible expenses eliminated in the consolidated financial statements	-2.3	-3.0
Tax expenses not relating to the accounting period and other effects	-0.9	-3.7
Total income taxes (current and deferred)	10.5	5.8

10 Tangible Fixed Assets

The analysis of capital expenditures for tangible fixed assets by division and geographical region was shown in segmental reporting, Note 1.

Changes in fixed assets

in CHF million	Land and buildings	Machinery and operating equipment	Office equipment, EDP installation, vehicles	Total 2004	Total 2003
	Acquisition cost				
As of January 1	353.3	645.9	103.3	1 102.5	1 091.4
Additions	3.1	43.1	8.0	54.2	42.5
Disposals	-2.0	-17.0	-10.1	-29.1	-40.0
Change in scope of consolidation	8.7	35.4	2.0	46.1	-
Currency adjustments	-2.5	-6.0	-1.0	-9.5	8.6
As of December 31	360.6	701.4	102.2	1 164.2	1 102.5
Accumulated depreciation					
As of January 1	185.0	457.0	79.9	721.9	697.5
Depreciation	9.0	36.2	12.3	57.5	56.7
Impairment charges	2.7	2.8	-	5.5	-
Disposals	-2.2	-14.8	-11.5	-28.5	-36.5
Change in scope of consolidation	1.7	21.0	1.5	24.2	-
Currency adjustments	-1.3	-4.6	-0.8	-6.7	4.2
As of December 31	194.9	497.6	81.4	773.9	721.9
Net book value					
As of January 1	168.3	188.9	23.4	380.6	393.9
As of December 31	165.7	203.8	20.8	390.3	380.6
Of which investment property	11.0			11.0	11.2

Accumulated depreciation includes impairment charges in the amount of CHF 5.5 million:

- Cables+Systems Division: Based on a lack of demand stimulation in the fiber optics market and thus insufficient capacity utilization of the fiber optics plant, a cash-generating unit, an impairment charge was made on tangible fixed assets in the amount of CHF 3.5 million. The adjustment of the book value was made on the basis of a value in use calculation based on future cash flows, discounted with 8.0%.
- Technical Components Division: As a consequence of the continuing oversupply of office and commercial real estate, an impairment charge in the amount of CHF 2.0 million had to be made with regard to a property in the Zurich East area. The adjustment of the book value was made on the basis of in-house market value estimates based on future rental income.

In principle, tangible fixed assets are owned by the companies. The proportion of leased equipment is insignificant.

Assets pledged or assigned as security for liabilities:

Book/nominal value in CHF million	2004	2003
Land and buildings	24.4	26.9
<i>Of which used for bank and mortgage loans</i>	22.8	25.1

The fire insurance values of tangible fixed assets amount to:

in CHF million	2004	2003
Buildings	579.0	596.3
Machinery, equipment and vehicles	1 009.9	903.7
Total	1 588.9	1 500.0

Assets are insured at replacement values. Business interruption risks are extensively covered throughout the group.

Investment Property

in CHF million	Residential and business premises	Land reserves	Total
	Acquisition cost		
As of January 1, 2004	8.9	3.7	12.6
Additions	0.1	–	0.1
Disposals	–	–0.1 ⁽¹⁾	–0.1
As of December 31, 2004	9.0	3.6	12.6
Accumulated depreciation			
As of January 1, 2004	1.4	–	1.4
Additions	0.2	–	0.2
As of December 31, 2004	1.6	–	1.6
Net book value			
As of January 1, 2004	7.5	3.7	11.2
As of December 31, 2004	7.4	3.6	11.0
Market value			
As of December 31, 2003	10.6	12.9	23.5
As of December 31, 2004	9.0	12.3	21.3
Rental income			
2003	0.8	–	0.8
2004	0.8	–	0.8
Repair and maintenance costs			
2003	0.2	–	0.2
2004	0.2	–	0.2

⁽¹⁾ Proceeds of CHF 0.6 million resulted from the sale of land reserves.

The market values of investment property in the Dätwyler Group are determined based on generally applicable methods for defining market value of real estate. The market value calculation was made by an in-house real estate specialist based on future rental income.

11 Intangible Assets

Changes in and composition of various intangible assets

in CHF million	2004	2003
Acquisition cost		
As of January 1	4.0	4.4
Additions	6.7	–
Disposals	–	–0.3
Currency adjustments	–0.1	–0.1
As of December 31	10.6	4.0
Accumulated depreciation		
As of January 1	4.0	3.9
Depreciation	0.3	0.4
Disposals	–	–0.3
Currency adjustments	–0.1	–
As of December 31	4.2	4.0
Net book value		
As of January 1	0.0	0.5
As of December 31	6.4	0.0

12 Goodwill

in CHF million	2004	2003
Acquisition cost		
As of January 1	88.1	84.4
Additions	5.3	–
Disposals	–24.5	–
Currency adjustments	–0.7	3.8
As of December 31	68.2	88.1
Accumulated amortization		
As of January 1	20.4	15.7
Amortization	2.8	3.4
Disposals	–5.5	–
Currency adjustments	–0.3	1.3
As of December 31	17.4	20.4
Accumulated impairment charges		
As of January 1	24.2	20.6
Impairment charges	–	3.6
Disposals	–13.6	–
As of December 31	10.6	24.2
Net book value		
As of January 1	43.5	48.1
As of December 31	40.2	43.5

The assessment of goodwill in the previous year revealed the need for an impairment charge of CHF 3.6 million against the backdrop of the difficult economic environment in Germany and – at that time – the limited performance potential of Mader GmbH, Leinfelden (Germany), a cash-generating unit in the Technical Components Division. This adjustment of the value in use was made based on estimates of future cash flows, discounted by 10.0%.

13 Investments in Associated Companies/Other Financial Assets

<i>Investments in Associated Companies</i>		
in CHF million	2004	2003
Net book value as of January 1	1.6	1.5
Additions	0.6	–
Attributable net earnings	0.2	0.1
Net book value as of December 31	2.4	1.6

Other Financial Assets

in CHF million	2004	2003
Minority interest investments		
Net book value as of January 1	1.8	1.8
Additions	0.1	0.1
Disposals	–1.3	–
Value adjustments	–0.3	–0.1
Net book value as of December 31	0.3	1.8
Securities, bonds (available for sale investments)	6.8	9.2
Loans	5.1	2.6
Sundry long-term investments	0.3	0.3
Total other financial assets	12.5	13.9

14 Inventories

in CHF million	2004	2003
Raw materials and operating supplies	44.4	42.7
Trading stock ⁽¹⁾	39.7	55.8
Semi-finished goods	37.1	30.0
Finished goods	74.9	63.9
Total	196.1	192.4

⁽¹⁾ Of this, trading stock from group companies amounted to CHF 5.2 million (previous year CHF 13.4 million).

Value adjustments deducted from the inventories amount to CHF 33.7 million (previous year CHF 33.7 million).

15 Trade Accounts Receivable

in CHF million	2004	2003
Trade receivables	154.7	136.6
Valuation reserves	–9.0	–7.3
Total	145.7	129.3

16 Cash and Cash Equivalents

in CHF million	2004	2003
Cash	55.1	199.1
Money market investments	108.9	21.9
Cash and cash equivalents pursuant to IAS 7	164.0	221.0
Shares, mutual fund units and similar instruments (available for sale investments)	7.3	6.7
Total (all funds are freely disposable)	171.3	227.7

17 Capital Stock

Composition of the Unchanged Capital Stock:

in CHF million	2004	2003
220 000 registered shares of CHF 100 p.v.	22.0	22.0
136 000 bearer shares of CHF 500 p.v.	68.0	68.0
Total capital stock	90.0	90.0

Data per Share

	2004	2003
Bearer shares (CHF 500 par value)		
Number in issue	136 000	136 000
Number eligible for dividend	110 000	110 000
Proposed/approved dividend per bearer share	55	50
Registered shares (CHF 100 par value) Number in issue	220 000	220 000
Number eligible for dividend	220 000	220 000
Proposed/approved dividend per registered share	11	10
Total par value eligible for dividend (in CHF million)	77.0	77.0
Authorized capital stock	none	none
Conditional capital stock	none	none
Registration/voting restrictions	none	none
Opting-out or opting-up provisions	none	none

18 Earnings per Share

Earnings per share are calculated by dividing net earnings by the weighted number of outstanding shares eligible for dividend minus the treasury shares held for securing the executive stock option plan. The weighted value of the 220 000 registered shares is equivalent to 44 000 bearer shares. This provides the basis for calculating earnings per share.

