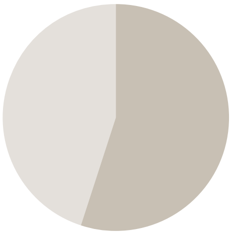
Annual Report 2008

Highlights

Daetwyler Group: an international multi-niche player

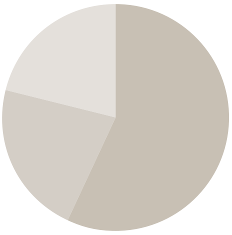
The Daetwyler Group is an international multi-niche player dedicated to industrial component supply and distribution of engineering and electronic components. Our activities concentrate on attractive niches that offer opportunities to increase value added and sustain profitable growth. The Group's four divisions – Cables, Rubber, Pharmaceutical Packaging and Technical Components – are focused on the manufacturing, pharmaceutical and datacom industries. Our strategy is built on delivering innovative solutions and positioning ourselves as a competent development partner for our customers. With more than 50 operating companies, sales in over 80 countries and some 4700 employees, the Daetwyler Group generates approximately CHF 1300 million in revenue. Daetwyler has been listed on the main board of the SIX Swiss Exchange since 1986 (security number 3048677).
www.daetwyler.ch

Net revenue by activity



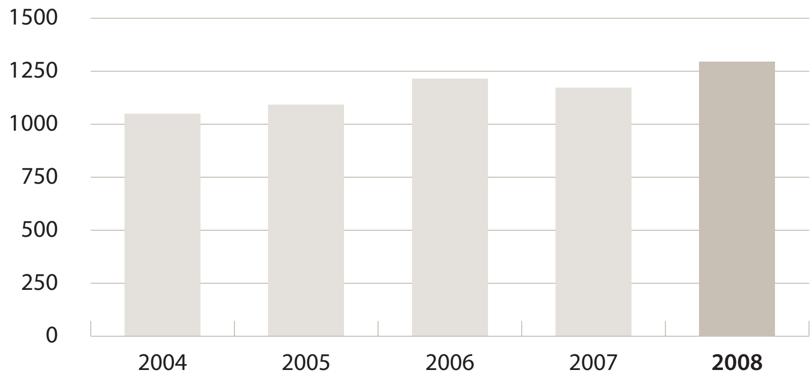
- Industrial supply 55 %
- Technical distribution 45 %

Net revenue by market

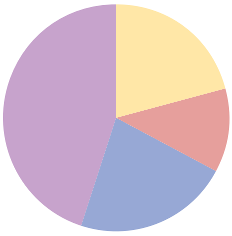


- Industrial 57 %
- Pharmaceutical 22 %
- Datacom 21 %

Net revenue 2004 to 2008
(in CHF millions, excluding the Precision Tubes Division since 2007)

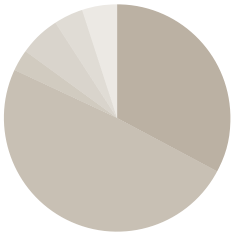


Net revenue by division



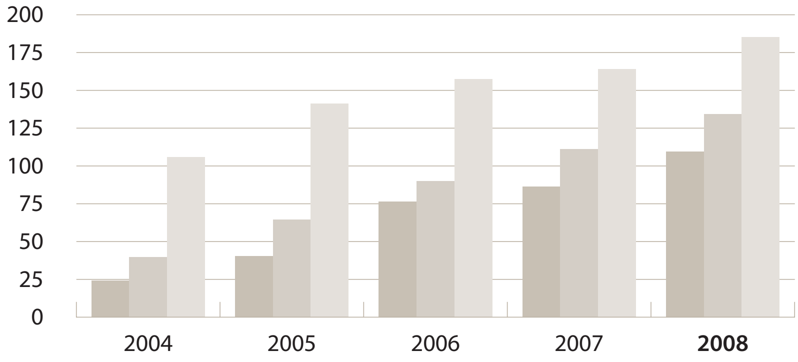
- Cables 21 %
- Rubber 12 %
- Pharmaceutical Packaging 22 %
- Technical Components 45 %

Net revenue by region



- Switzerland 33 %
- European Union 49 %
- Rest of Europe 3 %
- North America 6 %
- Far East 5 %
- Other markets 4 %

Profit performance 2004 to 2008
(in CHF millions, excluding the Precision Tubes Division since 2007)



Daetwyler Group (in CHF millions)	**2008**	2007 [1]
Gross revenue	1 314.9	1 187.6
Year-on-year change (%)	10.7 %	17.9 %
Net revenue	**1 294.9**	**1 173.5**
Year-on-year change (%)	10.3 %	17.9 %
Operating profit before depreciation and amortisation (EBITDA)	**185.3**	**164.2**
Margin (as % of net revenue)	14.3 %	14.0 %
Operating profit (EBIT)	**134.2**	**111.2**
Margin (as % of net revenue)	10.4 %	9.5 %
Profit for the year	**109.6**	**86.3**
Margin (as % of net revenue)	8.5 %	7.4 %
Cash flow	**160.8**	**139.3**
Margin (as % of net revenue)	12.4 %	11.9 %
Free cash flow	**–256.1**	**105.7**
Capital expenditure on property, plant and equipment	**69.9**	**66.7**
Total assets	**1 411.9**	**1 331.6**
Equity	**829.1**	**931.7**
Equity ratio (%)	58.7 %	70.0 %
Cash, cash equivalents and money market investments	**233.0**	**488.2**
Net cash surplus	**45.9**	**322.5**
Number of employees	**4 712**	**4 340**

Daetwyler Holding Inc. (in CHF millions)	**2008**	2007
Finance and investment income	72.0	224.1
Profit for the year	69.5	221.8
Equity	684.8	699.4
Equity ratio (%)	99.8 %	99.8 %
Share capital	0.9 [2]	85.0
Distribution	27.7 [3]	84.2

Per share data (in CHF)	**2008**	2007
Earnings per bearer share ranking for dividend:		
Continuing operations	7.12	5.61
Discontinued operation	n/a	8.66
Total earnings per bearer share ranking for dividend	7.12	14.27
Par value repayment/dividend per bearer share	1.80 [3]	4.95
Distribution yield at 31 December	4.2 %	6.5 %

(1) *Continuing operations (excluding the Precision Tubes Division).*

(2) *CHF 0.77 Mio. eligible for a dividend.*

(3) *Board of Directors' proposal to the Annual General Meeting.*

Contents

Chairman and CEO's Statement

Strong fundamentals driven by successful portfolio realignment

The Daetwyler Group enjoyed another extremely successful year in 2008. Nonetheless, last year's good results are clouded by the exceedingly high uncertainties that weigh on the outlook for 2009. In this light, what is more important than our operating performance for 2008 is that Daetwyler capitalised on the period of economic upswing, both strategically and operationally, to strengthen profitability and increase competitiveness. This included the portfolio realignment initiated in 2007, which was brought to a successful conclusion last year. By selling the Precision Tubes Division and acquiring Swedish-based ELFA, the Daetwyler Group has become less susceptible to cyclical swings and reduced its dependence on the automotive industry, while widening its margins.

Strong first nine months of 2008

All four divisions performed strongly during the first nine months of 2008. The general slowdown in demand in the industrial and construction markets did not reach the Daetwyler companies until very late in the year. One exception was the Rubber Division which saw a slump in call-off orders from the automotive industry during the autumn, starting in the USA. This was compensated by the Pharmaceutical Packaging Division, which proved to be a pillar of resilience to cyclical fluctuations. Overall, net revenue from continuing operations grew 10.3 % to CHF 1 294.9 million from CHF 1 173.5 million a year earlier. Prior year net revenue and all comparatives below have been adjusted to exclude the figures of the sold Precision Tubes Division. The ELFA Group's first-time consolidation for eight months had an impact of CHF 101.8 million or 8.7 % on revenue. Excluding adverse currency effects of CHF 32.1 million or negative 2.7 %, organic growth was 4.3 %.

Continued improvement in profitability

In 2008, Daetwyler posted another increase in earnings from continuing operations, beating the previous year's already high level. This performance was driven by the good capacity utilisation during nine months, ongoing productivity enhancements and the concentration on high-end products and projects with wider margins. Operating profit (EBIT) from continuing operations climbed 20.7 % to CHF 134.2 million from CHF 111.2 million a year earlier, lifting the EBIT margin by another 0.9 percentage points year on year to 10.4 %. Profit for the year from continuing operations was up 27.0 % to CHF 109.6 million from CHF 86.3 million the year before. Earnings were impacted by a

The Swedish ELFA acquisition has strategically expanded our catalogue distribution.

number of positive and negative exceptional factors: book gains on the sale of non-operating property (CHF 5.8 million), foreign exchange losses on financing activities (CHF 4.7 million), impairment of financial investments (CHF 4.5 million), write-down of the Cables Division's copper inventories to net realisable value (CHF 6.3 million), as well as supply bottlenecks and additional one-off costs during the installation of a new ERP system in the specialist distribution business. In view of the uncertain economic outlook, the Board of Directors recommends that the long-standing payout ratio of about 33 % be exceptionally reduced to 25 % despite the good results for 2008. This will increase the Daetwyler Group's financial flexibility for strategic activities. A dividend of CHF 1.80 per bearer share will be proposed for approval at the Annual General Meeting.

Successful expansion of catalogue distribution

Whatever the economic climate over the short term, Daetwyler is adhering to the Group's overriding strategy: focusing on attractive industrial market niches with the aim of delivering sustainable profitable growth. With the successful realignment of the portfolio during the 2007 and 2008 financial years, we laid an important strategic cornerstone to achieve this. By selling the Precision Tubes Division, we disposed of the operation that we, on our own, would only have been able to grow to a limited extent owing to the consolidated market structures. The sale has reduced the percentage of Group revenue from the automotive industry from 22 % to 6 %. Geographically, the acquisition of the ELFA Group ideally complements Distrelec, the catalogue distributor already owned by Daetwyler. There are a number of reasons why catalogue distribution of industrial electronic and automation products is an attractive market niche for Daetwyler. For one, it is less cyclical and capital-intensive than manufacturing precision tubes for the automotive industry, while generating higher margins. Aside from the two leading suppliers in the UK, the European market is still highly fragmented and undergoing a wave of consolidation. This offers opportunities for us to drive further growth through acquisitions. At the same time, the potential for organic growth is intact as industrialisation spreads across Eastern Europe. By acquiring the Swedish ELFA Group, Daetwyler has become the Number Two catalogue distributor of industrial electronic and automation products in Continental Europe and the best positioned supplier in the growing East European markets.

Strategic synergies unleashed by a cohesive management framework

The recent portfolio realignment is an example of how Daetwyler sets the strategic direction and allocates resources at Group level. The two other main initiatives at Group level are to maintain management tools and develop management potential. Daetwyler has taken advantage of the past years to optimise its management tools. These include systematic benchmarking of the divisions against the best competitors in each sector. Our management tools are designed to make processes as transparent as possible. This cohesive management and leadership framework allows Daetwyler to realise strategic synergies within the Group. Similarly, as at Group level, the main initiatives relating to quality / innovation, costs / production and timing / supply chain are clearly defined at divisional level. These three focal points address the customers' prime requirements and are the basis of operational success. Optimum interplay between these operational initiatives within the divisions and the Group's strategic initiatives paves the way for the Daetwyler Group to sustain profitable growth.

Prepared for the short-term challenges

The spreading economic crisis and the severe slumps in a wide variety of industries have led to a high degree of uncertainty surrounding the short-term outlook for 2009. We currently expect all the divisions, except for Pharmaceutical Packaging, to face a difficult environment, reporting lower revenue and earnings year on year. A reliable forecast cannot realistically be made because the foreseeable horizon is hazy. When and if the pent-up demand to be unleashed sooner or later will trigger a pickup during the second half of the year is anybody's guess. The situation is exacerbated further by the volatile exchange rates and commodity prices. However, despite the prevailing uncertainties, we are confident that the Daetwyler Group is well prepared to embrace the challenges ahead. On the market side, Daetwyler companies hold strong positions, supported by their consistent focus on attractive niches and the disposal of subcritical operations. On the cost side, we will benefit from the fact that, over the past two years, we invested in productivity enhancements rather than in capacity expansion in our cyclical businesses.

Intact business opportunity

The portfolio realignment outlined above has reduced Daetwyler's cyclicality and strengthened its profitability as a Group. Added to that, our Pharmaceutical Packaging Division generates over 20 % of Group revenue in a non-cyclical market that is growing steadily at about 6 % per annum. Given the strong balance sheet with an equity ratio of 58.7 % and high liquidity, our business opportunity is intact. Daetwyler is keen to capitalise on the phase of economic weakness to make strategic acquisitions at reasonable prices. That is how we lay the foundation to sustain profitable growth in the medium term. But in order to realise this potential, we need employees at all levels who contribute to our customers' market success through their expertise and commitment. We warmly thank everyone who has played a part in this – the members of our workforce for their tremendous efforts, and our customers for their many years of cooperation with Daetwyler. We would also like to express our gratitude to our shareholders for their loyalty and allegiance to our Company.

Altdorf, 31 March 2009

On behalf of the Board of Directors	On behalf of the Executive Board
Ulrich Graf, Chairman	Dr. Paul J. Haelg, CEO

Directors and Officers at 31 December 2008

Board of Directors

- ***Ulrich Graf,*** born 1945 (1,2)
  Chairman, term expires in 2012
- ***Hans R. Rueegg,*** born 1946 (1)
  Deputy Chairman, term expires in 2010
- ***Hanspeter Faessler,*** born 1956 (2)
  term expires in 2012
- ***Werner Inderbitzin,*** born 1946 (2)
  term expires in 2010
- ***Ernst Lienhard,*** born 1946
  term expires in 2010
- ***Ernst Odermatt,*** born 1948 (1)
  term expires in 2012
- ***Franz Steinegger,*** born 1943
  term expires in 2010
- ***Franz J. Wuerth,*** born 1940
  term expires in 2010

(1) Member of the Audit Committee
(2) Member of the Human Resources Committee

All Directors are elected to hold office until the date of the Annual General Meeting in the year indicated.