	2004	2003
Net earnings according to the income statement (in CHF million)	24.2	22.1
Weighted average number of shares	152 080	152 000
Earnings per bearer share eligible for dividend (CHF)	159	146

The conversion rights on the convertible bonds 1998-2004 expired on December 29, 2003. Since then, no facts existed that would lead to a dilution of the earnings per share.

19 Treasury Stock

The 26 000 bearer shares with a par value of CHF 500 each, created by resolution by the annual general meeting of November 18, 1989, were issued under exclusion of any preemptive subscription rights for holders of shares and participation certificates in order to secure options and conversion rights and to be used for other purposes in the interest of the company; they do not provide any voting or dividend rights until used.

None of these shares that are deposited with Alvest AG, Altdorf, the finance and management arm of the Dätwyler Group, were used in the year under review. The conversion rights on the 2¾% convertible bonds January 7, 1998–2004, expired on December 29, 2003, without being exercised, such that these shares are now freely available.

Treasury stock holdings on December 31, 2004, were unchanged at 26 000 bearer shares, which appear on the balance sheet of Alvest AG at the par

value of CHF 500 per share, i.e. a total of CHF 13.0 million. These bearer shares, which were created prior to the introduction of the new corporation law on October 4, 1991, represent 14.44% of the total capital stock and therefore exceed the 10% limit on holdings of bearer treasury stock provided for in Art. 659, para. 1 of the Swiss Code of Obligations. The company intends to again comply with the requirements of Art. 659 para. 1 of the Swiss Code of Obligations in the coming years by placing these shares on the capital market, utilizing them as payment for acquisitions, or by similar means.

From the original 2 000 additional bearer shares with an acquisition value of CHF 5 088 791, 1 920 with an acquisition value of CHF 4 885 239 (par value CHF 960 000) continue to be owned by Alvest AG, the finance and management arm of the Dätwyler Group, and are eligible for dividends but have no voting rights. These bearer shares serve as collateral for the executive stock option plan of January 9, 2001. In this plan, 2 000 stock options were allocated at the price of CHF 30 each, which at the same time corresponds to their market value. This allocation therefore did not result in any expenditure. An option entitles the holder to purchase a bearer share of Dätwyler Holding Inc. at the exercise price of CHF 2 500. The vesting period ended on January 9, 2004, and the options expire on January 9, 2006. Since the expiration of the vesting period, 80 options have been exercised.

20 Stockholders

Pema Holding AG owns all 220 000 registered shares as well as 42 000 of the total of 136 000 bearer shares of Dätwyler Holding Inc. This represents 79.39% of the voting rights or 47.78% of the capital. The entire capital stock of Pema Holding AG was contributed to Dätwyler Führungs AG which thus indirectly holds a majority of voting rights of Dätwyler Holding Inc. (see also Corporate Governance, page 32).

The board of directors of Dätwyler Holding Inc. is not aware of any further stockholders and stockholders' groups that are bound by a pooling agreement with a holding exceeding 5% of all voting rights (Note 31).

21 Reserves

Legal Reserves

The legal reserves are reserves which have been set aside to comply with national regulations and cannot be freely distributed. The change is due mainly to the streamlining of the scope of consolidation through the liquidation of Helvoet Pharma International SA.

Free Reserves

These reserves are mainly reserves consisting of retained earnings that are freely distributable.

22 Minority Interests

As of December 31, 2004, the Dätwyler Group held no minority interests in any companies.

23 Bonds

On January 7, 1998, Dätwyler Holding Inc. issued 2¾% convertible bonds January 7, 1998–2004, in the nominal amount of CHF 78 000 000. Each bond with a nominal value of CHF 6 000 could be converted into two bearer shares of Dätwyler Holding Inc. free of charge by December 29, 2003. The conversion rights were secured by existing bearer treasury stock (see Note 19).

Book value 12/31/2003	CHF 78 000 000
Market value 12/31/2003	CHF 78 000 000

Initial Adjustments to Date of Issue in 1998 in CHF million

Nominal value of convertible bonds issued	78.0
Stockholders' equity component	-3.1
Liability component on the date of issue	74.9

The interest payable on the convertible bonds was calculated at the prevailing interest rate on the date of issue for comparable, nonconvertible bonds and amounted to 3.5%. The interest payable is calculated on the market value of the convertible bonds. Deferred income taxes in connection with the transaction are insignificant.

Development

in CHF million	2003
Interest paid	-2.1
Interest payable, adjusted	+2.7
Liability component as of December 31	78.0

The convertible bonds were repaid on January 7, 2004.

24 Provisions

in CHF million	01/01	Created	Utilized	Reversed	31/12
Short-term provisions for:					
Personnel and social security	19.1	18.0	-13.5	-2.3	21.3
Warranty and compensation claims	4.1	2.8	-2.2	-0.5	4.2
Restructuring	0.6	1.0	-1.1	-0.1	0.4
Environment and infrastructure	1.1	0.2	-0.3	-0.6	0.4
Other	9.3	5.5	-3.1	-2.0	9.7
Total short-term provisions	34.2	27.5	-20.2	-5.5	36.0
Long-term provisions for:					
Personnel and social security	5.4	3.0	-0.2	-0.6	7.6
Warranty and compensation claims	4.5	1.1	-0.4	-0.1	5.1
Environment and infrastructure	12.2	0.3	-1.1	-	11.4
Other	5.7	0.4	-	-2.1	4.0
Total long-term provisions	27.8	4.8	-1.7	-2.8	28.1
Total provisions 2004	62.0	32.3	-21.9	-8.3	64.1
Total provisions 2003	66.5	28.7	-25.0	-8.2	62.0

Personnel and Social Security

These consist of provisions for leave, overtime, bonuses, premiums and similar liabilities. The provisions are calculated on the basis of actual data. As a rule, the expected payments are due within 24 months.

Warranty and Damage Claims

The Dätwyler Group grants warranties in connection with deliveries and services provided. They are based on local laws or on contractual agreements. The provisions are calculated based on empirical figures. The provisions for damage claims are based

on claims that have actually occurred and been reported and, as a rule, are settled within a year.

Restructuring

These consist of restructuring measures in group companies which have been decided upon and announced and are, in principle, implemented within one year.

Environment and Infrastructure

These consist of liabilities arising from the rehabilitation of existing waste deposits at long-term production facilities and expected costs in connection

with the restoration and repair of infrastructure. The provisions are determined on the basis of detailed cost estimates. The projects are implemented over a period of several years.

25 Deferred Income Taxes

Changes

Capitalized deferred tax assets and provisions for deferred taxes are calculated by taking all temporary differences into account in applying the liability method.

in CHF million	2004	2003
As of January 1	18.0	18.4
Deferred tax expense	0.6	0.1
Currency differences	0	0.7
Changes in the scope of consolidation	7.0	–
Other changes	–	–1.2
As of December 31	25.6	18.0

Composition

Capitalized deferred tax assets and provisions for deferred taxes can be mutually offset if an offset is possible and intended by the relevant tax law.

in CHF million	2004	2003
Deferred tax assets	2.7	2.5
Provisions for deferred taxes	–28.3	–20.5
Deferred income tax (net)	–25.6	–18.0

Tax Losses Carried Forward

Tax losses carried forward are capitalized as deferred taxes to the extent that the future financial benefit can be regarded as probable. Tax loss carry-forwards carried in the balance sheet as deferred tax assets arise from a very limited number of companies for which clearly discernible, sustained profits can be foreseen following cyclical fluctuations in results or start-up losses. The group has not taken into account a total of CHF 168.4 million (previous year CHF 154.6 million) of tax losses carried forward at individual group companies, since at the present time it seems rather unlikely that these tax loss carry-forwards can be offset against future profits. The possibility of offsetting these losses against future profits expires as follows:

in CHF million	2004	2003
Expiring in		
1 year	2.0	–
2 years	4.2	1.5
3 years	2.6	6.2
4 years	4.3	4.6
5 years and more	155.3	142.3
Total	168.4	154.6

Reasons

Capitalized deferred tax assets and provisions for deferred taxes arise from temporary differences in the following balance sheet items and losses carried forward:

in CHF million	2004	2003
Tangible fixed assets	–25.7	–20.9
Inventories	–5.3	–4.6
Other balance sheet items	–1.3	1.1
Tax losses carried forward	6.7	6.4
Total	–25.6	–18.0

The temporary differences in connection with investments in group companies on which no provisions were made for deferred taxes amounted to CHF 196.7 million (previous year CHF 216.1 million) on December 31, 2004.

26 Liabilities

The liabilities of the Dätwyler Group have the following composition and maturities:

in CHF million	Total amount	Short-term liabilities (less than 1 year)	Long-term liabilities (more than 1 year)	Of these, secured by pledge (nominal amount)
Trade accounts payable	59.6	59.6	–	–
Bank loans	165.4 ⁽¹⁾	131.7	33.7	24.4
Liabilities to employee pension and welfare funds	5.2	5.2	–	–
Advance payments by customers	0.8	0.8	–	–
Other liabilities				
Income and capital taxes owed	6.9	6.9	–	–
Leasing liabilities	1.2	0.5	0.7	–
Miscellaneous	13.6	7.6	6.0	–
Deferred charges	16.4	16.4	–	–
Provisions (including deferred taxes)	92.4	36.0	56.4	–
Liabilities	361.5	264.7	96.8 ⁽²⁾	–
<i>Of which interest-bearing liabilities ⁽³⁾</i>	<i>170.6</i>	<i>136.9</i>	<i>33.7</i>	
<i>Cash and cash equivalents and securities</i>	<i>171.3</i>	<i>171.3</i>		

⁽¹⁾ Details of bank loans in CHF million

	Debt	Interest rate %
<i>By maturity</i>		
Short-term	131.7	2.6
Long-term	33.7	3.0
<i>By currency</i>		
CHF	58.8	2.0
EUR	74.9	3.1
USD	25.2	3.1
Other	6.5	–
<i>By region</i>	<i>2004</i>	<i>2003</i>
Switzerland	64.2	60.3
Other	101.2	83.4

⁽²⁾ Maturities of the long-term liabilities, excluding provisions
in CHF million

Less than 2 years	23.4
Less than 3 years	10.4
Less than 4 years	5.4
Less than 5 years	0.3
5 years or more	0.9
Total liabilities excluding provisions	40.4

⁽³⁾ Average effective interest rate on liabilities 2.7 %

27 Risk Management and Financial Instruments

Derivative financial instruments are used exclusively to hedge currency risks. Contracts are concluded only with financial institutions having prime credit ratings. Basic decisions relating to currency risk management are made strategically at the group level. Short- and medium-term decisions are made operationally at the division or the individual company level. At the operating level, the overriding objectives of strategic currency management are pursued with reference to the liquidity, profit and risk targets.

Currency Risks

A substantial proportion of the group's operating cash flow is in foreign currencies. Currency risks on trade receivables, trade payables and group loans are partially hedged. Forward foreign exchange transactions and currency options which generally mature within 12 months are used as hedging instruments. Hedge accounting in the sense of IAS 39 was not used.

Forward Foreign Exchange Contracts

in CHF million (as of December 31)	2004	2003
Positive replacement value	0.9	0.7
Contract volume	11.0	22.0
Negative replacement value	0.3	0
Contract volume	12.2	3.0

Foreign Exchange Contracts by Currency

in CHF million (as of December 31)	2004	2003
EUR	8.1	10.2
USD	9.0	7.3
GBP	–	1.8
CZK	6.0	5.7
JPY	0.1	–
Total	23.2	25.0

The contract values reflect the group's total commitment with regard to financial instruments. However, the figures do not correspond to the losses which could be generated by fluctuations on the financial markets.

Credit Risks

The Dätwyler Group used no derivative financial instruments to hedge credit risks. Short-term bank balances are held with financial institutions that have a high credit rating. Trade receivables are stated after deduction of provisions for collection risks; the credit risk of this position is limited by the fact that the group has a large number of regular customers in different industries and different geographical regions. The group is therefore not exposed to any significant cluster risk.

The loan-loss risk within the Dätwyler Group is limited by the fact that contracts are only concluded with counterparties that have prime credit ratings.

Interest Rate Risks

Interest-rate risks were not hedged. It is the prevailing policy to fix interest rates in the context of medium- and long-term financing and arrange short-term financing with variable interest rates.

Market Price Risks

Market price risks (on equity investments or certain commodity purchases) are selectively hedged.

28 Contingent Liabilities

Within the context of the normal course of business, certain risks exist that arise from possible or probable liabilities in connection with legal proceedings and tax audits. Provisions have been made to the extent that the outcome of such cases can reliably be estimated. No provisions were made to the extent that the outcome of such cases is unclear or the risk not quantifiable.

No sureties exist which relate to business relationships between the Dätwyler Group and third parties. Guarantees and sureties within the group were eliminated upon consolidation. There are no subordination agreements with third parties.

29 Impact of Changes in the Scope of Consolidation

The investment holdings and assets and liabilities that were sold from or added to the scope of consolidation had the following impact on the consolidated balance sheet in 2004. No acquisitions or sales were made in the previous year.

In CHF million	2004	
	Additions	Disposals
Tangible fixed assets	23.4	-0.7
Goodwill	5.3	-4.5
Other fixed assets	6.8	-
Current assets	12.6	-10.1
Liabilities	-21.7	+5.1
Net assets	26.4	-10.2
Acquired/disposed-of cash and cash equivalents	-0.8	+2.1
Acquired/disposed-of net assets, excluding cash and cash equivalents	25.6	-8.1
Result from change in the scope of consolidation	-	+2.2
Net cash flow from change in the scope of consolidation	25.6	-5.9

Additions

The additions include the selected assets bought by Lonstroff AG and the impact of the acquisition of Seal Line S.p.A. Helvoet Pharma Belgium N.V. with registered office in Alken, Belgium, acquired 100% of the shares of the Italian company, Seal Line S.p.A., Montegaldella. Seal Line employs 165 and generates annual sales of approximately CHF 24.0 million. Incorporated in 1975, Seal Line has been part of the Italian company, IVG Colbachini S.p.A. since 1988. In addition to production and distribution synergies, the product segment of closures for disposable syringes is reinforced with this acquisition. Based on the purchase agreement, detailed information including the purchase price is to be treated confidentially. Seal Line S.p.A. has realized EBIT of CHF 0.1 million since the acquisition.

Disposals

The disposals concern the sale of Mader GmbH. The Dätwyler Group sold Mader GmbH, Leinfelden, Germany, as of October 1, 2004, to an investor

group led by the existing chief executive officer. The sale was made for strategic reasons in the context of a focusing of the Technical Components Division. The products offered by the company that is active in the technical specialty distribution sector comprises the areas of compressed air/pneumatic systems, oil/gas components, compressors and automation. With four subsidiaries in southern Germany and a representation in Chemnitz, Mader generates annual sales of approximately CHF 26 million with about 70 employees. Based on the purchase agreement, detailed information including the selling price is to be treated confidentially.

Before it was sold, Mader GmbH contributed with EBIT of CHF 0.2 million to the net earnings of the group in 2004.