- ***Roland Zimmerli,*** born 1934
  Honorary Chairman
- ***Max Daetwyler,*** born 1929
  Honorary Director

Executive Board

- ***Paul J. Haelg,*** born 1954
  Chief Executive Officer and Head of Technical Components Division
- ***Silvio A. Magagna,*** born 1946
  Chief Financial Officer
- ***Johannes Mueller,*** born 1958
  Head of Cables Division
- ***Dirk Lambrecht,*** born 1960
  Head of Rubber Division
- ***Guido Wallraff,*** born 1963
  Head of Pharmaceutical Packaging Division

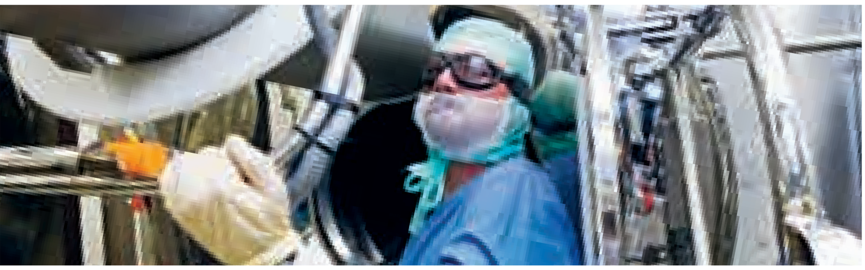
Statutory auditor

- PricewaterhouseCoopers AG, Zurich

2008 Operating Review

Daetwyler Group

- Last year, Daetwyler successfully completed the portfolio realignment initiated in 2007. By expanding catalogue distribution business with the acquisition of the Swedish ELFA Group, Daetwyler increased profitability and reduced its cyclicality.
- Net revenue from continuing operations (excluding the Precision Tubes Division in the previous year) grew 10.3 % to CHF 1 294.9 million from CHF 1 173.5 million, with CHF 101.8 million or 8.7 % attributable to the ELFA Group's first-time consolidation for eight months. Excluding negative currency effects of 2.7 %, organic growth was 4.3 %.
- Operating profit (EBIT) from continuing operations climbed 20.7 % to CHF 134.2 million from CHF 111.2 million, lifting the EBIT margin to 10.4 % from 9.5 %.
- Profit for 2008 from continuing operations increased 27.0 % to CHF 109.6 million from CHF 86.3 million.
- While cash flow rose 15.4 % to CHF 160.8 million from CHF 139.3 million, free cash flow fell to negative CHF 256.1 million from positive CHF 105.7 million a year earlier because of the ELFA acquisition.
- The equity ratio at the end of 2008 was 58.7 %, down from 70.0 %. This decline is due to the par value repayment, recognition of actuarial losses on pension plans in accordance with IAS 19 and recognition of currency translation differences on net investments in foreign subsidiaries.
- The net cash surplus decreased to CHF 45.9 million at the end of 2008 from CHF 322.5 million, primarily due to the acquisition of the ELFA Group.



New production unit to support Helvoet Pharma's growth strategy.

Daetwyler Divisions

Cables

- Net revenue: improving slightly on the already very good previous year, net revenue was up 0.8 % to CHF 273.3 million from CHF 271.2 million, supported by stable performance in the main markets of Switzerland, Germany and Austria.
- EBIT: inventory write-downs and the strong Swiss franc had the effect of reducing operating profit by 34.0 % to CHF 13.6 million from CHF 20.6 million despite continued productivity improvements. The EBIT margin fell to 5.0 % from 7.6 %.
- Daetwyler Cables is progressively establishing itself successfully as a supplier of complete integrated solutions for electrical building infrastructure.
- The division continued to strengthen its market positions in Asia and in the Near and Middle East.
- Outlook for 2009: in view of the general economic slowdown, we expect Daetwyler Cables to see a marked drop in demand from the second quarter of 2009.

Rubber

- Net revenue: due to the onset of the global economic crisis in the second half of the year, net revenue only increased marginally to CHF 154.9 million compared to CHF 153.9 million a year earlier.
- EBIT: driven by further optimisation of the product and customer portfolio, early measures to cut costs and a major project successfully got up and running, operating profit grew 28.5 % to CHF 15.8 million last year from the previous year's CHF 12.3 million before impairment charges. This represents an EBIT margin of 10.2 % compared to 8.0 % before impairment charges a year earlier.
- Daetwyler Rubber opened a manufacturing facility in Mexico in 2008 and intends to shut down the US plant in 2009 in a bid to strengthen its market position in the NAFTA region.
- Full mass production started under the major contract from the consumer goods industry. Expansion of the project will increase the annual sales volume to more than CHF 30 million.
- Outlook for 2009: due to the sharp fall in demand in the automotive and construction industries, we expect Daetwyler Rubber to post a decline in revenue and profit.

Pharmaceutical Packaging

- Net revenue: supported by consistent implementation of the niche strategy, net revenue was up 8.6 % to CHF 283.2 million from CHF 260.8 million. In local currencies, revenue increased 14.2 %, well ahead of the market growth of 6 %.
- EBIT: operating profit rose 6.8 % to CHF 31.4 million from CHF 29.4 million. Considerable increases in raw material prices slightly reduced the EBIT margin to 11.1 % from 11.3 %.
- By launching the third generation of its Omniflex product line, Helvoet Pharma strengthened its leading position in coated rubber components.
- Helvoet Pharma is working on ambitious automation projects to keep improving its competitiveness.
- Outlook for 2009: we are confident that the market for pharmaceutical packaging components will remain in its stable and non-cyclical growth path despite the global economic crisis.

Technical Components

- Net revenue: including the ELFA Group's first-time consolidation, net revenue grew 19.2 % to CHF 585.3 million from CHF 491.1 million.
- EBIT: operating profit increased at a lower rate of 9.6 % to CHF 53.5 million from CHF 48.8 million, reducing the EBIT margin to 9.1 % from 9.9 %.
- Specialist distribution: problems in the execution of two strategic projects led to supply bottlenecks and additional one-off costs. The business strengthened its market position by taking over the distribution of Shell lubricants in Switzerland.
- Mail order distribution: the ELFA Group was integrated according to plan. In parallel, Distrelec launched growth projects such as the procurement service for top customers and the technical distribution of more sophisticated equipment and instruments.
- Outlook for 2009: we expect a difficult first half of 2009 with falling sales revenue. It is hard to predict whether the growing pent-up demand for maintenance materials will already help to consolidate demand in 2009.

Daetwyler Holding Inc.

In CHF millions	**2008**	2007
Profit for the year	69.5	221.8
Investment income	46.0	33.0
Net finance income	26.0	191.1
Total assets (at 31 Dec.)	686.4	700.6

Profit distribution

In view of the uncertain economic outlook, the Board of Directors recommends that the long-standing payout ratio of about 33 % be exceptionally reduced to 25 % despite the good results for 2008. This will increase the Daetwyler Group's financial flexibility for strategic activities. A dividend of CHF 1.80 per bearer share of CHF 0.05 par value and of CHF 0.36 per registered share of CHF 0.01 par value will be proposed for approval at the Annual General Meeting. This represents a profit distribution of CHF 27.7 million and a payout ratio of 25.3 %.

Review of the 2008 Annual General Meeting

On the Board's proposal, the Annual General Meeting held on 22 April 2008 passed a resolution to reduce share capital through a par value repayment. By decreasing the par value of bearer shares by CHF 4.95 from CHF 5.00 to CHF 0.05 each and of registered shares by CHF 0.99 from CHF 1.00 to CHF 0.01 each, and repaying the amount of the reduction to shareholders, the share capital of Daetwyler Holding Inc. was reduced by CHF 84.15 million from CHF 85 million to CHF 0.85 million. The reduction in share capital was registered in the Commercial Register on 2 July 2008. Bearer shares of CHF 0.05 each were first traded on 14 July 2008. Furthermore, the Annual General Meeting re-elected the serving Directors Ulrich Graf (Chairman), Hanspeter Faessler and Ernst Odermatt for another four-year term.

Cables

Performance

The Cables Division, operating as Daetwyler Cables, managed to post another slight increase in revenue for 2008 over the very good previous year. This positive sales trend was driven by stable business continuing across the main markets of Switzerland, Germany and Austria, coupled with above-average performance of the Asian companies in China and Singapore. Overall, net revenue grew 0.8 % to CHF 273.3 million from CHF 271.2 a year earlier, with 3.2 % growth in foreign currencies. The change in copper prices had a slightly negative impact.

Considerable impact of copper and currencies

Despite continued productivity improvements, operating profit (EBIT) for 2008 was down 34.0 % year on year, falling to CHF 13.6 million from CHF 20.6 million. The EBIT margin came in at 5.0 % compared with 7.6 % a year earlier. This decline is mainly due to inventory write-downs caused by the plunge in copper prices during the last quarter. Operating profit was also adversely affected by the weakening of various currencies against the Swiss franc. As the prospects in China were brighter than in previous years, the division was able to reverse the impairment charge for Daetwyler Shanghai. Without these exceptional factors, the EBIT margin for 2008 would have risen year on year to 7.8 %.

Mixed market environment in the second half of the year

Following a strong first six months, the market environment was mixed in the second half of the year. While orders remained encouragingly steady in the German-speaking markets, signs of recession were apparent in Spain, the UK, Italy and in some parts of Eastern Europe. Growth also slowed down substantially in the Middle East. As the year drew to a close, Daetwyler Cables generally saw delays in the execution of major construction projects, coupled with heightened pricing pressure.

Strategic focus tailored to customers' expectations

Daetwyler Cables is progressively establishing itself successfully as a supplier of complete integrated solutions for electrical building infrastructure. Its focus is directed at the communications (primarily data network), safety, building automation and elevator segments. Key factors leading to its success are the intensive local market development activities, constant close contact with customers, and professional engineering support in the early stages of construction projects. High-

Systems engineering is key to complete solutions for electrical building infrastructure.

performance cabling systems remain one of the core competences of Daetwyler Cables and will always be a central element of any electrical building infrastructure in the future. However, they are enhanced with passive and active components to provide technologically advanced, complete systems tailored to the needs of specific projects and customers.

Breakthrough in the Swiss market – stronger position in Europe

In Switzerland, Daetwyler Cables successfully positioned itself effectively not only as a cable manufacturer, but also as a system supplier and captured more market share during the year. The division also continued to improve its market position in Germany, Austria and some other European countries.

More headway in the Near and Middle East

The global economic crisis also reached the traditionally strong growth markets of the Near and Middle East late in the year. Factors like the collapsing oil price and tight finances of foreign investors had a negative impact on the business climate. Daetwyler Cables made more headway in developing the market, but nonetheless had to accept delays with some projects.

Profitable growth in Asia

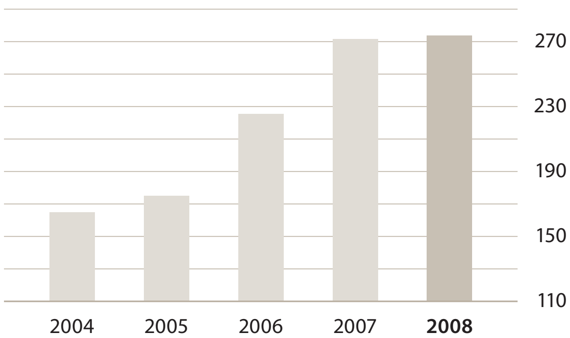
Benefiting from the favourable trend in the Asian elevator sector, Daetwyler Suzhou (China) and Daetwyler Singapore substantially increased sales of elevator cables, including harnessed assemblies. In an external rating, Daetwyler Shanghai ranked seventh, establishing itself among the top ten suppliers of structured building cabling in the Chinese market.

Outlook

In view of the general economic slowdown, we expect the Cables Division to see a marked drop in demand, starting at the latest in the second quarter of 2009. Low copper prices could mean that more inventory write-downs will be necessary. Several major infrastructure projects scheduled for implementation in 2009 should have a stabilising effect.

Cables highlights

Net revenue in CHF millions



Amounts in CHF millions	2007	**2008**
Net revenue	271.2	273.3
EBIT	20.6	13.6
EBIT as % of net revenue	7.6	5.0
Total assets	136.6	121.2
Gross capital expenditure	4.5	3.5
Number of employees (FTEs)	781	774

Strategy

The Cables Division, operating as Daetwyler Cables, is a leading provider of high quality system solutions and services for electrical building infrastructure, including data networks, safety cabling systems, elevator cabling systems, and now building automation.

Target groups

- Banks / insurance companies
- Campuses
- Electrical wholesalers
- Electricians
- Elevator manufacturers
- General contractors
- Industrial companies
- Installers
- Public authorities
- Public utilities / power generators and suppliers
- Railway companies / transport infrastructure providers / airports
- Telecom carriers/cable TV operators

Geographical markets

- Europe
- Middle East
- Asia

Brand

Dätwyler Cables

Competent harnessing and logistics services make us an attractive partner.

Products and services

Data networks (copper and fibre optic systems)

- System solutions for local area networks (LAN), optimised for easy installation and maximum operational safety and reliability.
  Brands: unilan®, uninet®, hypern®, optofil®, optoversal®, optomod®

- System solutions for city and access networks, enabling telecom carriers, cable operators and metropolitan network providers to connect customers to their wide area networks (WAN) cost-effectively.
  Brands: optofil®, optoversal®, telefil®

Safety cabling systems

- Comprehensive one-stop safety technology and solutions for power supply and data transmission. Used worldwide, proven time and again.
- Pyrofil® – halogen-free safety cables with functional integrity and improved performance in case of fire.
- Pyrosys® – certified support systems and accessories for cable installations with functional integrity in case of fire.
- Ecobus® – the future-proof, intelligent cabling system for building automation.

Building automation

- Universal, integrated system solutions for building automation in non-residential buildings, optimising both energy and operating costs.
- Ecobus® – a flat cable system designed to minimise cabling costs, provide faster adaptability and allow more flexible use of space than conventional electrical installations. Pre-harnessed plug-and-play components considerably reduce assembly time.

Elevator cabling systems

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

Cable harnessing

- Cable assembly and logistics systems for the elevator, plant and mechanical engineering industries.

Harnessed elevator cabling systems for the ICC in Hong Kong

Combining reliability, robustness and intelligence, elevator cabling systems from Daetwyler Cables ensure faultless operation of countless lifts all around the world. Withstanding high mechanical stress, the travelling cables transfer power and ever more data between lift cars and control systems. And so they will in the International Commerce Centre (ICC) in Hong Kong, which will stand 484 metres high and be the world's third tallest building once completed in 2010.
83 Schindler lifts – 40 featuring the first multi-deck cars – will transport 20 000 people between the 118 storeys of the ICC tower every day. 18 high-speed lifts moving at up to 9 metres per second will place tough demands on the travelling cables and elevator cabling systems supplied by Daetwyler Cables. Besides providing power, the travelling cables used in the ICC have integrated optical fibres to bring videos to the lift cars. With facilities in Europe, Singapore and China, Daetwyler Cables is a competent manufacturing, harnessing and logistics partner for electrical building infrastructure in major international projects.

Rubber

Performance

The Rubber Division, operating as Daetwyler Rubber, significantly improved its market positioning and performance during 2008, continuing the positive trend seen in recent years. However, with the onset of the global economic crisis during the second half of the year, the division fell short of the targeted growth rates. Revenue reached CHF 154.9 million, only marginally higher than the previous year's level of CHF 153.9 million.

Profitability enhanced by optimised product and customer portfolio

Daetwyler Rubber significantly increased its profitability by optimising the product and customer portfolio once again, while taking early measures to reduce costs and getting a major project successfully up and running. In 2008, operating profit (EBIT) climbed 28.5 % to CHF 15.8 million from the previous year's CHF 12.3 million before impairment charges. This represents an EBIT margin of 10.2 % compared to 8.0 % before impairment charges a year earlier. At the end of 2008, Daetwyler Rubber did not renew an expiring third-party manufacturing contract at its Czech plant and cut about 100 jobs. By taking this so far largest initiative to optimise the revenue potential of the product and customer portfolio, the division paved the way to continue enhancing profitability.