30 Events Occurring after the Balance Sheet Date

The Dätwyler company Maag Technic AG, based in Dübendorf, acquired 100% percent of the shares of Richterich+Zeller AG, Basel, as of January 1, 2005. Incorporated in 1935, Richterich+Zeller employs nine and generates annual sales of approximately CHF 3.0 million. The impact on the net earnings of the group is insignificant.

As a specialist in fluid and sealing technology for the chemical industry, Richterich+Zeller ideally complements the existing product range of Maag Technic AG. Based on the purchase agreement, detailed information including the purchase price is to be treated confidentially.

No events have occurred that would result in adjustments to the book values of the group's assets and liabilities.

31 Business Transactions with Associated Persons and Companies

All business transactions with associated companies, foundations and persons are based on customary commercial forms of contracts and conditions and are conducted "at arm's length."

Pema Holding AG is in the possession of all 220 000 registered shares and 42 000 of a total of 136 000 bearer shares of Dätwyler Holding Inc. This represents 79.39% of the voting rights or 47.78% of the capital stock. The entire capital stock of Pema Holding AG was contributed to Dätwyler Führungs AG which thus indirectly holds a majority of voting rights in Dätwyler Holding Inc. (see also Corporate Governance, page 32).

In addition to dividend payments to Pema Holding AG and the invoicing of a fee of CHF 24 000 (previous year CHF 24 000) for administration and accounting services rendered to the above-mentioned two companies by Alvest AG, no transactions between the companies took place. As of December 31, 2004, and 2003, no accounts receivable or payable were pending.

Remuneration paid to the board of directors of Dätwyler Holding Inc. is in the form of a fixed fee, and in the year under review amounted to CHF 0.645 million (previous year CHF 0.533 million).

The compensation for the board of directors and the executive board is listed on page 38 et seq., Corporate Governance.

The pension fund contributions made in favor of the executive board totaled CHF 0.454 million.

No severance payments were made to members of the executive board who were leaving the company.

Subsidiaries and Affiliates

as on December 31, 2004		Incorporated in	Local Currency	Capital in Local Currency (millions)	Group Equity Holding in Percent	Footnotes	Cables+Systems	Rubber+Plastics	Precision Tubes	Pharmaceutical Packaging	Technical Components	Services/Finance
Switzerland	Abalec AG	Altdorf	CHF	0.050	100	K*						■
	Alvest AG	Altdorf	CHF	15.000	100	K*						■
	Basix AG	Altdorf	CHF	0.090	100	K*						■
	Dätwyler Inc.	Altdorf	CHF	32.000	100	K*	□	□				■
	Dätwyler Electronics AG	Zurich	CHF	4.450	100	K					■	
	Dätwyler Fiber Optics SA	Boudry	CHF	4.000	100	K	□					
	Dätwyler i/o devices AG	Bassersdorf	CHF	12.000	100	K					■	
	Dätwyler Pharma Pack Holding AG	Altdorf	CHF	39.000	100	K*				■		
	Dätwyler Teco Holding AG	Altdorf	CHF	9.900	100	K*					■	
	Dimos AG	Altdorf	CHF	0.100	100	K*						■
	Distrelec AG	Uster	CHF	0.500	100	K					■	
	Gummi Maag AG	Dübendorf	CHF	0.050	100	K						■
	Ilgenhof AG	St. Gall	CHF	0.600	100	K*						■
	Kaved AG	Altdorf	CHF	1.500	100	K*	□					
	Maag Technic AG	Dübendorf	CHF	2.000	100	K					■	
	Mader Technic AG	Dübendorf	CHF	0.100	100	K						■
	MTD-Immobilien AG	Dübendorf	CHF	2.000	100	K					■	
	Parenteral Packaging AG	Altdorf	CHF	0.100	100	K*						■
	Pohl Immobilien AG	Altdorf	CHF	1.600	100	K				■		
	RoRo Holding AG	Rothrist	CHF	15.000	100	K*			■			
	Rothrist Rohr (Schweiz) AG	Rothrist	CHF	10.000	100	K		□				
	Wachendorf AG	Dübendorf	CHF	0.100	100	K						■

□ Procution and Sales

■ Distribution

■ Services/Finance/Real Estate

K = consolidated as of December 31

E = equity consolidated investments in affiliates

B = stated at market value or acquisition cost (less any valuation adjustments) and included as other financial investments in affiliates

** = equity interest held directly by Dätwyler Holding Inc.*

as on December 31, 2004		Incorporated in	Local Currency	Capital in Local Currency (millions)	Group Equity Holding in Percent	Footnotes	Cables+Systems	Rubber+Plastics	Precision Tubes	Pharmaceutical Packaging	Technical Components	Services/Finance
Belgium	Helvoet Pharma NV	Alken	EUR	2.603	100	K				■		
	Helvoet Pharma Belgium NV	Alken	EUR	15.778	100	K				□		
	Pharma Packaging Int'l. Services NV	Alken	EUR	107.330	100	K				■		
China	Daetwyler (Suzhou) Cabling Syst.Co.Ltd.	Suzhou	USD	1.700	100	K	□					
	Daetwyler Cables+Systems (Shanghai) Co. Ltd.	Shanghai	USD	10.000	100	K	□					
Germany	Dätwyler Inter GmbH	Springe	EUR	0.256	100	K		□				
	Dätwyler Kabel+Systeme GmbH	Neufahrn	EUR	2.600	100	K	■					
	Dätwyler Teco Holding (DE) GmbH	Göppingen	EUR	3.100	100	K					■	
	Fähnle Technic GmbH	Göppingen	EUR	2.600	100	K					■	
	Helvoet Pharma Deutschland GmbH	Karlsbad	EUR	2.600	100	K				□		
	Rothrist Rohr (Deutschland) GmbH	Bottrop	EUR	5.113	100	K			□			
	Schuricht Beteiligungs GmbH	Bremen	EUR	0.026	100	K						■
	Schuricht Distrelec GmbH	Bremen	EUR	0.766	100	K					■	
	Wachendorf GmbH	Lörrach	EUR	0.030	100	K						■
	England	Dätwyler (UK) Ltd	Swindon	GBP	0.500	100	K	■				
Finland	Data-Glass Oy	Leppävirta	EUR	0.048	10.1	B	■					
France	Dätwyler Elastomères (France) SAS	Trie-Château	EUR	0.916	100	K		□				
Italy	CIF srl	Veggiano	EUR	0.014	8	B				□		
	Distrelec Italia srl	Milano	EUR	1.275	100	K					■	
	Seal Line SpA	Montegaldella	EUR	1.570	100	K				□		
Luxembourg	Helvoet Pharma International SA	Luxembourg	EUR	21.071	100	K				■		
Mexico	Daetwyler i/o devices Mexico SA DE CV	Juarez	MXP	11.535	100	K					□	
Netherlands	Dätwyler Kabel+Systemen BV	PG Dronten	EUR	0.050	100	K	■					
	Maro BV	Roosendaal	EUR	0.005	100	K				□		
Austria	Dätwyler Kabel+Systeme GmbH	Wien	EUR	0.037	100	K	■					
	Distrelec Gesellschaft mbH	Wien	EUR	0.145	100	K					■	
Singapore	Dätwyler (Thelma) Cables+Systems Pte Ltd.	Singapur	SGD	0.300	100	K	■					
Taiwan	Top Bound Enterprise Co. Ltd	Taipei	TWD	20.000	20	E					□	
	Topbound Technology Co. Ltd.	Taipei	TWD	100.000	25	E					□	
Thailand	Daetwyler i/o devices (Asia) Co. Ltd.	Bangkok	THB	130.000	100	K					□	
Czech Republic	Dätwyler Rubber (CZ) sro	Novy Bydzov	CZK	20.000	100	K		■				
	Prokes & Co. Sro	Novy Bydzov	CZK	8.750	20	E		□				
Ukraine	Druk LLC	Kiew	UAH	0.006	100	K		■				
USA	Daetwyler i/o devices (Americas) Inc.	Norcross, GA	USD	4.500	100	K					■	
	Daetwyler Rubber & Plastics Inc.	Marion, SC	USD	0.500	100	K		□				
	Helvoet Pharma Inc.	Pennsauken, NJ	USD	9.129	100	K				□		
	Rothrist Tube (USA) Inc.	Jackson, MI	USD	0.010	100	K			■			

Report of the Group Auditors

To the Annual General Meeting of Dätwyler Holding Inc., Altdorf

As auditors of the group, we have audited the consolidated financial statements (income statement, balance sheet, cash flow statement, statement of changes in stockholders' equity and notes; pages 44–71) of the Dätwyler Group for the year ended December 31, 2004.

These consolidated financial statements are the responsibility of the board of directors. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We confirm that we meet the legal requirements concerning qualification and independence.

Our audit was conducted in accordance with auditing standards promulgated by the Swiss profession and with the International Standards on Auditing, which require that an audit be planned and performed to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the consolidated financial statements. We have also assessed the accounting principles used, significant estimates made and the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements 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.

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

Zurich, March 18, 2005
PricewaterhouseCoopers AG



Armin Bantli René Rausenberger

Dätwyler Holding Inc.

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Income Statements

in CHF	*	2004	2003
Income from investments		30 451 623	26 500 000
Financial income	1	+12 296 307	+15 005 729
Financial expenses	1	-89 424	-2 515 084
Net financial income		12 206 883	12 490 645
Personnel expenses	2	-680 786	-562 053
Administrative expenses	3	-51 746	-51 746
Earnings before taxes		41 925 974	38 376 846
Taxes		-1 151 066	-1 215 744
Net earnings for the year		40 774 908	37 161 102
Retained earnings brought forward from previous year		409 899	448 797
Retained earnings		41 184 807	37 609 899

* Notes 1 to 3 see page 76

Balance Sheets

Assets in CHF	*	12/31/2004	12/31/2003
Investments in subsidiaries and affiliates	4	162 934 513	162 934 513
Accounts receivable	5	293 164 215	340 253 534
Non-current assets		456 098 728	503 188 047
Other assets		9 053	8 802
Current assets		9 053	8 802
Total assets		456 107 781	503 196 849
Liabilities and stockholders' equity in CHF			
Capital stock	6	90 000 000	90 000 000
Legal reserves	7	104 885 239	105 088 791
General reserve		87 000 000	87 000 000
Reserve for treasury stock	8	17 885 239	18 088 791
Special reserve	9	207 703 552	178 000 000
Retained earnings		41 184 807	37 609 899
Stockholders' equity		443 773 598	410 698 690
Other liabilities	10	934 183	3 098 159
Provisions	11	11 400 000	11 400 000
Convertible bonds	12	–	78 000 000
Liabilities		12 334 183	92 498 159
Total liabilities and stockholders' equity		456 107 781	503 196 849

* Notes 4 to 12 see pages 76 to 78

Notes

1 Financial Income

Interest was received on loans to group companies in accordance with group guidelines. For reasons of better comparability with the year under review, the financial costs of the previous year were transferred from the administrative expenses into the financial expenses.

2 Personnel Expenses

For reasons of better comparability with the year under review, the personnel expenses related to the board of directors of the previous year were transferred from the administrative expenses to personnel expenses.

3 Administrative Expenses

This position contains the general business expenses of Dätwyler Holding Inc. For reasons of better comparability with the year under review, the financial costs and personnel expenses were transferred as mentioned above.

4 Investments in Subsidiaries and Affiliates

The direct investments by Dätwyler Holding Inc. in subsidiaries and affiliates on December 31, 2004, were as follows (unchanged in comparison to the previous year):

Company	Company Purpose	Company Capital in CHF
Switzerland		
Abalec AG, Altdorf	Financing	50 000
Alvest AG, Altdorf	Financing	15 000 000
Basix AG, Altdorf	Financing	90 000
Dätwyler Inc., Altdorf	Production	32 000 000
Dätwyler Pharma Pack		
Holding AG, Altdorf	Investments	39 000 000
Dätwyler Teco		
Holding AG, Altdorf	Investments	9 900 000
Dimos AG, Altdorf	Financing	100 000
Ilgenhof AG, St. Gallen	Real estate	600 000
Kaved AG, Altdorf	Production	1 500 000
Parenteral		
Packaging AG, Altdorf	Financing	100 000
RoRo Holding AG, Rothrist	Investments	15 000 000

All of these investments are wholly owned by Dätwyler Holding Inc.

5 Accounts Receivable

The accounts receivable consist mainly of long-term loans denominated in Swiss francs to group companies of which loans granted to Alvest AG, the finance and management arm of the Dätwyler Group, amount to CHF 97 718 065 (previous year CHF 144 807 384). The difference in comparison to the previous year results mostly from repayment of the convertible bonds as of January 7, 2004, and from dividend payments by group companies and to stockholders.

6 Capital Stock

in CHF	12/31/2004	12/31/2003
20 000 registered shares of CHF 100 p.v.	22 000 000	22 000 000
136 000 bearer shares of CHF 500 p.v.	68 000 000	68 000 000
Total capital stock	90 000 000	90 000 000

The bearer shares of Dätwyler Holding Inc. are listed on the Swiss stock exchange.

With the exception of the bearer shares held as treasury stock, each registered share and each bearer share entitles to one vote at the annual general meeting, irrespective of par value.

Data per share	12/31/2004	12/31/2003
Registered shares (CHF 100 par value)		
Number issued	220 000	220 000
Number eligible for dividend	220 000	220 000
Bearer shares (CHF 500 par value)		
Number issued	136 000	136 000
Number eligible for dividend	110 000	110 000
Par value eligible for dividend (in CHF)		
Authorized capital stock	77 000 000	77 000 000
Contingent capital stock	none	none
Voting right restrictions	none	none
Opting-out or opting-up provisions	none	none

Stockholders

All 220 000 registered shares and 42 000 of a total of 136 000 bearer shares are owned by Pema Holding AG, Altdorf, which thus holds 47.78 % of the capital stock and 79.39 % of the voting rights.

The board of directors is not aware of any further stockholders and stockholder groups that are bound by a stockholders' pooling agreement with a holding exceeding 5 % of all votes.

7 Legal Reserves

in CHF	12/31/2004	12/31/2003
Appropriations of net earnings	4 000 000	4 000 000
Premium payments	83 000 000	83 000 000
General reserve	87 000 000	87 000 000
Reserve for treasury stock: convertible bonds	13 000 000	13 000 000
Reserve for treasury stock: executive stock option plan	4 885 239	5 088 791
Reserve for treasury stock (pursuant to Art. 659a para. 2, Swiss Code of Obligations)	17 885 239	18 088 791
Total	104 885 239	105 088 791

The Swiss Code of Obligations, according to Art. 659a para. 2 and Art. 671a, requires that the company create a specific reserve for treasury stock corresponding to the cost of acquisition.

8 Treasury Stock

a) Treasury Stock – Shares

The 26 000 bearer shares with a par value of CHF 500 each, created pursuant to the resolution adopted by the annual general meeting held on November 18, 1989, were issued – without pre-emptive subscription rights for stockholders and holders of participation certificates – to secure their options and conversion rights and to be used for other purposes in the interest of the company (placements on the market, payment for future acquisitions, etc.) and have no voting or dividend rights until used.

The conversion rights on the 2¾ % convertible bonds January 7, 1998-2004 expired on Decem-

ber 29, 2003, without being exercised, so that these shares are now freely available.

Total treasury stock held on December 31, 2004, was unchanged at 26 000 bearer shares, which appear on the balance sheet of Alvest AG at their par value of CHF 500 each, i.e. a total of CHF 13 000 000. These bearer shares, which were created prior to the introduction of the new corporation law on October 4, 1991, represent 14.44 % of total capital stock and therefore exceed the 10 % limit on holdings of bearer treasury stock stipulated in Art. 659 para. 1 of the Swiss Code of Obligations.

The company plans to again comply with the requirements of Art. 659 para. 1 of the Swiss Code of Obligations in the coming years by placing these shares on the capital market, utilizing them as payments for acquisitions, or by similar means.