Repositioning in the NAFTA region

The American plant for moulded rubber parts had to contend with the ever worsening conditions in the US automotive market during the year. Back in 2007, Daetwyler Rubber decided to set up a manufacturing facility in Mexico in a bid to improve the situation. The necessary work proceeded without any significant complications. The transfer of rolling diaphragms, one of the most important product groups, will be completed in June 2009 once the customers have given the go-ahead. With this move, the division has taken another major step forward in reinforcing operations in the NAFTA region. In parallel, Daetwyler Rubber signed a long-term agreement with its largest customer to supply rolling diaphragms up until 2012. Having trimmed the workforce last year, Daetwyler Rubber intends to shut down the US plant in the fourth quarter.

Worldwide presence targeted in automotive business

The automotive industry's global platform strategies and development teams mean that component suppliers also need to have consulting capabilities all around the world. To cater for this,

Daetwyler Rubber's Schattdorf plant is one of Europe's most modern rubber factories.

Daetwyler Rubber is striving to offer local advisory services in all countries of importance to the automotive industry by reinforcing its consulting expertise at selected locations. The aim is to deliver more value to customers by getting involved early on in the development process for new products. As an established partner to all major automotive component suppliers and as a recognised specialist in high-precision safety components and complex processes, Daetwyler Rubber has a strong foundation to sustain profitable growth over the medium term.

Project pipeline strong as ever

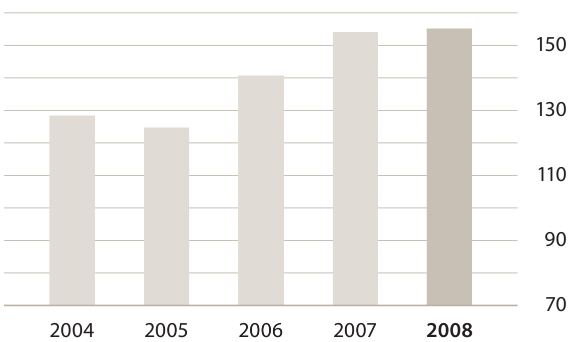
With more than 30 new precision moulded components under development for the automotive industry, the product pipeline remains very strong. As soon as the new vehicles go into mass production, these products will generate additional sales and compensate for cyclical declines in existing products and for product lines being phased-out. Full mass production under the major contract from the consumer goods industry started during the year. With the project expanding and more production lines being added, the annual sales volume will increase to more than CHF 30 million. In 2008, Daetwyler Rubber secured the first promising projects for special tunnelling gaskets in the emerging Indian market. Its focus on technologically sophisticated seals and gaskets is also paying off in building construction.

Outlook

As a supplier of components to the international automotive industry, Daetwyler Rubber cannot escape the current crisis. With demand dropping sharply since autumn 2008, we expect a decline in revenue and profit for 2009. Backed by the strong project pipeline, we are confident that Daetwyler Rubber can capitalise on the period of weak economic activity to continue strengthening its market position. Added to that, Daetwyler Rubber was quick to respond early with a package of measures to adjust the cost base to the fall in demand.

Rubber highlights

Net revenue in CHF millions



Amounts in CHF millions	2007	2008
Net revenue	153.9	154.9
EBIT	8.7	15.8
EBIT as % of net revenue	5.7	10.2
Total assets	96.1	127.9
Gross capital expenditure	7.8	11.3
Number of employees (FTEs)	1 038	712*

** The decrease in the number of full-time equivalents is explained both by the job cuts at the manufacturing facilities in Novy Bydzov / Czech Republic and Marion/USA and by the negative working time balance due to the reduction of overtime and holiday balances during the fourth quarter of 2008.*

Strategy

The Rubber Division, operating in the market as Daetwyler Rubber, is a leading specialist in rubber technology. Delivering high quality, high-tech products, Daetwyler Rubber provides innovative, custom designed sealing, insulation and vibration control solutions. Daetwyler Rubber is a global development partner and recognised component maker for the automotive supply, construction and other industries.

Target groups

- Automotive system suppliers
- Construction industry
- Packaging industry
- Tool industry
- Component manufacturers

Geographical markets

- Europe
- North and South America
- Asia

Brand

Dätwyler Rubber

The patented corners prove their merits in more than 100 tunnels on five continents.

Products and services

Custom designed solutions developed and manufactured to solve customers' problems and meet their needs for precision moulded rubber components and specialised extruded products. The range encompasses products made from compounds of all common elastomers, or combinations of compounds, and composites of rubber bonded to or reinforced with metal, plastic, fabric or fibre composites. Materials are developed, manufactured and processed using any type of elastomer, including fluororubber, fluorosilicone, highly temperature resistant EPDM, ethylene acrylate elastomers, liquid silicone and nitrile rubber.

Automotive (moulded rubber components)

Applications
- Fuel and engine management
- Brake booster diaphragms
- ABS and master cylinder
- Brake actuation
- Disk brakes
- Comfort and safety (air conditioning, airbags etc.)

Construction (extruded products)

Building construction applications
- Window seals
- Door and gate seals
- Fire resistant profiles
- Curtain wall seals, optionally co-extruded
- Load-bearing glazing profiles for rail vehicles

Civil engineering applications
- Gaskets for single shell tunnelling
- Joint seals
- Hydrophilic seals
- Injection hoses
- Special pipe seals and gaskets

Industrial (moulded rubber components)

Applications
- Machinery and appliances
- Packaging industry
- Tool industry
- Pipe joints
- Transport and vehicle manufacturing
- Defence engineering
- Household appliances

Stihl relies on expertise from Daetwyler Rubber

For more than a quarter of a century, Stihl has relied on moulded rubber parts from Daetwyler Rubber. The products of the world's leading chainsaw maker deliver high performance, even under extreme operating conditions. This places tough demands on the components used in them and means that the manifolds and hoses made by Daetwyler Rubber must be resistant to all sorts of chemicals like oil and fuel. At the same time, they are exposed to high mechanical stress and a wide range of temperatures. "Daetwyler Rubber offers all the materials and engineering expertise needed to develop and produce these complex moulded rubber parts", says Klaus Baumbach, Head of Purchasing at Stihl. In recognition of Daetwyler Rubber's expertise and quality, together with its reliability and flexibility, Stihl has named the international rubber specialist Supplier of the Year three times. And not long ago, Daetwyler Rubber was the first company ever to win this award two years in a row.

Pharmaceutical Packaging

Performance

By consistently implementing its niche strategy, the Pharmaceutical Packaging Division again succeeded in significantly outpacing the market growth of 6 % during 2008. The division, operating as Helvoet Pharma, increased net revenue by 8.6 % year on year to CHF 283.2 million from CHF 260.8 million. This was 14.2 % growth in local currencies and was entirely organic. With demand remaining strong, production capacity utilisation continued to improve. But at the same time, the prices of raw materials rose considerably. All in all, Helvoet Pharma's profitability nearly matched the previous year's level with an EBIT margin of 11.1 % as compared to 11.3 % in 2007. In absolute terms, operating profit (EBIT) grew to CHF 31.4 million, up 6.8 % from CHF 29.4 million a year earlier.

Continuous innovation in product lines

Last year, Helvoet Pharma successfully launched the third generation of its strategically important Omniflex product line. In parallel, the company completed the development of a full range of Omniflex coated plungers for prefilled syringes. This has reinforced Helvoet Pharma's leadership in coated rubber components and gives it a strong position in the growing market for biotechnologically produced drugs. Working in close collaboration with a major customer, Helvoet Pharma came out with a novel rubber compound for diabetes care devices. The Daetwyler company also partnered with its suppliers on initiatives to advance sterility treatment and the ready-to-use properties of its packaging components for the pharmaceutical markets.

Continuous improvement of processes

Along with developing and producing innovative rubber components, another key ingredient for success is providing fast and efficient service to customers. Through an enhanced supply chain organisation, Helvoet Pharma has begun to actively solicit feedback from customers. The objective is to further improve its supply chain processes and align them with the customers' specific needs. Having expanded the Quality & Regulatory Affairs department, Helvoet Pharma is now even better able to help customers satisfy the ever more demanding regulatory standards.

Hygiene of the highest order prevails in Helvoet Pharma's production environment.

Continuous increase in productivity

With the help of external specialists, Helvoet Pharma has implemented a productivity monitoring system in labour-intensive environments to keep improving competitiveness. During the year, the company completed an ambitious automation project in rubber moulding and component finishing, which will lead to a sustainable reduction in labour costs in all the plants. This already lowered the ratio of labour costs to net revenue by 1.3 percentage points in 2008. By putting a systematic multi-year plan in place, Helvoet Pharma intends to further increase production process automation and decrease the proportion of labour costs.

Continuous pursuit of excellence

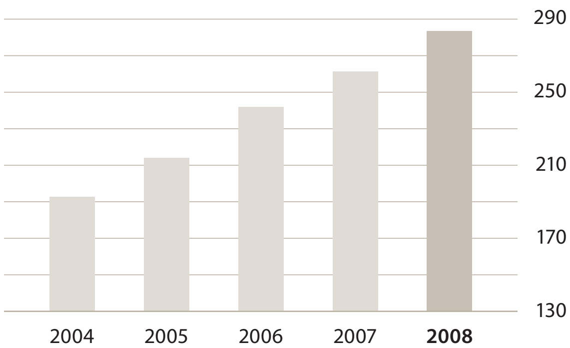
Last year, Helvoet Pharma introduced FirstLine, a new brand name for high-end rubber products. This stands for completely new production standards using state-of-the-art clean room technology, improved product specifications and a unique washing process. The construction work and validation of the new 6000 square metre production unit were completed within budget and on schedule in the first quarter of 2009. Helvoet Pharma now has one of the world's most modern facilities for producing rubber-based pharmaceutical packaging components at its present Alken site. The very positive customer feedback and the first firm orders provide a comfortable foundation to deliver the predicted profitable growth.

Outlook

Bolstered by the investments in new plant capacity and its increased market focus, Helvoet Pharma is strategically well positioned to continue outperforming the market average. We are confident that the market for pharmaceutical packaging components will remain in its stable and non-cyclical growth path despite the worldwide economic crisis.

Pharmaceutical Packaging highlights

Net revenue in CHF millions



Amounts in CHF millions	2007	**2008**
Net revenue	260.8	283.2
EBIT	29.4	31.4
EBIT as % of net revenue	11.3	11.1
Total assets	347.6	323.6
Gross capital expenditure	36.5	46.3
Number of employees (FTEs)	1 317	1 353

Strategy

Operating as Helvoet Pharma, the Pharmaceutical Packaging Division is one of the world's leading suppliers of rubber, plastic and aluminium closures for injectable drugs, diagnostics and drug delivery systems. These activities are built on well established partnerships with all the major pharmaceutical companies, a global presence and a strong focus on innovation.

Target groups

- Manufacturers and contract fillers of injectable drugs
- Manufacturers of diagnostic products
- Manufacturers of parenteral drug delivery systems

Geographical markets

- Europe
- North and South America
- Asia
- Australia

Brand

Helvoet Pharma

Products and services

Rubber and aluminium / plastic products for pharmaceutical packaging

- Serum and lyophilisation stoppers for injection vials
- Plungers, tip caps and needle shields for prefilled syringes
- Plungers and closures for cartridges (injection pen systems for diabetics, dental anaesthetics)
- Stoppers for infusion bottles
- Aluminium caps with rubber liner (lined seals)
- Plastic bottle pack caps
- Plastic hangers for infusion bottles

Rubber products for diagnostics and drug delivery systems

- Stoppers and needle shields for blood collection systems
- Plungers for infusion pumps
- Components for aerosol containers
- Plungers for disposable syringes
- Injection sites for IV administration sets

Value-added product benefits

- Omniflex-plus coating for rubber components to improve compatibility and cleanliness
- Ready-for-Sterilisation (RfS) rubber components requiring no pretreatment by the customer
- Ready-for-Use (RfU) gamma sterilised rubber components and aluminium caps
- Quality certificates for each lot to facilitate customers' incoming inspection
- Extractables and leachables studies to assist customers with development

Automated camera inspection ensures 100 % quality control of rubber components.

Improved coating technology for lyophilised drugs

The more complex the pharmaceutical products, the more problematic their stability becomes. For this reason, modern biotechnologically produced drugs tend to be freeze-dried into powder. This process called lyophilisation takes place after the active liquid ingredients have been filled into glass vials, placing high demands on the rubber packaging components supplied by Helvoet Pharma, a Daetwyler company. Helvoet Pharma has launched "Omniflex3G", an enhancement of its existing coating technology, optimised for lyophilised drugs. "Omniflex3G" combines the advantages of a seamless fluorinated polymer coating and an ultra-clean rubber compound with innovative new packaging component designs. This combination means that the rubber stoppers made by Helvoet Pharma maintain the highest level of seal integrity and minimum vacuum loss even after exposure to temperatures of –78° Celsius and high pressure. What is more, the "Omniflex" coating eliminates the need for a silicone lubricant when filling vials, thereby increasing the purity of the active ingredient. Helvoet Pharma's pharmaceutical customers benefit both from an optimised filling and lyophilisation process and from longer storage life and higher drug quality.

Technical Components

Performance

Daetwyler's Technical Components Division implemented several strategic projects during 2008, strengthening the foundation for further expansion. Due to project execution problems in the specialist distribution business, operating performance lagged behind the significant strategic progress. Net revenue grew to CHF 585.3 million, up 19.2 % from CHF 491.1 million a year earlier, with CHF 101.8 million contributed by the ELFA Group acquired at the end of April. Operating profit (EBIT) increased 9.6 % year on year to CHF 53.5 million from CHF 48.8 million. However, excluding the first-time contribution of CHF 12.5 million from the ELFA Group, operating profit was down 16.0 %. The EBIT margin, including ELFA, fell to 9.1 % from 9.9 % the year before.

Maagtechnic: profit weighed down by one-off costs

The lower profitability was due to the specialist distribution business, which operates as Maagtechnic. During 2008, Maagtechnic implemented two important strategic projects, transferring its plastics centre from Basel to St. Marcellin in France and installing a new group-wide ERP system. At the same time, the business realigned its structures and the processes concerned. As a result, the organisation was stretched to its limits and could not take full advantage of the good market conditions in the first half of the year. Higher one-off costs incurred to overcome supply bottlenecks and accomplish the relocation and migration work halved the profit contribution from the traditionally very profitable Maagtechnic. In the meantime, the projects have been completed, and the focus is clearly back on the customers and their needs.

Stable project business

Developments were mixed in the markets served by Maagtechnic. While some slowdown was seen in the MRO (maintenance, repair and operations) and electronics segments towards the end of the year, OEM (original equipment manufacturer) business remained stable across all industries and countries. The German and French companies were able to leverage further synergies in their operations with fluid and power systems and with polymers. In Switzerland, Maagtechnic strengthened its market position again by taking over the distribution of Shell lubricants in mid-August 2008.

Maagtechnic's modern high bay warehouse offers more than 10 000 pallet slots.

Distrelec bolstered by strategic acquisition

At the end of April 2008, Daetwyler's mail order distribution business, operating as Distrelec, made a strategically important acquisition by taking over the Swedish-based ELFA Group. This added nine more subsidiaries in Northern and Eastern Europe to the Daetwyler organisation, positioning Distrelec as one of Europe's leading catalogue distributors of industrial electronic and automation products. The integration work proceeded as planned, and the first synergy projects were successfully implemented, including the move to combine Distrelec's and ELFA's product management and catalogue production. Their first joint catalogue containing altogether 100 000 items is already scheduled to be published in 11 languages at the beginning of 2010. With double the volume of purchases, the two companies have also achieved substantial savings in sourcing.

Successful growth projects

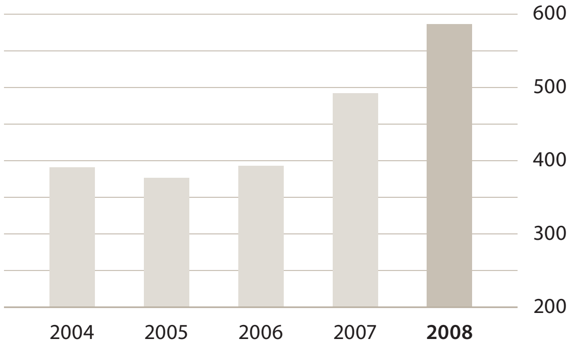
The economic environment weakened distinctly across all markets in the last three months of the year. So far, the slump has hit the growth markets of Eastern Europe harder than the more mature core markets in Central and Northern Europe. Distrelec pressed ahead with various growth projects to counteract the effects of the economic slowdown. Particularly successful initiatives were the procurement service for top customers (KatalogPlus) and the technical distribution of more sophisticated equipment and instruments. In the future, Daetwyler will seek not only to drive organic growth but to continue expanding the mail order distribution business with suitable acquisitions inside and outside Switzerland. Attention will be focused on strengthening the business base in Eastern Europe.

Outlook

We expect the Technical Components Division to face a difficult first half of 2009, with sales revenue falling in all markets. It is hard to predict whether the growing pent-up demand for maintenance materials will already help to consolidate demand in 2009. Nevertheless, we are confident that Maagtechnic and Distrelec are well equipped both to weather the current recession and to capitalise on the next upswing due to their strong market positions, lean structures and the remaining synergy potential.

Technical Components highlights

Net revenue in CHF millions



Amounts in CHF millions	2007	**2008***
Net revenue	491.1	585.3
EBIT	48.8	53.5
EBIT as % of net revenue	9.9	9.1
Total assets	369.4	723.4
Gross capital expenditure	8.3	8.7
Number of employees (FTEs)	1 112	1 576

** Including the ELFA Group's first-time consolidation for eight months.*

Strategy

The Technical Components Division supplies engineering and electronic components based on solid expertise in specialist and mail order distribution to industry, small and medium-sized businesses, retailers / resellers and technical schools. The specialist distribution segment is positioning itself as a distribution, service and manufacturing business.

Target groups

- Industrial companies
- Small to medium-sized businesses
- Retailers / resellers
- Technical schools

Geographical markets

- Central Europe
- Northern Europe
- Eastern Europe

Brands

Specialist distribution:

Maagtechnic

Dätwyler Electronics

Mail order distribution:

Distrelec

ELFA

Products and services

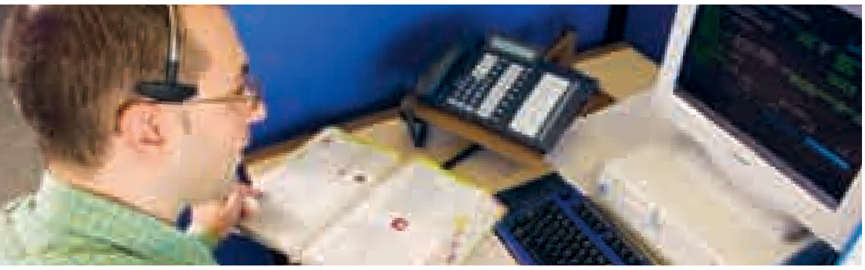
The Technical Components Division, comprising the Maagtechnic, Distrelec and ELFA Groups, is a leading business-to-business supplier of engineering and electronic components across Central and Northern Europe. Its wide range, encompassing 300 000 standard components, automated interfaces with customers and in-depth application knowledge combine to assure customers of cost-effective order processing and complete solutions tailored to their needs.

Specialist distribution: Maagtechnic

- Rubber and plastic components
- Fluid and power systems, lubricants
- Electronic components and connectors
- Work safety, tools and consumables
- Conceptual planning, design and manufacturing of fully finished custom engineered components and subsystems

Mail order distribution: Distrelec / ELFA

- Active and passive components
- Electromechanical components
- Automation
- Computer accessories and peripherals
- Networking products



Distrelec's customer service centre provides competent advice and fast order processing.


SIEMENS

Siemens turbine solutions provide the world with power and energy

Siemens Industrial Turbomachinery AB develops, manufactures, sells and maintains an extensive spectrum of solutions ranging from single gas and steam turbines to complete power plants and compressor installations for customers across the globe. Its products are used to generate electricity, steam and heat or as mechanical drives for pumps and compressors in the oil and gas industry. The company's leading-edge gas turbines have a low environmental impact, and its Combined Cycle Power Plants (SCC™) are renowned both for their high efficiency and for their compatibility with the environment. ELFA, a Daetwyler Group company since 2008, has been supplying Siemens Industrial Turbomachinery AB's worldwide operations with test instruments from various manufacturers for many years now. ELFA's comprehensive and wide-ranging stock, combined with its unparalleled customer service and ability to deliver special instruments that are not part of the standard range, has led Siemens Industrial Turbomachinery AB to choose ELFA as its partner.

Sustainability

Long-term values

More than 90 years of innovation for the benefit of our customers, employees, shareholders and the community – that is the hallmark of the Daetwyler Group. Over this period, Daetwyler has evolved from a family-owned Swiss company into an international group. Building on our strong roots, we have developed our own style with high standards. Customer responsiveness, innovation capability and commitment are core values that guide the way we run our business over the long term. We strive to deliver sustainable profitable growth for the benefit of our stakeholders as the foundation for adding long-term value and preserving the corporate independence of the Daetwyler Group.

In our efforts, we are addressing the challenges of our times. Our sustainability reporting has been expanded and also supported by quantitative data as part of this Annual Report. In 2008, we introduced a Code of Conduct that lays down binding rules for all Daetwyler Group employees worldwide and is designed to help deal with ethical and legal challenges in our day-to-day work. In 2008, we also launched systematic, periodical surveys among our customers and employees, the results of which give us important input for continuous improvement. Our commitment to climate protection and environmentally friendly technologies reached another milestone in 2008 when Daetwyler Rubber commissioned its wood-fired heating plant in Schattdorf. In this way, we live up to our social responsibility every day with long-term vision and as a reliable partner wherever we operate.

Dr. Paul J. Haelg, CEO

Sustainability as a strategic direction

Sustainability is about balancing economic, social and environmental responsibility. Within the Daetwyler Group, sustainability is an important strategic objective, embedded in all we do from product development, customer support, human resources management and production to social engagement. Our aim is to communicate these efforts transparently in this Annual Report and, for that reason, we have adopted the voluntary Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI)* for the first time. This has been checked and confirmed by GRI.

The Daetwyler Group places great emphasis on respecting and engaging in an open and honest dialogue with all stakeholders who play a role in our business success and who are significantly affected by our business operations. These include, first and foremost, customers, the environment, employees, suppliers and the communities in which the Daetwyler Group companies have often been long established and promote regional development as reliable employers and partners. The following pages are dedicated to these stakeholders by disclosing a number of performance indicators based on the requirements of the GRI Guidelines, while clearly illustrating the long-term approach fundamental to responsible corporate citizenship.

** The Global Reporting Initiative (GRI) based in Amsterdam has set itself the objective of improving the transparency and comparability of corporate reporting worldwide. The GRI Guidelines are the world's leading standard for sustainability reporting.*

Clear ground rules set the framework in an ever more complex world.


HOLZHEIZWERK

Daetwyler Rubber helps protect our climate

Seizing worthwhile opportunities efficiently – following this motto, Daetwyler Rubber commissioned a wood-fired heating plant at its Schattdorf facility in Switzerland in October 2008. The basic infrastructure was provided by the existing heating system shared with RUAG Land Systems, a neighbouring industrial company. Operated by Oeko Energie AG Gotthard, the wood-fired heating plant has won wide support from authorities, suppliers and disposal partners. Its wood fuel requirements, for instance, are matched to the capacity of the forests and sawmills around the Swiss Canton of Uri. Furthermore, a modern electrostatic particulate filter and technological optimisations keep pollutant emissions down to 50 % below the legal requirements. With an output of three megawatts, the plant produces a total of 12 500 megawatt-hours per annum. This wood-fired heating plant will save Daetwyler Rubber and RUAG Land Systems about 1.5 million litres of fuel oil and reduce CO_2 emissions by 4 000 tonnes annually. That is as much as the yearly CO_2 emissions of about 2 000 cars. By opting for this wood-fired heating plant, Daetwyler is actively helping to protect our environment and climate.

Quality for customers

Policy of high quality and reliability

The Daetwyler Group stands for more than its products alone. In all parts of our business, we focus on continuously improving the underlying processes, passing on the ever-growing pool of expertise to our customers. High quality standards and reliability are key factors for our success in delivering traditionally above-average customer satisfaction.

Standardised processes assure quality

Daetwyler Group companies invest continuously in even better materials and process engineering, production facilities and testing methods. Each product is measured against stringent quality standards several times before it reaches the customer. Business processes are based on internationally recognised quality management systems and a high commitment to innovation, which is also reflected in collaboration with universities, international standards bodies and independent testing laboratories.

Throughout development, certification and production, we also devote special attention to an analysis of the impact of all our products on users' health and safety. For this, we apply standardised processes and accepted industry standards, such as safety data sheets, when purchasing new substances and materials or, to cite a specific example from the Cables Division, the fire safety standards applicable to safety cables across Europe. During the reporting year 2008, the Daetwyler Group again recorded no incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services on users.

Overview of certifications obtained

	Cables	Rubber	Pharmaceutical Packaging	Technical Components
Quality				
ISO 9001	All facilities	All facilities	All facilities	All facilities
ISO/TS 16949		Schattdorf/Switzerland Novy Bydzov/Czech Republic Marion/USA, Silao/Mexico		
ISO 15378			Alken/Belgium	
Environment				
ISO 14001	Altdorf/Switzerland Suzhou/China	Schattdorf/Switzerland	Alken/Belgium Karlsbad/Germany Pregnana/Italy	Duebendorf/Switzerland Bremen/Germany Goeppingen/ Germany Jaerfaella/Sweden Vaulx-en-Velin/France
Occupational health and safety				
OHSAS 18001	Altdorf/Switzerland		Alken/Belgium	

Daetwyler Group companies engage in intensive dialogue with customers.

Regulatory information requirements as minimum standards

Almost all of the Daetwyler Group's products are subject to information requirements in the countries where they are used. Particularly relevant are the chemicals legislation in Switzerland and the EU as well as the EU REACH and RoHS regulations concerning the material composition of products. While requiring transparency about material composition, the laws and standards also ban the use of certain substances. REACH (EU Regulation No. 1907/2006) governs the registration, evaluation and authorisation of chemicals in the European Union and impacts all of Daetwyler's divisions. RoHS (EC Directive 2002/95/EC) bans the use of certain substances in the manufacture and processing of electrical and electronic equipment and components. Within Daetwyler, RoHS affects the Cables and Technical Components Divisions. By using standardised processes in the selection of raw materials and with safety data sheets for all products, the manufacturing companies in the Daetwyler Group (Cables, Rubber and Pharmaceutical Packaging) meet the relevant regulatory requirements and standards for material composition and transparency in the countries in which they operate. Daetwyler's specialist and mail order distribution businesses (Technical Components Division) take the responsibility for ensuring that imported products comply with national legislation and standards. They assume this responsibility by providing specifications and safety data sheets to suppliers and by monitoring the products.

Focus on delivering customer value

Through decentralised management, Daetwyler fosters an entrepreneurial culture with short response times and decision-making authority close to the market. This makes Daetwyler companies attractive development partners who contribute to their customers' success in the marketplace by providing leading materials and engineering expertise. Besides the products themselves, the complete solutions offered by Daetwyler also encompass consulting, logistics and training services. A particularly well-developed programme of training and seminars has been established in the Cables Division. In 2008 alone, more than 1300 people in Switzerland, Germany and Austria enhanced their specialist knowledge at seminars held by Daetwyler Cables. The Rubber Division has been commended for its customer responsiveness with a number of Supplier of the Year Awards from renowned companies like Bosch and Continental Teves. To facilitate relations with customers, the Daetwyler Group has established clearly positioned and well-managed company brands as the foundation for a consistent corporate identity in the marketplace. The framework for this is provided by centrally coordinated worldwide trademark protection and a clear, web-based Corporate Design Manual.

Systematic customer surveys

In 2008, the Daetwyler Group launched a standardised customer survey throughout the Group. This web-based survey is being conducted twice a year with the help of an external specialist. The response rate is between 10 % and 30 % depending on the division. The survey is designed around the concept of benchmarking. Customers selected at random are requested to name one of our competitors and to rate the particular Daetwyler company against this benchmark. Daetwyler also asks how significant the individual performance indicators are for the customer and allows individual qualitative comments. We were pleased to see that the customers' average ratings for all the Daetwyler companies in 2008 were at least slightly better than the chosen benchmarks. The survey results provide valuable inputs for developing and implementing improvements in all the divisions. Such improvements are part of the systematic management process, helping us to continuously enhance our performance for customers of the Daetwyler Group.

Environment

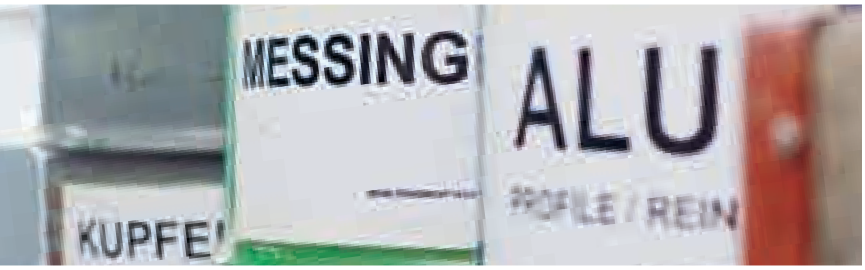
Focus on the environment

For the companies in the Daetwyler Group, environmental protection is an important mission and, as such, is embodied in the Group's Code of Conduct. This encompasses both environmentally friendly production with efficient use of resources and the development of products that are made of the most environmentally sound components possible and, in many cases, directly help to protect the environment. One example is the new rubber gaskets for environmentally friendly natural gas engines in the automotive industry.

Promoting environmental protection and reporting

As part of the internal, certified environmental management system, Daetwyler is continually improving its environmental performance and endeavouring to minimise significant impacts on the environment. In 2008, the Group spent some CHF 3 million on activities related to the environment, of which about CHF 2.4 million was on capital assets, CHF 0.4 million on human resources and CHF 0.2 million on certification. Some examples of our initiatives were the commissioning of a wood-fired heating plant, the replacement of a computer air conditioning system, new windows with high quality insulating glass, expenditure on an air emissions analysis and projects to optimise waste disposal.