The specific reserve of CHF 13 000 000 for treasury stock created according to Art. 659a para. 2 of the Swiss Code of Obligations is included in the legal reserves.

b) Treasury Stock – Executive Stock Option Plan

In addition to the 320 bearer shares of the company already held on December 31, 2000, and valued at CHF 777 700, a further 1 680 of the company's bearer shares valued at CHF 4 311 091 were purchased on the market in 2001. Based on Art. 659a para. 2 of the Swiss Code of Obligations, the company was required to create a specific reserve for treasury stock that corresponds to the cost of acquisition of CHF 5 088 791. In 2004, 80 options were exercised, and thus the board of directors reduces the above-mentioned reserve based on Art. 671a of the Swiss Code of Obligations to the extent of the 80 shares issued by CHF 203 552 to CHF 4 885 239. The remaining 1 920 bearer shares with an acquisition value of CHF 4 885 239 continue to remain the property of Alvest AG, Altdorf, the finance and management arm of the Dätwyler Group, and are eligible for dividends but have no voting rights. These shares are reserved to satisfy demand for shares arising from the executive stock option plan introduced on January 9, 2001.

Each one of these options entitles to the purchase of a Dätwyler Holding Inc. bearer share with a par

value of CHF 500 at an exercise price of CHF 2 500. The options expire on January 9, 2006.

9 Special Reserve

The special reserve is a free reserve which can be disposed of by the annual general meeting. The increase of CHF 29 500 000 to CHF 207 500 000 was made pursuant to a resolution adopted by the annual general meeting held on April 27, 2004.

Pursuant to Art. 659a para. 2 and Art. 671a of the Swiss Code of Obligations, the company must create a specific reserve for treasury stock corresponding to the cost of acquisition. The board of directors creates this reserve by transferring the relevant amounts from and into the special reserve. In 2004 the amount of CHF 203 552 was transferred to the special reserve.

10 Other Liabilities

in CHF	12/31/2004	12/31/2003
Accrued liabilities	917 132	3 080 778
Unpresented dividend coupons	17 051	17 381
Total	934 183	3 098 159

Accrued liabilities consist mainly of deferred expenses for interest and taxes.

11 Provisions

in CHF	12/31/2004	12/31/2003
Taxes arising from investment transactions, investment risks	6 400 000	6 400 000
Restructuring costs	5 000 000	5 000 000
Total	11 400 000	11 400 000

12 Convertible Bonds

in CHF	12/31/2004	12/31/2003
Convertible bonds 2¾% 1/7/1998 to 1/7/2004 conversion rights expired: 12/29/2003		
Repayment of the convertible bonds: as of 1/7/2004	–	78 000 000
Total	–	78 000 000

On January 7, 1998, Dätwyler Holding Inc. issued 2¾% convertible bonds January 7, 1998–2004 of nominal CHF 78 000 000 with a view to refinancing the issue of bonds with options that was repaid prematurely in 1998. Each bond with a nominal value of CHF 6 000 could be converted free of charge into two bearer shares of Dätwyler Holding Inc. by December 29, 2003. No bonds had been converted up to the expiration date on December 29, 2003. The convertible bonds were fully repaid as of the due date on January 7, 2004.

The conversion rights were secured by existing treasury stock (see Treasury Stock – Note 8).

13 Sureties, Guarantees and Pledges in Favor of Third Parties

Loans totaling CHF 47.6 million (previous year CHF 43 million) were granted to various group companies with joint and several liability.

14 Release of Replacement Reserves and Hidden Reserves in Excess Thereof

in CHF	2004	2003
Release	–	–
Total	–	–

Proposed Appropriation of Retained Earnings 2004

in CHF	2004	2003
The board of directors proposes to the annual general meeting that retained earnings consisting of		
Net earnings of the year	40 774 908	37 161 102
Earnings brought forward from the previous year	409 899	448 797
Retained earnings	41 184 807	37 609 899
Should be utilized as follows:		
Allocation to the general legal reserve	–	–
Allocation to the special reserve	32 296 448	29 500 000
Payment of a dividend of 11 % (previous year 10 %) on eligible capital stock of CHF 77 000 000 (previous year CHF 77 000 000) ⁽¹⁾	8 470 000	7 700 000
Carried forward to new account	418 359	409 899
Total	41 184 807	37 609 899

⁽¹⁾ 26 000 bearer shares reserved to secure options and conversion rights and to be used for other purposes in the interests of the company at the discretion of the board of directors, in accordance with the resolution adopted by the annual general meeting held on November 18, 1989, are not eligible for dividends.

Report of the Statutory Auditors

To the Annual General Meeting of Dätwyler Holding Inc., Altdorf

As statutory auditors, we have audited the accounting records and the financial statements (income statement, balance sheet, notes; pages 74–79) of the Dätwyler Holding Inc. for the year ended December 31, 2004.

These financial statements are the responsibility of the board of directors. Our responsibility is to express an opinion on these financial statements based on our audit. We confirm that we meet the legal requirements concerning qualification and independence.

Our audit was conducted in accordance with auditing standards promulgated by the Swiss profession, which require that an audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the financial statements. We have also assessed the accounting principles used, significant estimates made and the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accounting records, the financial statements and the proposed appropriation of available earnings comply with Swiss law and the company's articles of incorporation.

We draw your attention to the fact that the company holds 27 920 own shares with a nominal value of CHF 13.96 million which exceed the limit of 10% prescribed by article 659 paragraph 1 of the Swiss Code of Obligations. In this connection we refer to the financial statements.

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

Zurich, March 18, 2005
PricewaterhouseCoopers AG



Armin Bantli René Rausenberger

Value Added Statement

in CHF 1 000	2004	%	2003	%
Creation of added value				
Productive output ⁽¹⁾	1 108 523	100.0	1 036 653	100.0
Inputs ⁽²⁾	-685 472	61.8	-630 384	60.8
Gross value added	423 051	38.2	406 269	39.2
Depreciation and amortization	-66 068	6.0	-64 097	6.2
Total net value added	356 983	32.2	342 172	33.0
Application of net value added				
Employees = personnel expenses and social security contributions	313 422	87.8	304 958	89.1
Creditors = interest paid	7 472	2.1	7 845	2.3
Stockholders = dividends	7 700	2.2	7 700	2.3
Community = taxes	11 854	3.3	7 228	2.1
Company = net earnings – dividend payment	16 535	4.6	14 441	4.2
Total net value added	356 983	100.0	342 172	100.0
Total net value added per employee	80	-	80	-

⁽¹⁾ Productive output: Invoiced sales plus ancillary income, non-operational income and sundry income, less rebates and allowances

⁽²⁾ Inputs: Raw, ancillary and operating materials energy and services

Free Cash Flow

in CHF 1 000	2004	%	2003	%
Net earnings	24 235	26.8	22 141	25.7
+ Depreciation and amortization others	63 233	70.0	57 121	66.2
+ Amortization of goodwill	2 835	3.1	6 976	8.1
+/- Change in provisions ⁽¹⁾	0	0.0	0	0.0
Cash flow	90 303	100.0	86 238	100.0
- Net investments ⁽²⁾	-72 577	-80.4	-43 435	-50.4
+/- Changes: Intangible assets	-6 503	-7.2	-2 316	-2.7
Other fixed assets	587	0.7	5 408	6.3
Net current assets	-18 291	-20.3	-6 547	-7.6
Free cash flow after dividend payment	-6 481	-7.2	39 348	45.6

⁽¹⁾ Operational (IFRS)