To ensure systematic sustainability reporting, the Daetwyler Group has also started to harmonise the gathering of environmental data. The largest facilities in all the divisions now report significant environmental data in a common format, using comparable data collection methods. This initiative is continuing in 2009 with a further review of the basic data collection process and the inclusion of additional aspects like fuel consumption into the reporting.



Waste is routinely separated and recycled wherever possible.

Environmental performance at a glance

As expected, the Cables, Rubber and Pharmaceutical Packaging Divisions consumed more resources than the Technical Components Division, which is focused on commerce and distribution.

Most of the divisions showed roughly constant per capita electricity consumption compared with the previous year. The exception is the Rubber Division where a slight rise in total consumption translated into a high per capita increase. This was partly due to a major new project for the consumer goods industry where a large number of energy-intensive machines can be operated by relatively few employees. Other energy consumption indicators showed moderate year-on-year changes, again with the exception of the Rubber Division where consumption of natural gas at the Czech facility and consumption of fuel oil at the Swiss facility in Schattdorf were reduced significantly. The latter was the result of the new wood-fired heating plant.

Greenhouse gas data were collected as the sum of direct and indirect emissions (e.g. from electricity) [(1)]. Per capita emissions remained relatively constant, except for an increase in the Rubber Division due to the rise in per capita electricity consumption mentioned above.

Per capita water consumption reflects particularly clearly the differences between the various divisions' processes. In this context, industrial water is used consistently, especially at the Cables and Rubber Divisions' Swiss facilities (more than 2 million m^3 or almost 85 % of the entire Group's water consumption), to minimise consumption of high quality drinking water.

While there was only a slight change in the per capita volume of waste, the proportion of hazardous waste was reduced across almost all the divisions.

Summary of environmental data by division

	Cables [2]		Rubber [3]		Pharmaceutical Packaging [4]		Technical Components [5]	
	2008	2007	2008	2007	2008	2007	2008	2007
Energy and CO_2								
Electricity consumption	19 355	18 402	34 511	33 282	41 248	37 295	7 024	7 032
Per capita electricity consumption (MWh / employee)	28	33	52	33	40	37	5	5
District heating (MWh)	0	0	0	0	0	0	2 113	2 169
Natural gas consumption (MWh)	0	0	1 082	1 374	15 906	14 512	3 198	3 252
Butane, propane, ethane consumption (MWh)	5	3	398	427	0	0	0	0
Extra light fuel oil consumption (MWh)	6 217	6 113	4 135	7 048	0	0	1 943	1 905
Greenhouse gas emissions [1] (tonnes)	13 333	12 736	22 094	22 284	28 338	25 654	5 852	5 867
Per capita greenhouse gas emissions (tonnes / employee)	20	23	33	22	28	25	4	4
Water								
Drinking / industrial water consumption (m³)	791 436	756 329	1 556 623	1 181 263	195 644	157 756	16 761	15 280
Per capita water consumption (m³ / employee)	1162	1339	2348	1178	192	156	13	12
Waste								
Total waste (tonnes)	2 115	2 062	2 399	2 827	5 429	5 432	1 393	1 348
Of which non-hazardous waste (tonnes)	2 107	2 048	2 386	2 802	5 093	4 954	1 384	1 341
Of which hazardous waste (tonnes)	8	14	13	17	336	478	9	7
Per capita total waste (tonnes / employee)	3	4	4	3	5	5	1	1

(1) *Expressed in CO_2 equivalents. The "primary energy method" was used, including emissions resulting from extraction, conversion, transport and distribution of energy used.*

(2) *Includes the facilities in Altdorf (Switzerland) and in Shanghai and Suzhou (China), together accounting for 681 of the total of 773 employees (in full-time equivalents at the year end) in the Cables Division.*

(3) *Includes the facilities in Schattdorf (Switzerland), Springe (Germany), Novoy Bydzov (Czech Republic) and Marion (USA), together accounting for 663 of the total of 712 employees in the Rubber Division.*

(4) *Includes the facilities in Alken (Belgium), Karlsbad (Germany) and in Pregnana and Montegaldella (Italy), together accounting for 1019 of the total of 1353 employees in the Pharmaceutical Packaging Division.*

(5) *Includes the facilities in Duebendorf and Naenikon-Uster (Switzerland), Bremen and Goeppingen (Germany), Saint-Marcelin (France) and Jaerfaella (Sweden), together accounting for 1320 of the total of 1576 employees in the Technical Components Division.*

Our people

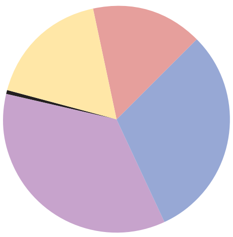
Clear core values and processes

Qualified and committed employees are particularly critical to the Daetwyler Group's future success in international industrial markets. For this reason, the company attaches special importance to fair and safe working conditions, thorough training and development, and a corporate culture with a high level of identification. A decentralised structure promotes personal responsibility and close contact with customers.

Workforce demographics

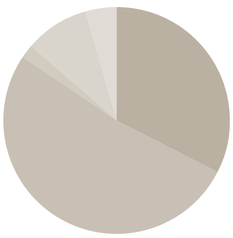
At the end of 2008, the Daetwyler Group employed 4433 people (expressed as full-time equivalents) in 22 countries worldwide, an increase of 168 people or 3.9 % over a year earlier. This change is largely the result of the acquisition of the ELFA Group at the end of April 2008 and the sale of the Precision Tubes Division on 27 December 2007. Based on the average headcount of 4602, revenue per full-time equivalent was CHF 281 378, down 1.1 % on the previous year. The Group-wide employee turnover rate in the reporting year was 15.5 % due to job cuts at a few facilities. In total, the Group had 3984 full-time employees and 449 part-time employees. Women accounted for 31.5 % of the total workforce, while the proportion of women in senior positions was 15.7 %. The human resources indicators are based on full-time equivalents.

Employees (full-time equivalents) by division



- Cables 17.5 %
- Rubber 16.1 %
- Pharmaceutical Packaging 30.5 %
- Technical Components 35.6 %
- Holding and finance companies 0.3 %

Employees (full-time equivalents) by region



- Switzerland 32.7 %
- European Union 51.8 %
- Rest of Europe 2.0 %
- North America 9.2 %
- Far East 4.3 %

Daetwyler promotes an entrepreneurial culture through decentralised management.

Fair employment conditions

Daetwyler Group companies ensure equal opportunities, equal treatment and fair employment conditions, pay fair wages and salaries, and offer employee benefits in line with national and industry standards. Employee costs, including social security and pension costs, amounted to CHF 340.1 million in the reporting year. In business reorganisation programmes, we consider the needs of the employees, engaging in a constructive dialogue with company employee representatives. In 2008, the Compliance Officer (currently the CFO) received no complaints of alleged discrimination in Daetwyler companies. By continuously raising awareness and supporting managers, Daetwyler helps to promote equality of men and women generally in the work process. Participation in the pay comparison survey conducted by Swissmem, the Association of Swiss Mechanical and Electrical Engineering Industries, has shown that men and women working at the Cables and Rubber Divisions' two main manufacturing facilities in Switzerland receive equal pay.

Training promotes competence and safety

Daetwyler Group companies are committed to ensuring a safe and healthy working environment. This applies both to technical planning of workplaces, equipment and processes and to safety management and personal behaviour in everyday working life. In 2008, there were no fatal accidents. Throughout the Group, occupational injuries resulted in 2 835 lost days, which represents 0.26 % of the total days worked. In total, 54 950 days were lost due to sickness, occupational injuries and non-occupational injuries, representing an absentee rate of 5.08 %.

The markets in which the Daetwyler Group operates call for highly trained employees undergoing continuous development and improvement. Some of our initiatives to train young people are reflected in the 158 apprenticeships offered by Daetwyler Group companies worldwide. Our apprentices regularly receive top rankings in national competitions, which are testimony to the high quality of technical instruction in the training workshops. We support training and retraining programmes to develop the technical and social skills of employees at all levels in the hierarchy. One example can be seen in the Pharmaceutical Packaging Division, which invested more than CHF 1 million in training and development during 2008.

Employee survey also based on benchmarking

In 2008, the Daetwyler Group launched a standardised employee survey throughout the Group. The survey consisting of a written questionnaire in eight languages is being conducted annually with the help of an external specialist. This guarantees anonymity for employees, which is reflected in an average response rate of 67 %. The survey is designed around the concept of benchmarking. The external specialist's experience enables Daetwyler's results to be compared with a pool of 45 000 Swiss employees. The results received in 2008 allow a differentiated analysis. While several Daetwyler facilities beat the external benchmarks, about half scored lower than the external comparators. The survey results provide valuable inputs for developing and implementing improvements in all the divisions. The measures to increase the commitment of employees are part of the systematic management process.

Community

Fair and responsible partner

The Daetwyler Group is committed to sharing responsibility for general community affairs. The individual companies maintain regular contact with local authorities and stakeholders. In mid-2008, Daetwyler put in place a Code of Conduct that is binding for the entire Group and also sets out rules for proper interaction with business partners and competitors. Collusion, bribery and corruption are accordingly strictly forbidden. Specific programmes for training employees in further implementation of the Code of Conduct are planned for 2009. Once again, no legal actions for anti-competitive behaviour, anti-trust or monopoly practices were brought against Daetwyler during 2008. Nor were any significant fines or non-monetary sanctions imposed on Daetwyler for non-compliance with laws and regulations during the reporting year.

Important contribution to regional development

Many of the Daetwyler Group's production facilities have been based at the same location for several decades, giving them strong local ties. This is reflected, among other things, in local suppliers being accorded preference in purchasing where possible, as long as their price-performance ratio is competitive. A good example of this can be seen at the two manufacturing facilities in the Swiss Canton of Uri where Daetwyler is the largest employer, providing a total of some 1 000 jobs. With the exception of basic production feedstock, such as copper and raw materials for rubber (which cannot be purchased locally), the two facilities in Uri sourced 34.3 % of their purchases locally in 2008. The Daetwyler Group has had its roots in the Swiss Canton of Uri ever since its inception and intends to preserve industrial jobs in this peripheral region where economically viable and practical. Notwithstanding this social responsibility, restructuring programmes are possible should the business environment make them necessary.

Social responsibility

The charitable Daetwyler Foundation, established in 1990 by brothers Peter and Max Daetwyler, is endowed with a capital of CHF 26.0 million. It does not own any shares in Daetwyler Holding Inc. or have any influence over the management of the Daetwyler Group. The purpose of the Daetwyler Foundation is to support charitable initiatives in the areas of art, architecture, customs and traditions; education and training; natural sciences, humanities and social sciences; physical training, and nature, heritage and environmental conservation. Since its beginnings, the foundation has awarded CHF 5.9 million in grants. Of the total amount distributed, CHF 4.8 million or about 81 % has gone to applicants in the Canton of Uri or to individuals and institutions having close ties with Uri. In this spirit, a sum of CHF 0.587 million was awarded last year. In accordance with the Code of Conduct, the Daetwyler Group does not provide financial support to political parties, organisations or office holders.

GRI REPORT
GRI CHECKED

Providing some 1 000 jobs, Daetwyler is the largest employer in the Swiss Canton of Uri.

Corporate Governance at 31 December 2008

As a company committed to creating long-term value, Daetwyler has a clear framework of management and control policies in place to ensure compliance with the principles of good corporate governance. These policies are set out in the Articles of Association (www.daetwyler.ch > Our Company > Organisation) and the Rules of Organisation and Business Conduct of Daetwyler Holding Inc. They are presented below following the applicable Directive issued by the SIX Swiss Exchange. Where appropriate, reference is made to issues that are discussed in detail in the notes to the consolidated financial statements. Where information required under a section of the SIX Directive has been omitted, it is either not applicable or not material to Daetwyler.

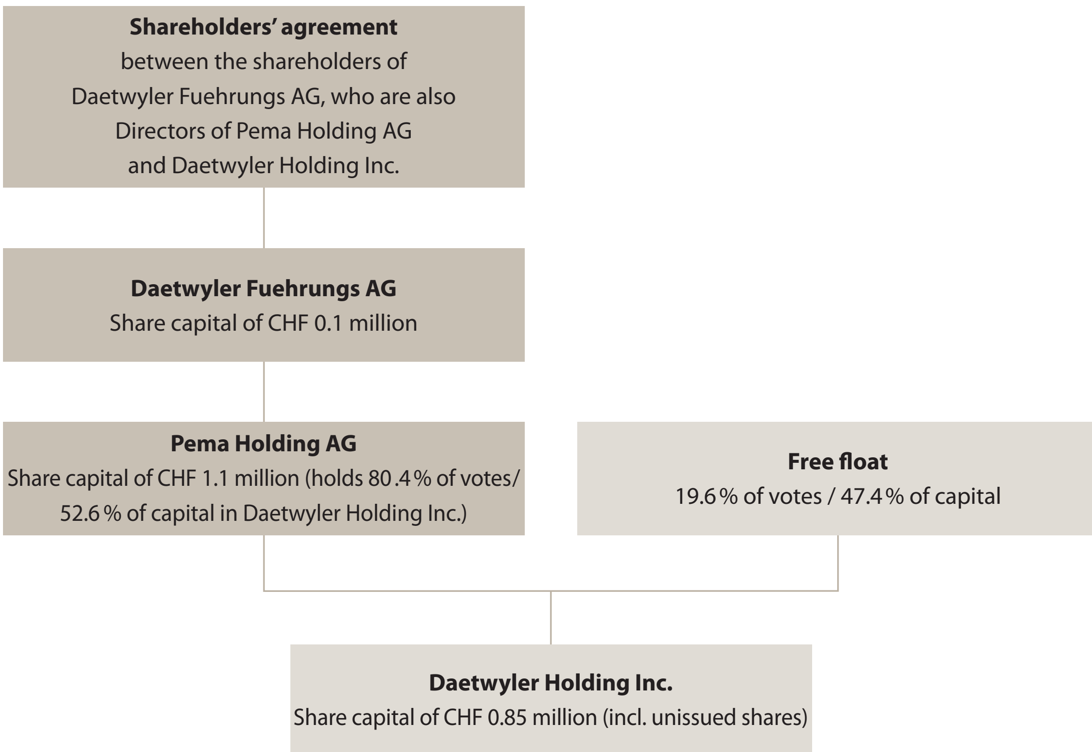
Group structure and shareholders

The Daetwyler Group is an international multi-niche player dedicated to industrial component supply and distribution of engineering components. Through its four divisions – Cables, Rubber, Pharmaceutical Packaging and Technical Components – the Group focuses on attractive niches in the manufacturing, pharmaceutical and datacom industries.

Substantial shareholders and ownership

Having acquired 150 000 bearer shares in the first half of 2008, Pema Holding AG owns all 22 million registered shares and 4.55 million of the total of 12.6 million bearer shares of Daetwyler Holding Inc. This represents 80.43 % of the voting rights and 52.65 % of the share capital. Unissued shares have been included in calculating the percentage of capital held but excluded in calculating the percentage of voting rights held. The reason is that unissued shares carry no votes.

The entire share capital of Pema Holding AG was contributed to Daetwyler Fuehrungs AG, indirectly giving it a majority of the voting rights in Daetwyler Holding Inc. Daetwyler Fuehrungs AG is owned by its Directors who are elected by co-optation and are also Directors of Pema Holding AG and Daetwyler Holding Inc. They acquired equal shares in the CHF 0.1 million share capital of Daetwyler Fuehrungs AG at par value and are subject to clear rules under a shareholders' agreement. On leaving the Board, they transfer their shares to their successors at par



value. This arrangement was made to provide a sound legal framework to ensure that the majority of votes in Daetwyler Holding Inc. are controlled by the top management. The Bearer Shareholders' Representative on the Board of Daetwyler Holding Inc. is not a Director of Pema Holding AG or Daetwyler Fuehrungs AG.

The Board of Daetwyler Holding Inc. is not aware of any other shareholders, or groups of shareholders subject to voting agreements, who hold 3 % or more of the total voting rights.

Group structure and companies

The required disclosures relating to the Group structure are presented on the following pages of the Annual Report:

- Page 120 ff: directory of Group operations.
- Page 65 ff: segment reporting in accordance with IFRS.
- Page 100 f: detailed list of subsidiaries and investments.
- Page 117 ff: details of Daetwyler Holding Inc., the listed company, in the Share Information and General Information sections.

No listed companies are included in the consolidation of Daetwyler Holding Inc. There are no cross-shareholdings with other companies.

High-performance data cables are the core of high-quality system solutions.

Capital structure

Composition of share capital in CHF millions at 31 December 2008:

22 000 000 registered shares of CHF 0.01 each	0.22
12 600 000 bearer shares of CHF 0.05 each	0.63
(including 1 589 700 treasury shares)	
Total ordinary share capital	0.85
Authorised additional share capital	none
Authorised but unissued share capital	none
Participation certificates	none
Profit-sharing certificates	none
Registration and voting restrictions	none
Opting out and opting up provisions	none

2008 capital reduction through par value repayment

On the Board's proposal, the Annual General Meeting of Shareholders of Daetwyler Holding Inc. held on 22 April 2008 passed a resolution to reduce the share capital through a par value repayment. The par value of shares was reduced by CHF 4.95 per bearer share, from CHF 5.00 to CHF 0.05, and by CHF 0.99 per registered share, from CHF 1.00 to CHF 0.01, and the amount of the reduction paid out to shareholders, thereby reducing the share capital of Daetwyler Holding Inc. by CHF 84.15 million from CHF 85.0 million to CHF 0.85 million.

The reduction in share capital was registered in the Commercial Register on 2 July 2008.

All shares are fully paid-up. With the exception of treasury shares (1 589 700 bearer shares, see note 32 (treasury shares) on page 93), all shares are entitled to vote and rank for dividend. Information about changes in equity for 2008 and 2007 is presented in the statement of changes in equity on page 49. Changes in equity for 2007 und 2006 are shown in the statement of changes in equity on page 47 of the Annual Report 2007.

Convertible bonds and share options

Daetwyler had no bonds or convertible bonds outstanding at 31 December 2008.

Internal organisation

Role of the Board of Directors

The Board of Directors is the ultimate decision-making, management and governing body of the Daetwyler Group. The Board consists of not less than five and not more than eleven members. At 31 December 2008, the Board comprised eight Directors. The roles of the Chairman and Chief Executive Officer (CEO) are separate. The Directors have no executive functions in the Group, do not have any business relationship with the Daetwyler Group and are all considered to be independent (none of them served on Daetwyler's Executive Board during the three financial years preceding the period under review). No Director holds cross-directorships with other Directors through involvement in other listed companies.

Directors are elected for staggered four-year terms. They are eligible for re-election for further periods, with no limit on the number of terms they may serve. Directors retire at the Annual General Meeting following their 70th birthday. Each class of shares is entitled to nominate at least one representative to the Board. The average age of the Directors currently in office is 62 and their average tenure is seven years.

Main responsibilities and operation of the Board

The Board organises itself. Its main responsibilities are defined in Art. 716a of the Swiss Code of Obligations. In order to discharge these responsibilities efficiently, the Board has authority under the Rules of Organisation and Business Conduct of Daetwyler Holding Inc. to appoint Committees from among its members to deal with specific matters. There are currently two Committees: the Audit Committee and the Human Resources Committee.

The Board holds six regular meetings a year, each lasting between half a day and one full day. A two-day annual strategy workshop is held to review and develop the strategy. The strategy workshop is usually combined with a visit to one of the divisions. Special Board meetings are held when necessary. Agendas for Board meetings are set by the Chairman in consultation with the CEO and CFO. Any Director may request that an item be placed on the agenda or that a special meeting be held. The CFO acts as Secretary to the Board.

Directors receive papers and information at least ten days in advance of meetings to allow them to prepare for discussion of each item. Depending on the nature of the business to be transacted, the Chairman may invite members of the Executive Board to provide information at Board meetings and participate in an advisory capacity. The Board operates as a team and strives to reach decisions unanimously, wherever possible. If a unanimous decision cannot be reached, the minutes of the meeting must give the names of who voted and how they voted. The Board has a quorum when at least a majority of its members is present. Its resolutions are passed by a majority of the members present. The Chairman is also a voting member and has the casting vote in the event of a tie.

During 2008, the Board held six meetings attended by the CEO and CFO. The other members of the Executive Board were present at each meeting for the discussion of items relating to them. In 2008, no external specialists were called in.

Operation of the Committees

The Committees have written terms of reference specifying their responsibilities and authority. The Committees generally prepare the groundwork for decision-making by the full Board. They meet at the call of their chairmen as often as necessary to discharge their duties: the Audit Committee at least four times a year and the Human Resources Committee at least twice a year. Their meetings usually last half a day. All Directors, Executive Board members and the external auditors may request a meeting of the Committees. Depending on the nature of the business to be transacted, meetings are attended by the CEO, CFO or, if required, by a representative of the external auditors or a specialist in an advisory capacity. The agendas for Committee meetings are set by the respective chairmen in agreement with the CEO and CFO. Committee members receive papers and information in advance of meetings to allow them to prepare for discussion of each item. At least two members must be present to constitute a quorum. The Committees pass their resolutions by an absolute majority of the votes cast.

In the event of a tie, the chairman has the casting vote. The Committees keep a record of their decisions and recommendations in minutes submitted to the Board and report the results of their activities at the next following Board meeting.

Audit Committee

The Audit Committee consists of at least three Directors, each of whom has experience in finance and accounting, who are appointed by the Board from among its members for a period of one year. The Audit Committee appoints its chairman. Members of the Audit Committee are: Hans R. Rueegg (chairman), Ulrich Graf and Ernst Odermatt. In 2008, the Audit Committee held four meetings attended by the CEO and CFO. Representatives of the external auditors attended all the meetings for the discussion of selected items.

Main responsibilities and authority of the Audit Committee

- To ensure comprehensive and effective internal control and risk management systems for Daetwyler Holding Inc. and the Daetwyler Group.
- To ensure a comprehensive and effective audit programme for Daetwyler Holding Inc. and the Daetwyler Group.
- To comment on the proposed audit plan and results of audits.
- To receive recommendations from the external auditors, discuss the recommendations with the Executive Board and provide a summary for the Board.
- To make an annual evaluation of the performance, remuneration and independence of the statutory auditors.
- To review the Executive Board's recommendation to the Board, for approval by the Annual General Meeting, for the appointment of the external auditors of Daetwyler Holding Inc.

Many landmark buildings feature special seals manufactured by Daetwyler Rubber.

Human Resources Committee

The Human Resources Committee consists of three Directors: the Chairman of the Board and two Directors to be appointed by the Board from among its members. The Chairman of the Board presides over the Committee. Members of the Human Resources Committee are: Ulrich Graf (chairman), Hanspeter Faessler and Werner Inderbitzin. In 2008, the Human Resources Committee held three meetings with the CEO and CFO. During 2008, no external specialists were called in.

Main responsibilities and authority of the Human Resources Committee

- To review the performance of and evaluate current and potential Executive Board members and Group executives.
- When necessary, to seek and evaluate candidates to serve as new Directors and Executive Board members.
- To submit proposals to the Board for the remuneration of Directors and Executive Board members.
- To develop policies for salary, bonus and incentive schemes.
- To periodically review the salary and bonus schemes within the Daetwyler Group and the incentive and profit-sharing schemes for executives and employees.

Division of responsibilities between the Board of Directors and Executive Board

The authority and responsibilities delegated to the Board of Directors and Executive Board are laid down in the "Rules of Organisation and Business Conduct" as provided in Article 20 of the Articles of Association of Daetwyler Holding Inc. These rules are updated on a regular basis. They describe the non-delegable functions reserved to the Board of Directors by law and delegate all other business affairs to the Executive Board, presided over by the CEO. The policies set out in the "Rules of Organisation and Business Conduct" are detailed for all business and functional areas in the following written documents: "Management Process", "General Division of Responsibilities between the General Meeting – Board of Directors – Executive Board", "Group Management Philosophy", "Delegation of Group Management Responsibilities" and "Investment Manual". The Daetwyler Group operates a systematically decentralised management system within a clear framework. The Group fosters an entrepreneurial culture where decisions are taken at the lowest possible level close to the market and customers.

As a rule, the Board of Directors approves major projects it deems expedient together with the budget. For urgent capital expenditure not included in the budget, levels of authority are defined and a return on investment analysis must be prepared. Capital expenditure exceeding CHF 3 million must be approved by the full Board of Directors.

Information and control systems for monitoring the Executive Board

The Board has an internal control system in place to monitor and control the Executive Board. This is based on an institutionalised, annual management process cycle, the key elements of which are as follows:

- Monthly report with a division and Group consolidation: budget, actual and forecast figures, including variance analyses and a written commentary by the division managers on current developments and potential risks.
- Internal interim and annual report.
- Annual review and approval of the annual budget and three-year medium-term plan.
- Annual review and approval of the updated Group and division strategies.
- Uniform Group-wide management system with integrated risk evaluation for strategic projects.
- Special reports on major items of capital expenditure, acquisitions and alliances.
- Inclusion of Executive Board members at Board and Committee meetings.

In addition to these institutionalised information and control systems, the Board can use an internal audit function, which is being progressively expanded. The Chairman of the Board and CEO engage in regular dialogue regarding all important business. In addition, the CEO and CFO are required to inform the Chairman of the Board without delay of any important unusual events or developments and measures planned.

Board of Directors

Ulrich Graf (1945, Swiss)
Chairman (term expires in 2012)

Ulrich Graf has served on the Board of Daetwyler Holding Inc. since 2004. He was appointed Chairman in 2005 and is a member of the Audit and Human Resources Committees. Between 1989 and 2006, he was CEO of the Kaba Group, where he had held a number of management positions since 1976. In addition to his appointment in Daetwyler, Ulrich Graf is Chairman of Kaba Holding Ltd., Griesser Ltd. and Fr. Sauter Ltd. He is also a Director of Georg Fischer Ltd. and Feller Ltd., a member of the Board of Trustees of REGA Swiss Air Ambulance and a Supervisory Board member of DEKRA e.V. He has a degree in electrical engineering from the Swiss Federal Institute of Technology.

Hans R. Rueegg (1946, Swiss)
Deputy Chairman (term expires in 2010)

Hans R. Rueegg has served Daetwyler Holding Inc. as a Director since 1991, taking office as Deputy Chairman and becoming a member of the Audit Committee in 2002. He has been CEO of Baumann Springs Ltd. since 1983, serving as Chairman and CEO since 1993, and is Chairman of Vetropack Holding AG. Hans R. Rueegg holds a degree in electrical engineering from the Swiss Federal Institute of Technology and an MBA from the University of Florida, Gainesville (USA).

Hanspeter Faessler (1956, Swiss)
Director (term expires in 2012)

Hanspeter Faessler has been a Director of Daetwyler Holding Inc. since 2004 and is a member of the Human Resources Committee. At the beginning of 2006, he was appointed responsible for ABB's Mediterranean Region and Country Manager of ABB Italy. He was previously ABB's Country Manager in Switzerland, having held various management positions within ABB since 1989, both inside and outside Switzerland. Hanspeter Faessler earned a doctorate specialising in mechatronics/robotics (DSc) from the Swiss Federal Institute of Technology Zurich and also holds an engineering degree from Stanford University (USA).

Traditionally innovative, Daetwyler Cables has been making fibre optic cables for over 20 years.

Werner Inderbitzin (1946, Swiss)
Director (term expires in 2010)

Werner Inderbitzin was appointed to the Board of Daetwyler Holding Inc. at the 2002 Annual General Meeting and is a member of the Human Resources Committee. He is Chairman and co-owner of Garaventa Ltd. and Ropetrans AG. He took over the operational management of Garaventa Ltd., a global manufacturer of ropeway systems, in 1992, having previously spent 18 years with Daetwyler's Rubber Division, ultimately as First Vice President and a member of the division management committee. Werner Inderbitzin obtained a degree in business administration from the University of St. Gallen.

Ernst Lienhard (1946, Swiss)
Director (term expires in 2010), Bearer Shareholders' Representative

Ernst Lienhard was appointed a Director of Daetwyler Holding Inc. at the 2006 Annual General Meeting to serve as the Bearer Shareholders' Representative. He was with Credit Suisse for more than 30 years, several of which were spent abroad in Paris, Peru, New York and the Bahamas. After his return and until his retirement in 2004, he was responsible for Swiss wholesale commercial banking. Ernst Lienhard is a Director of publicly listed Huegli Holding AG and several family-owned Swiss companies, also serving on the Boards of various Swiss subsidiaries of foreign multinationals. He studied banking at the University of St. Gallen, where he also earned a doctorate in economics. In addition, he studied at IMD in Lausanne and Wharton University in Philadelphia.

Ernst Odermatt (1948, Swiss)
Director (term expires in 2012)

Ernst Odermatt was appointed to the Board of Daetwyler Holding Inc. in 2004 and is a member of the Audit Committee. Until the end of 2005, he was CEO of the Oerlikon Contraves Group, in which capacity he served on the Executive Board of Rheinmetall DeTec AG, Düsseldorf, having held a number of management positions with Oerlikon Contraves since 1978. He is Executive Director of Markus Hofstetter AG, Küssnacht, and a Director of Colibrys S.A., Neuchâtel. Ernst Odermatt is also a member of the Advisory Board of CGS Private Equity Partnership. He holds a degree in mechanical engineering from the Swiss Federal Institute of Technology Zurich and a degree in business administration from the University of Zurich.

Franz Steinegger (1943, Swiss)
Director (term expires in 2010)

Franz Steinegger has been a Director of Daetwyler Holding Inc. since 1994. He was President of the Free Democratic Party of Switzerland for 12 years until 2001 and a member of the National Council from 1980 to 2003. Since 1981, he has practised as an independent lawyer and notary in Altdorf. Franz Steinegger is currently Chairman of SUVA (the Swiss Accident Insurance Fund), Deputy Chairman of Siemens Switzerland Ltd. and also a Director of AG fuer die Neue Zuercher Zeitung and Pöyry Oyi, Finland. He graduated in law from the University of Zurich and is a member of the bar of the Canton of Uri.