⁽²⁾ Investments, divestments, +/-currency adjustments in tangible fixed assets

5-Year Overview

Dätwyler Group (in CHF million)	2004	2003	2002	2001	2000
Gross sales	1 063.0	1 003.9	1 037.1	1 064.5	1 089.7
Change vs. previous year in %	5.9	-3.2	-2.6	-2.3	12.1
EBITDA	106.0	97.9	99.9	104.7	117.1
Depreciation PP&E	63.2	57.1	58.6	54.6	55.9
Amortization of goodwill	2.9	7.0	4.1	3.0	3.2
In % of gross sales	6.2	6.4	6.0	5.4	5.4
Change vs. previous year in %	3.1	2.2	8.9	-2.5	7.1
Earnings before interest and taxes (EBIT)	39.9	33.8	-4.5	47.1	58.0
In % of gross sales	3.8	3.4	-0.4	4.4	5.3
Exceptional charges	-	-	-41.8	-15.0	-
Net earnings	24.2	22.1	-16.9	35.0	44.3
In % of gross sales	2.3	2.2	-1.6	3.3	4.1
In % of stockholders' equity	3.8	3.6	-2.8	5.5	7.2
Change vs. previous year in %	9.5	230.8	-148.3	-21.0	42.0
Cash flow	90.3	86.2	87.6	92.6	103.4
In % of gross sales	8.5	8.6	8.4	8.7	9.5
Change vs. previous year in %	4.8	-1.6	-5.4	-10.4	19.7
Fixed assets	454.8	439.6	467.9	512.0	460.1
Change vs. previous year in %	3.5	-6.0	-8.6	11.3	3.2
Current assets	540.5	575.9	542.8	528.1	536.2
Change vs. previous year in %	-6.1	6.1	2.8	-1.5	7.0
Total assets	995.3	1 017.7	1 010.7	1 040.1	996.3
Stockholders' equity	633.8	618.8	596.9	633.9	618.8
Change vs. previous year in %	2.4	3.7	-5.8	2.4	4.7
In % of total capital	63.7	60.8	59.1	60.9	62.1
Minority interests	-	-	-	-	-
Liabilities in CHF million	361.5	398.9	413.8	406.2	377.5
Change vs. previous year in %	-9.4	-3.6	1.9	7.6	7.6
Of which short-term liabilities	264.7	312.4	260.5	222.9	208.0
Of which long-term liabilities	96.8	86.5	153.3	183.3	169.5
Capital expenditure in tangible fixed assets	54.2	42.5	65.8	80.0	75.6
Change vs. previous year in %	27.5	-35.4	-17.8	5.8	10.2
Personnel expenses	313.4	305.0	310.7	304.6	300.3
Change vs. previous year in %	2.8	-1.8	2.0	1.4	4.9
Number of employees	4 480	4 301	4 334	4 291	4 286
Change vs. previous year in %	4.2	-0.8	1.0	0.1	1.8
Dätwyler Holding Inc. (in CHF million)	2004	2003	2002	2001	2000
Financial and investment income	42.7	39.0	35.8	31.9	18.4
Net earnings	40.8	37.2	34.0	30.1	9.7
Stockholders' equity	443.8	410.7	381.2	361.1	344.9
Equity ratio in %	97.3	81.6	80.5	79.6	78.9
Capital stock	90.0	90.0	90.0	90.0	90.0
Dividends paid	8.5 ⁽¹⁾	7.7	7.7	13.9	13.9

⁽¹⁾ Proposed by the board of directors to the annual general meeting

Key Figures in US-\$

Dätwyler Group (in USD million)	2004	2003
Gross sales	854.1	806.6
Change vs. previous year in %	5.9%	-3.2%
Earnings before interest, taxes, depreciation, amortization (EBITDA)	85.2	78.7
Margin (in % of gross sales)	10.0%	9.8%
Earnings before interest and taxes (EBIT)	32.1	27.2
Margin (in % of gross sales)	3.8%	3.4%
Net earnings	19.4	17.8
Margin (in % of gross sales)	2.3%	2.2%
Cash Flow	72.6	69.3
Margin (in % of gross sales)	8.5%	8.6%
Free Cash Flow	- 5.2	31.6
Capital expenditure in tangible fixed assets	43.5	34.1
Total assets	799.7	817.7
Stockholders' equity	509.2	497.2
Equity ratio in %	63.7%	60.8%
Cash and cash equivalents	137.6	183.0
Net cash and cash equivalents	0.6	4.8
Number of employees	4 480	4 301

Dätwyler Holding Inc. (in USD million)	2004	2003
Financial and investment income	34.3	31.3
Net earnings	32.8	29.9
Stockholders' equity	356.6	330.0
Equity ratio in %	97.3	81.6
Capital stock ⁽¹⁾	72.3	72.3
Dividends paid	6.8 ⁽²⁾	6.2

Data per Dividend-Bearing Share (Bearer) (in US-\$)	2004	2003
Net earnings ⁽³⁾	128	117
Dividend	44 ⁽²⁾	40
Dividend yield as of 12/31	2.4%	2.5%

Exchange rate applied to both years CHF/\$ (rate on Dec. 31, 2004) 1.2446

⁽¹⁾ CHF 77.0 million eligible for dividend

⁽²⁾ Proposed by the board of directors to the general meeting

⁽³⁾ No facts exist that lead to a dilution of the earnings per share.

Key Figures in EUR

Dätwyler Group (in EUR million)	2004	2003
Gross sales	688.6	650.3
Change vs. previous year in %	5.9%	-3.2%
Earnings before interest, taxes, depreciation, amortization (EBITDA)	68.7	63.4
Margin (in % of gross sales)	10.0%	9.8%
Earnings before interest and taxes (EBIT)	25.8	21.9
Margin (in % of gross sales)	3.8%	3.4%
Net earnings	15.7	14.3
Margin (in % of gross sales)	2.3%	2.2%
Cash Flow	58.5	55.8
Margin (in % of gross sales)	8.5%	8.6%
Free Cash Flow	- 4.2	25.5
Capital expenditure in tangible fixed assets	35.1	27.5
Total assets	644.7	659.3
Stockholders' equity	410.6	400.9
Equity ratio in %	63.7%	60.8%
Cash and cash equivalents	111.0	147.5
Net cash and cash equivalents	0.5	3.9
Number of employees	4 480	4 301

Dätwyler Holding Inc. (in EUR million)	2004	2003
Financial and investment income	27.7	25.3
Net earnings	26.4	24.1
Stockholders' equity	287.5	266.0
Equity ratio in %	97.3	81.6
Capital stock ⁽¹⁾	58.3	58.3
Dividends paid	5.5 ⁽²⁾	5.0

Data per Dividend-Bearing Share (Bearer) (in EUR)	2004	2003
Net earnings ⁽³⁾	103	95
Dividend	36 ⁽²⁾	32
Dividend yield as of 12/31	2.4%	2.5%

Exchange rate applied to both years CHF/€ (rate on Dec. 31, 2004) 1.5437

⁽¹⁾ CHF 77.0 million eligible for dividend

⁽²⁾ Proposed by the board of directors to the general meeting

⁽³⁾ No facts exist that lead to a dilution of the earnings per share

Share Information

Financial year as of December 31		2004	2003	2002	2001	2000
Share capital	in CHF million	90	90	90	90	90
Of which eligible for dividend	in CHF million	77	77	77	77	77
Number of titles						
Bearer shares of CHF 500 p.v.		136 000	136 000	136 000	136 000	136 000
Treasury stock		26 000	26 000	26 000	26 000	26 000
Bearer shares in circulation		110 000	110 000	110 000	110 000	110 000
Registered shares of CHF 100.– p.v.		220 000	220 000	220 000	220 000	220 000
Market prices (high/low) ⁽¹⁾						
Bearer share, high	⁽²⁾ CHF	2 698	2 200	2 439	2 780	2 525
Bearer share, low	⁽²⁾ CHF	1 970	1 620	1 630	2 060	2 130
Trade volume						
Number of titles		22 423	9 955	15 070	27 340	40 211
Value	in CHF million	54	19	32	67	96
Gross dividend						
Bearer share	CHF	55 ⁽³⁾	50	50	90	90
Registered share	CHF	11 ⁽³⁾	10	10	18	18
Consolidated net earnings ⁽⁴⁾						
Bearer share	CHF	159	146	-109	227	288
Bearer share – diluted	CHF	–	–	–	206	257
Registered share	CHF	32	29	-22	46	58
Consolidated cash flow ⁽⁴⁾						
Bearer share	CHF	586	560	297	602	671
Registered share	CHF	117	112	59	120	134
Price-earnings ratio (average)		15	13	-19	11	8
Consolidated stockholders' equity ⁽⁴⁾						
Bearer share	CHF	4 119	4 018	3 917	4 116	4 023
Registered share	CHF	824	804	783	823	805
Market capitalization						
At annual average prices	in CHF million	359	294	313	373	359
In % of stockholders' equity		57	47	52	59	58
On December 31	in CHF million	412	303	323	360	384
In % of stockholders' equity		65	49	54	57	62

The articles of incorporation of Dätwyler Holding Inc. include no provisions for opting out or opting up in terms of the Swiss Stock Exchange Law

⁽¹⁾ Swiss Stock Exchange (SWX)

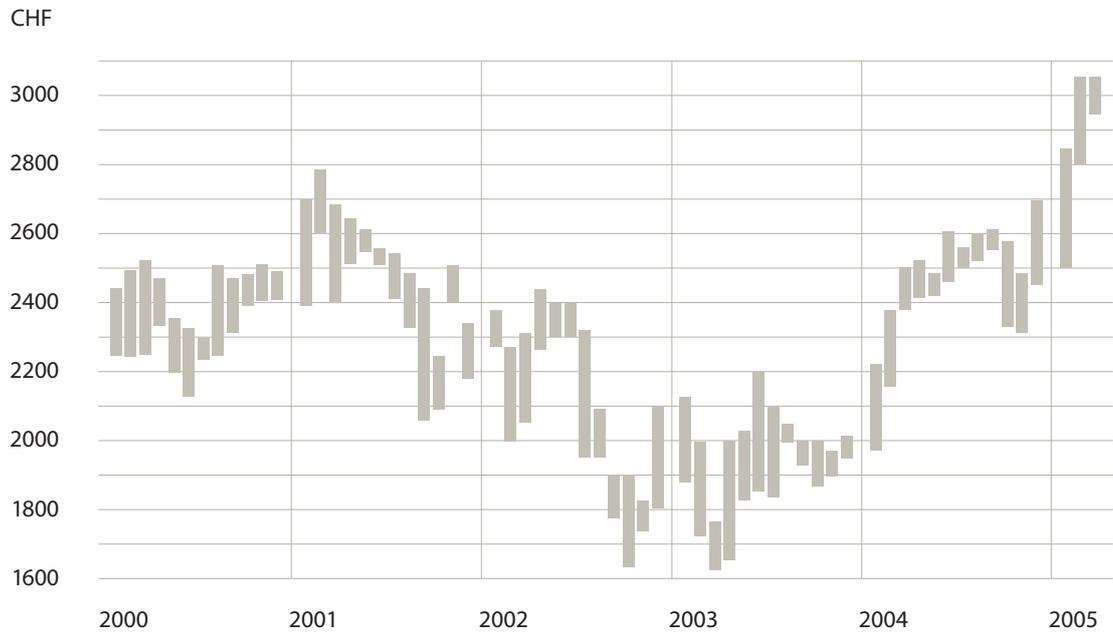
⁽²⁾ Issued at CHF 2250 in October 1986

⁽³⁾ Proposal of the board of directors

⁽⁴⁾ Adjusted data per dividend-bearing share

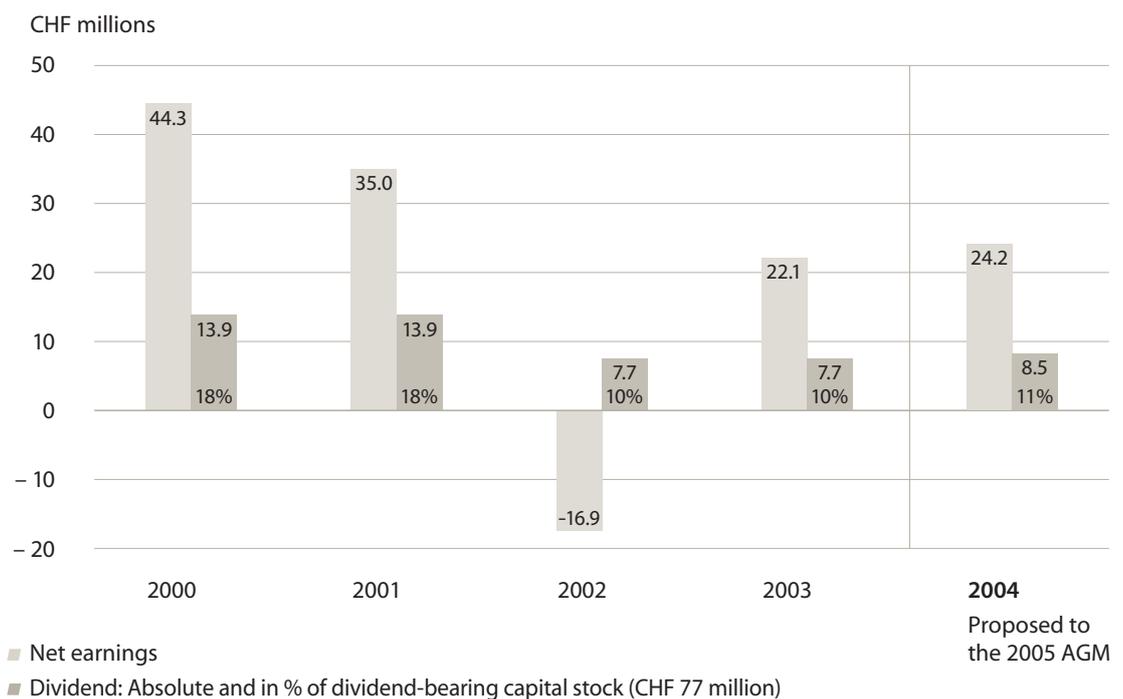
Share Price Trends

Trend share price Dätwyler bearer share



Dividend Payout

Trend dividend payout



General Information

Financial Year

Dätwyler Group: January 1 to December 31

Dätwyler Holding Inc.: January 1 to December 31

Incorporated

Dätwyler Inc.: 1915

Dätwyler Holding Inc.: 1958; stock market listing since 1986

Stock Market Trading

Bearer shares on the Swiss Stock Exchange (SWX)

Ticker Symbols

Stock	SecuritiesCode	Investdata	ISIN	Common Code	Reuters
Dätwyler bearer shares	164991	DAE	CH 000 164 991 9	XS001260502	DAEZ

Prices for Taxation Purposes as Defined by the Swiss Federal Tax Authorities as of December 31, 2004

Bearer shares: CHF 2 675

Important Dates

2005

Annual general meeting

April 26, 2005

Semi-annual report

August 26, 2005

2006

Results press conference

March 30, 2006

Presentation for financial analysts

March 30, 2006

Annual general meeting

April 25, 2006

Annual general meetings are held at 5 p.m. in the theater (uri), Tellspielhaus, Altdorf

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This annual report is also available in German.

In the event of any discrepancy, the German edition takes precedence.

The Dätwyler Group as of March 31, 2005

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Chief Financial Officer: Silvio A. Magagna

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from Mai 1, 2005 Dirk Lambrecht

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Regarding the Full-Page Illustrations

High quality and customized features are characteristic attributes of Dätwyler products. As components in the classical sense they are often not visible, but in various industries they make a decisive contribution to the functioning of overall systems. The full-page illustrations in this Annual Report show a product from each division at their center: The top half of the picture gives an insight into the application, the lower half into the manufacture of the product in question.



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This Annual Report contains statements on future trends. These reflect the group's current assessment of market conditions and future events and are therefore subject to certain risks, uncertainties and assumptions. Unforeseeable events could result in a deviation of the actual results from the forecasts and published information in this report. To that extent, all statements regarding the future in this report are subject to this proviso.

This Annual Report is available in English and German and can be accessed on the internet at www.daetwyler.ch. The printed German text is binding.

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