Franz J. Wuerth (1940, Swiss/Belgian)
Director (term expires in 2010)

Franz J. Wuerth has served on the Board of Daetwyler Holding Inc. since 2003. From 1988 until reaching retirement age in 2002, he was a member of the Daetwyler Group's Executive Board. He headed the Technical Components Division from 1993 to 2002, having been in charge of the Pharmaceutical Packaging Division based in Belgium from 1975 to 1992. In the period from 1970 to 1975, he was a member of the Executive Board of a Dutch company acquired by Daetwyler in 1969. Franz J. Wuerth started his career working for Daetwyler Inc. in various staff functions. He gained his educational background in commerce and business administration in Switzerland, the UK and the USA.

Honorary Directors

Roland Zimmerli (1934, Swiss)
Honorary Chairman (since 2005)

During his 35 years of committed service in a variety of management positions, Roland Zimmerli helped to shape Daetwyler into a Group of international dimensions. After the IPO, he circumspectly transformed Daetwyler from a family-owned business into a public company. In appreciation of his services to the Daetwyler Group, the Board appointed him Honorary Chairman in 2005, following his term as Chairman from 1999 to 2005. Before joining the Board, Roland Zimmerli served as CEO of Daetwyler Holding Inc. from 1991 to 1999. His expertise was also much sought after on the Boards of renowned Swiss companies. He graduated with a degree in business administration from the University of Zurich.

Max Daetwyler (1929, Swiss)
Honorary Director (since 1999)

Max Daetwyler was Chairman of Daetwyler Holding Inc. from its inception in 1958 until 1965. After handing over the Chairmanship to outside Directors, he continued to serve as Deputy Chairman and Executive Director until the end of 1999. Together with his late brother, Peter Daetwyler, Max Daetwyler was instrumental in building Daetwyler Holding Inc. into a diversified international corporation and, in 1990, ensured the Group's long-term independence through the shareholders' agreement of Daetwyler Fuehrungs AG. He holds a doctorate in chemistry from the Swiss Federal Institute of Technology Zurich and a degree in economics from the University of Zurich.

Executive Board

Paul J. Haelg (1954, Swiss)
Chief Executive Officer (CEO) and Head of Technical Components Division

Paul J. Haelg was appointed CEO of the Daetwyler Group from August 2004 and also heads the Technical Components Division. Before joining the Daetwyler Group, he served on Forbo's Executive Board as Executive Vice President of Forbo Adhesives. From 1986 to 2001, he held a number of management positions with Gurit-Essex (Gurit-Heberlein Group), ultimately as CEO. In the five years prior to that, he worked for Swiss Aluminium Ltd. Paul J. Haelg is Chairman of publicly listed Gurit Holding Ltd. He studied chemistry at the Swiss Federal Institute of Technology Zurich, graduating with a doctorate (DSc).

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

Silvio A. Magagna has been CFO and a member of the Executive Board since 1988. He also acts as Secretary to the Board. Between 1983 and 1988, he was a member of the Group Management of Wild Leitz AG (now Leica) as Senior Vice President of Finance, Controlling and Logistics. During the previous five years, he broadened his international experience working for the Holcim Group as regional controller and IT manager. After completing his studies, he spent five years as a management consultant for the construction industry. Silvio A. Magagna holds a degree in business administration from the University of St. Gallen and furthered his studies at the University of Pittsburgh and Stanford University (USA).

Johannes Mueller (1958, Swiss)
Head of Cables Division

Johannes Mueller has been a member of the Executive Board and headed the Cables Division since August 2004. He was previously CEO of consulting firm Brainforce AG for three years. Before joining Brainforce in 2001, he ran a division of Cellpack Ltd. for more than four years. From 1987 to 1996, he held various international management positions with telecommunications group Alcatel. Johannes Mueller has a degree in electrical engineering from the Swiss Federal Institute of Technology Zurich and completed additional studies, including a programme at Insead (France).

Dirk Lambrecht (1960, German)
Head of Rubber Division

Dirk Lambrecht has headed the Rubber Division since May 2005 and in that capacity serves on the Executive Board. Before joining Daetwyler, he managed Phoenix Traffic Technology GmbH, a subsidiary of Phoenix AG. Prior to that, from 1987 to 2003, he held a number of international management positions with Phoenix AG in Hamburg. Dirk Lambrecht earned a degree in mechanical engineering, specialising in apparatus engineering, from Hamburg University of Applied Sciences and completed further studies, including a programme at the Management School St. Gallen.

Guido Wallraff (1963, Belgian)
Head of Pharmaceutical Packaging Division

Guido Wallraff came to head the Pharmaceutical Packaging Division in July 2007. Prior to that, he gained experience in the pharmaceutical packaging market as sales and marketing director of Capsugel, a Pfizer subsidiary. Between 1994 and 2005, Guido Wallraff held a number of international management positions with Fisher Scientific, having previously worked as a sales engineer for 3M and BF Goodrich Chemical. Guido Wallraff studied chemistry in Aachen and Wuppertal, graduating as a chemical engineer. He completed his qualifications with additional studies in business administration, IT and pharmacology.

Management contracts

There are no management contracts delegating management responsibilities to individuals or companies outside the Group.

Materials and engineering expertise makes Daetwyler Rubber a preferred development partner.

Remuneration, shareholdings and loans

Elements and determination of remuneration
The elements of remuneration for Directors and Executive Board members are determined annually by the Human Resources Committee and approved by the full Board. The Directors have a voice at these meetings.

Directors receive remuneration in the form of a fixed fee in cash and an award of a fixed number of bearer shares of Daetwyler Holding Inc.

The remuneration of Executive Board members consists of a fixed cash salary and an award of a fixed number of bearer shares of Daetwyler Holding Inc. In addition, they are contractually assured of a variable bonus, up to a maximum of 100 % of their fixed salary, which is based on the following factors and against which the share component is offset. This bonus is linked to the achievement of individual performance and earnings goals established annually in advance in the respective division and the Group as a whole.

The share award plan established in 2007 gives Directors and Executive Board members an ownership interest in Daetwyler Holding Inc. and a share in the long-term performance of the Daetwyler Group. The shares awarded vest over a period of five years, which still applies even if a member leaves the Board of Directors or Executive Board.

The elements of remuneration are consistent with common standards for international industrial companies. The services of external consultants are not used to determine the remuneration nor are official benchmarks or salary comparisons used.

More information about remuneration, shareholdings and loans is presented in note 2 to the financial statements of Daetwyler Holding Inc. on page 106.

Shareholders' participation rights

The shareholders' participation rights comply with the provisions of Swiss Corporation Law. The Articles of Association contain no quorum requirements that differ from those prescribed by law.

Voting restrictions and proxy voting
There are no restrictions on registration or voting. Under the Articles of Association of Daetwyler Holding Inc., each share carries one vote at general meetings regardless of its par value. Persons representing shareholders must present a written proxy. Legal representatives of shareholders do not need a proxy appointment. Shareholders who are unable to attend a general meeting may appoint a member of a corporate agent of the Company or an independent proxy to represent them.

Calling of general meetings and additions to the agenda
The procedures for calling general meetings and adding items to the agenda are set out in the Articles of Association of Daetwyler Holding Inc. in accordance with the Swiss Code of Obligations (Art. 699 f).

Share registration
Every person whose name is entered in the share register no later than 14 days prior to a general meeting is recognised by the Company as a shareholder and holder of all rights attached to the registered shares.

Change of control and defensive measures
The Articles of Association do not contain any "opting out" or "opting up" provisions. Daetwyler Holding Inc. does not have any change of control clauses which benefit Directors or Executive Board members.

Statutory auditors
PricewaterhouseCoopers AG has audited the financial statements of Daetwyler Holding Inc. since its inception in 1958. It was first engaged to audit the consolidated financial statements in 1986. There was a change in the lead audit partner in 2007. The statutory auditors are appointed at each Annual General Meeting for a term of one year. For the year under review, the Daetwyler Group paid Pricewa-

terhouseCoopers fees of CHF 1.070 million for services rendered in connection with the audit of the individual and consolidated financial statements. Some of the Group companies are audited by other firms of accountants. For the provision of additional business and tax services, PricewaterhouseCoopers received CHF 0.137 million in fees from the Daetwyler Group for the year.

Representatives of the external auditors attend all meetings of the Audit Committee for the discussion of certain items. Four meetings were held in 2008. At each meeting, the external auditors present a report on the progress of their work. The core element of the auditors' reporting is the annual audit report with recommendations to the Audit Committee.

The supervisory body for the external statutory auditors is the Board's Audit Committee, which is also responsible for financial reporting. It has the support of the internal audit function, which is being progressively expanded. The Audit Committee makes an annual evaluation of the performance, remuneration and independence of the statutory auditors. This is presented to the full Board together with the auditors' audit report.

Information policy

The Daetwyler Group maintains an open dialogue with all stakeholders. In the interests of shareholders, Daetwyler especially fosters relationships with investors, banks and media representatives. Communication takes place through the Annual Report (including consolidated financial statements prepared in accordance with International Financial Reporting Standards, IFRS), Interim Report, Annual General Meeting and at least one press and analyst conference every year. Through press releases and on its website (www.daetwyler.ch), Daetwyler provides up-to-the-minute information on all important projects as required by the ad hoc publicity rules of the SIX Swiss Exchange. The archive of ad hoc press releases can be found at www.daetwyler.ch > Media > Press Releases. A facility for signing up to receive ad hoc press releases is provided at www.daetwyler.ch > Media > Email Alerts. Contact details and important dates are given in the General Information section on page 119.

Standardised processes and state-of-the-art infrastructure ensure short delivery times.

Consolidated Financial Statements

Contents

Group Financial Review

With the successful portfolio realignment, consistent focus on niches and the cautious capital expenditure policy in cyclical businesses, the Daetwyler Group has a strong strategic and operational foundation to embrace the challenges of the future.

Results of operations

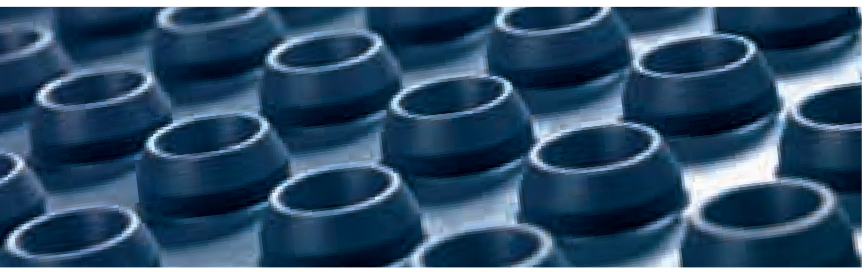
The last financial year saw the largest acquisition in the Daetwyler Group's history when the Swedish-based ELFA Group was fully acquired at the end of April 2008. The ELFA Group, the leading catalogue distributor in Scandinavia and Eastern Europe with 13 subsidiaries and 451 employees, contributed CHF 101.8 million to net revenue and CHF 5.7 million to the Group's profit for the year in the eight months from May 2008. The previous year had been impacted by the sale of the Precision Tubes Division on 28 December 2007, which is presented separately as a discontinued operation for 2007 in accordance with IFRS 5.

In 2008, the Daetwyler Group generated net revenue of CHF 1 294.9 million from continuing operations on a like-for-like basis, up from CHF 1 173.5 million in 2007. This represents 10.3 % growth compared to 17.9 % a year earlier. Organic growth accounted for 4.3 %, while acquisitions contributed 8.7 % and exchange rate movements had a negative impact of 2.7 %.

All the divisions contributed to the Group's expansion. Once again, the Technical Components Division posted the strongest revenue growth of 19.2 %, followed by the Pharmaceutical Packaging Division with 8.6 %. The Cables and Rubber Divisions recorded slight improvements of just 0.8 % and 0.7 % respectively. The Cables Division was negatively affected by the sharp adverse movement in copper prices and the Rubber Division by the slump in automotive business, especially in the last quarter of 2008.

In 2008, the Group's operating profit (EBIT) from continuing operations reached CHF 134.2 million, up from CHF 111.2 million and lifting the EBIT margin by another 0.9 percentage points year on year from 9.5 % to 10.4 %.

Cash flow from continuing operations rose to CHF 160.8 million from CHF 139.3 million a year earlier, improving the cash flow margin from 11.9 % to 12.4 %. Due to the ELFA acquisition, free cash flow for 2008 was negative CHF 256.1 million compared to positive CHF 105.7 million in 2007.



Daetwyler is the strong No. 2 in the growing non-cyclical pharmaceutical packaging market.

The sale of all property classified as held for sale generated a gain of CHF 5.8 million, as compared to CHF 3.0 million in 2007. Net finance costs from continuing operations increased to CHF 8.5 million from CHF 3.0 million a year earlier as a result of the adverse impact of foreign currency translation and CHF 4.5 million in impairment charges on financial investments. Income tax expense declined to CHF 16.1 million from the previous year's CHF 21.9 million, due in part to some lower tax rates. The Group's average income tax rate for 2008 was 19.1 %, down from 20.3 % for 2007.

The Group increased profit for the year from continuing operations by CHF 23.3 million to CHF 109.6 million, up from CHF 86.3 million in 2007. This represents a profit margin of 8.5 % compared to 7.4 % a year earlier.

Solid balance sheet structure and equity base

Total assets grew by CHF 80.3 million during the year to CHF 1 411.9 million. Goodwill and intangible assets increased by a net amount of approximately CHF 285 million, while the net cash surplus decreased by CHF 276.6 million to CHF 45.9 million, primarily as a result of the ELFA Group acquisition. A new bank loan of SEK 900 million was raised to hedge the impact of foreign currency fluctuations on the balance sheet.

Equity decreased by CHF 102.6 million year on year to CHF 829.1 million, maintaining a solid equity ratio of 58.7 % compared to 70.0 % a year earlier. This decline, despite profit of CHF 109.6 million for the year, is due to the par value repayment of CHF 76.3 million, the recognition of CHF 70.3 million in equity for actuarial losses on defined benefit pension plans in accordance with IAS 19 and currency translation differences of CHF 65.9 million arising in 2008 from net investments in foreign subsidiaries.

The Group's liquidity position remains good, with cash, cash equivalents and money market investments of CHF 233.0 million at the year end compared to CHF 488.2 million in the previous year. Current assets declined 26.4 % to CHF 638.5 million, while non-current assets grew 66.5 % year on year to CHF 773.4 million from CHF 464.4 million. As explained above, these significant changes in the balance sheet structure are primarily due to the acquisition of the ELFA Group.

During 2008, the Daetwyler Group spent CHF 69.9 million on property, plant and equipment compared to CHF 77.6 million in 2007. This represents a capital expenditure ratio (capital expenditure as a percentage of net revenue) of 5.4 % versus 6.6 % a year earlier.

Outlook

While the Group expects demand to fall this year, it is operationally flexible and has a robust balance sheet to weather the storm.

Consolidated Income Statement

For the year ended 31 December in CHF millions	Note	2008	2007
Continuing operations:			
Net revenue	4/6	**1 294.9**	**1 173.5**
Material costs		–641.4	–578.1
Gross profit		**653.5**	**595.4**
Other operating income	7	50.9	49.0
Employee costs	8	–340.1	–309.3
Operating expenses	10	–184.8	–173.9
Depreciation and amortisation	11	–52.1	–45.4
Impairment charges, net	11	1.0	–7.6
Gain on assets held for sale	17	5.8	3.0
Operating profit before interest and tax (EBIT)	4	**134.2**	**111.2**
Interest and finance costs	12	–22.7	–10.4
Interest and finance income	12	14.2	7.4
Profit before tax from continuing operations		**125.7**	**108.2**
Income tax expense	13	–16.1	–21.9
Profit for the year from continuing operations		**109.6**	**86.3**
Profit for the year from discontinued operation	5	–	133.2
Profit for the year		**109.6**	**219.5**
In CHF			
Earnings per bearer share ranking for dividend:	31		
Basic – continuing operations		**7.12**	**5.61**
Basic – discontinued operation		–	8.66
Total basic earnings per bearer share ranking for dividend		**7.12**	**14.27**
Diluted – continuing operations		**7.12**	**5.61**
Diluted – discontinued operation		–	8.66
Total diluted earnings per bearer share ranking for dividend		**7.12**	**14.27**

The accompanying notes on pages 50 to 101 are an integral part of these consolidated financial statements.

Consolidated Balance Sheet

Assets at 31 December in CHF millions	Note	**2008**	2007
Cash and cash equivalents	14	115.2	146.7
Money market investments	14	117.8	341.5
Trade receivables	15	147.4	154.4
Inventories	16	218.7	189.4
Current income tax assets		2.4	2.0
Assets held for sale	17	–	4.1
Other receivables, prepayments and accrued income	18	37.0	29.1
Current assets		**638.5**	**867.2**
Property, plant and equipment	19	323.5	310.7
Investment property	20	4.9	11.9
Intangible assets	21	176.3	30.2
Goodwill	21	205.0	65.8
Deferred tax assets	22	19.6	4.3
Financial investments and other non-current assets	23	44.1	41.5
Non-current assets		**773.4**	**464.4**
Total assets		**1 411.9**	**1 331.6**

Liabilities and equity at 31 December in CHF millions	Note	2008	2007
Trade payables	24	59.5	67.5
Short-term bank borrowings	25	187.1	165.7
Current income tax liabilities		9.0	10.3
Other current liabilities, accruals and deferred income	26	41.5	42.4
Current provisions	29	31.4	36.4
Current liabilities		**328.5**	**322.3**
Long-term bank borrowings	25	74.6	7.1
Deferred tax liabilities	22	73.2	28.7
Non-current provisions	29	14.0	12.6
Pension liabilities	9	91.6	27.6
Other long-term liabilities	27	0.9	1.6
Non-current liabilities		**254.3**	**77.6**
Total liabilities		**582.8**	**399.9**
Share capital	30	0.9	85.0
Less treasury shares	*32*	*–0.1*	*–8.0*
Group reserves	34	828.3	854.7
Equity		**829.1**	**931.7**
Total liabilities and equity		**1 411.9**	**1 331.6**

The accompanying notes on pages 50 to 101 are an integral part of these consolidated financial statements.

Consolidated Cash Flow Statement

For the year ended 31 December in CHF millions	Note	2008	2007
Profit before tax from continuing operations		125.7	108.2
Profit before tax from discontinued operation	5	–	25.6
Gain on disposal, before income tax	5	–	112.2
Total profit before tax		**125.7**	**246.0**
Depreciation and amortisation - continuing operations	11	52.1	45.4
Depreciation and amortisation - discontinued operation		–	11.2
(Reversal of) impairment charges, net	11	–1.0	7.6
Share award plan	32	1.0	3.6
Gain on disposal of discontinued operation, before income tax	5	–	–112.2
Loss on disposal of investments		–	0.0
Exchange differences		2.8	–0.4
Gain on sale of property, plant and equipment and investment property	7	–5.7	–3.5
Gain on assets held for sale	17	–5.8	–3.0
Impairment charges on securities	23	4.5	–
Change in non-current provisions		–3.3	–2.1
Interest income	12	–10.6	–5.9
Interest expense	12	11.4	9.2
Operating cash flows before changes in working capital		**171.1**	**195.9**
Change in current receivables		8.0	–7.7
Change in inventories		–12.9	–20.3
Change in current liabilities and provisions		–23.3	–5.5
Interest received		10.1	5.6
Interest paid		–10.9	–8.7
Income tax paid		–16.8	–14.6
Net cash from operating activities		**125.3**	**144.7**
Purchases of			
Property, plant and equipment		–69.6	–70.5
Investment property	20	–	–4.3
Intangible assets	21	–4.6	–3.5
Lease receivables		–33.5	–9.3
Subsidiaries (excl. cash and cash equivalents)	40	–358.0	–46.0
Money market investments	14	–117.8	–341.5
Proceeds from sale of			
Property, plant and equipment		3.5	4.5
Investment property		12.5	–
Intangible assets		0.5	–
Assets held for sale	17	9.9	9.8
Financial investments		0.9	1.4
Lease receivables		4.0	0.5
Money market investments		341.5	68.5
Proceeds from disposal of discontinued operation	5	5.7	240.6
Net cash used in investing activities		**–205.0**	**–149.8**
Proceeds from bank borrowings		155.6	51.2
Repayment of bank borrowings		–19.8	–6.4
Decrease in other long-term liabilities		–0.5	–5.5
Par value reduction (2007: dividend) paid to shareholders		–76.3	–26.9
Net cash from financing activities		**59.0**	**12.4**
Net change in cash and cash equivalents		**–20.7**	**7.3**
Cash and cash equivalents at 1 January	14	146.7	138.3
Effect of exchange rate changes on cash and cash equivalents		–10.8	1.1
Cash and cash equivalents at 31 December	14	**115.2**	**146.7**

The accompanying notes on pages 50 to 101 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

Statement of recognised income and expense

For the year ended 31 December in CHF millions	2008	2007
Changes in the fair value of available-for-sale financial assets (see note 23)	–0.7	0.6
Actuarial gains, losses and adjustments under IAS 19.58b (see note 9) (4)	–70.3	–4.3
Currency translation differences	–65.9	3.7
Net expense recognised directly in equity	**–136.9**	**–0.0**
Profit for the year	**109.6**	**219.5**
Total recognised income and expense for the year	**–27.3**	**219.5**
Attributable to equity holders	–27.3	219.5
Attributable to minority interests	–	–

Statement of changes in equity

In CHF millions	Holding company's share capital (1)	Group reserves (2)	Fair value reserve (3)	Currency translation reserve (5)	Total Group reserves	Total equity (4)
At 1 January 2007	**76.8**	**663.0**	**0.8**	**–3.7**	**660.1**	**736.9**
Adoption of IFRIC 14 (4)	–	–1.4	–	–	–1.4	–1.4
At 1 January 2007 (restated)	**76.8**	**661.6**	**0.8**	**–3.7**	**658.7**	**735.5**
Total recognised income and expense for the year (4)		215.2	0.6	3.7	219.5	219.5
Share award plan	0.2	3.4	–	–	3.4	3.6
Dividends	–	–26.9	–	–	–26.9	–26.9
At 31 December 2007	**77.0**	**853.3**	**1.4**	**0.0**	**854.7**	**931.7**
Total recognised income and expense for the year		39.3	–0.7	–65.9	–27.3	–27.3
Share award plan	0.1	0.9	–	–	0.9	1.0
Par value reduction	–76.3	–	–	–	–	–76.3
At 31 December 2008	**0.8**	**893.5**	**0.7**	**–65.9**	**828.3**	**829.1**

(1) *Holding company's share capital of CHF 850 000 (2007: CHF 85 million), less CHF 79 485 (2007: CHF 8.0 million) par value of treasury shares. On 2 July 2007, the share capital was reduced by CHF 5 million by the cancellation of unissued bearer shares. On 14 July 2008, the par value of shares was reduced by CHF 4.95 from CHF 5.00 to CHF 0.05 per bearer share and by CHF 0.99 from CHF 1.00 to CHF 0.01 per registered share.*

(2) *The previous year's figure included 8 100 treasury shares at cost of CHF 0.2 million less par value of CHF 0.0 million.*

(3) *Changes in the fair value of available-for-sale financial assets.*

(4) *The adoption of IFRIC 14 resulted in a restatement that decreased equity by CHF 1.3 million at 31 December 2007 and by CHF 1.4 million at 1 January 2007 and increased recognised income and expense for 2007 by CHF 0.1 million; see notes 1 and 9.*

(5) *Arising on translation of Group companies' equity and income statements denominated in foreign currencies.*

The accompanying notes on pages 50 to 101 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

1 Summary of significant accounting policies

Basis of preparation

The consolidated financial statements give a true and fair view of the financial position, results of operations and cash flows of the Daetwyler Group. They have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and also comply with the Listing Rules of the SIX Swiss Exchange and the provisions of Swiss Corporation Law. The Board of Directors of Daetwyler Holding Inc. approved the consolidated financial statements at its meeting on 19 March 2009 for submission to the Annual General Meeting on 28 April 2009.

The agreement to sell all Group companies in the Precision Tubes Division to the German-based Benteler Group was signed on 23 November 2007 and completed on 28 December 2007. The Precision Tubes Division meets the criteria for classification as a "discontinued operation" and is therefore reported as such in the consolidated financial statements for 2007, see note 5. The presentation of the income statement for 2007 is consequently focused on continuing operations.

Some prior year comparatives have been reclassified to conform to the presentation for the current financial year to ensure comparability, see below.

Adoption of new and revised accounting standards

Changes in accounting standards from 2008

The following new and revised standards and interpretations became effective for the 2008 reporting year:

IAS 39 "Financial Instruments: Recognition and Measurement" and IFRS 7 "Financial Instruments: Disclosures", amendments published on 13 October 2008, applicable retrospectively from 1 July 2008

IFRIC 11: "IFRS 2 – Group and Treasury Share Transactions"

IFRIC 12: "Service Concession Arrangements"

IFRIC 13: "Customer Loyalty Programmes"

IFRIC 14: "IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction"

With the exception of IFRIC 14, the changes have no material impact on the consolidated financial statements presented for the year. IFRIC 14 provides guidance on issues such as the limit on the measurement of a defined benefit asset to the present value of economic benefits available. Due to the adoption of IFRIC 14, it was found that certain pension plans had previously been reported on a net rather than gross basis. This error was corrected on adoption of IFRIC 14. As a result, both pension assets and liabilities increased by CHF 16.2 million at 31 December 2007. The adoption of IFRIC 14 has no impact on the presentation of the income statement for 2007. Due to the adoption of IFRIC 14, the balance sheet at 31 December 2007 has been restated as follows: a decrease of CHF 1.7 million in other non-current assets and an increase of CHF 0.4 million in deferred tax assets. These changes have reduced equity by CHF 1.3 million at 31 December 2007 and by CHF 1.4 million at 1 January 2007 and increased recognised income and expense for 2007 by CHF 0.1 million. Furthermore, during an assessment of a change in legislation in Italy, it was found that defined benefit plans had been included in provisions in the past, rather than reported as pension liabilities. This error has been corrected by transferring an amount of CHF 6.0 million from provisions to pension liabilities at 31 December 2007 (CHF 6.4 million at 1 January 2007). The transfer has no impact on the income statement.

From 1 January 2008, the Daetwyler Group has early adopted the revised IAS 38 issued in May 2008 as part of the "Improvements to IFRSs". The revised IAS 38 requires that catalogue costs incurred in mail order distribution are recognised in full as an expense when a new catalogue is published. This affects the Technical Components Division where catalogue costs were previously deferred and recognised evenly over the whole year in the income statement. Overall, the adoption of the new standard has no impact on the income statements for 2008 and 2007.

New standards, amendments to standards and interpretations not yet effective

The following new or revised standards and new interpretations have been published but are not yet effective for the 2008 financial year:

IFRS 8 "Operating Segments":
The new standard IFRS 8 "Operating Segments" was published in November 2006 and is mandatory for accounting periods beginning on or after 1 January 2009. IFRS 8 replaces IAS 14 "Segment Reporting" and requires the identification of operating segments and information about their performance based on internal reporting to the Executive Board. These new requirements can affect current segment reporting practices. The Group does not expect the new standard to have a material impact on the presentation of its segment information.

IAS 23 "Borrowing Costs":
An amended version of IAS 23 "Borrowing Costs" effective from 1 January 2009 was published in March 2007. The new standard requires capitalisation of borrowing costs directly attributable to the construction of a qualifying asset that takes a substantial period to complete. The Group already applies this principle so the adoption of the new standard is not expected to have a material impact on the consolidated financial statements.

IAS 1 "Presentation of Financial Statements":
A revised IAS 1 "Presentation of Financial Statements" effective from 1 January 2009 was published in September 2007 which, among other things, requires a change in the presentation of the statement of changes in equity and expands the disclosure requirements for reclassification adjustments.

IFRS 3 "Business Combinations":
The amendments to IFRS 3 "Business Combinations" effective for financial years beginning on or after 1 July 2009 will in particular lead to changes in accounting for goodwill, the recognition of business combinations achieved in stages (remeasurement of previously held interests through the income statement), the recognition of acquisition costs (costs directly attributable to an acquisition will generally be expensed as incurred) as well as several changes regarding the recognition and measurement of identifiable assets and liabilities.

The following amendments to standards and interpretations are currently not expected to have a material impact on the consolidated financial statements:

IFRS 2:
"Share-based Payment", amendments applicable from 1 January 2009
IAS 27:
"Consolidated and Separate Financial Statements", amendments applicable from 1 July 2009
IAS 32 / IAS 1:
"Puttable Financial Instruments and Obligations Arising on Liquidation", amendments applicable from 1 January 2009
IFRS 1 / IAS 27:
"Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate", amendments applicable from 1 January 2009
IAS 39:
"Eligible Hedged Items", applicable from 1 July 2009
IFRIC 15:
"Agreements for the Construction of Real Estate", applicable from 1 January 2009
IFRIC 16:
"Hedges of a Net Investment in a Foreign Operation", applicable from 1 October 2008
IFRIC 17:
"Distributions of Non-cash Assets to Owners", applicable from 1 July 2009
IFRIC 18:
"Transfer of Assets from Customers", applicable from 1 July 2009

The following other revised standards and amendments have not been early adopted either. Many of these changes are the result of the IASB's annual improvement process:

IFRS 2:
"Share-based Payment" (additional amendments)
IFRS 5:
"Non-current Assets Held for Sale and Discontinued Operations" (amendments)
IAS 1:
"Presentation of Financial Statements" (amendments)
IAS 16:
"Property, Plant and Equipment" (amendments)
IAS 19:
"Employee Benefits" (amendments)
IAS 20:
"Accounting for Government Grants and Disclosure of Government Assistance" (amendments)
IAS 23:
"Borrowing Costs" (amendments)
IAS 28:
"Investments in Associates" (amendments)
IAS 31:
"Interests in Joint Ventures" (amendments)
IAS 32:
"Financial Instruments: Presentation" (amendments)
IAS 36:
"Impairment of Assets" (amendments)
IAS 38:
"Intangible Assets" (amendments)
IAS 39:
"Financial Instruments: Recognition and Measurement" (amendments)

Use of estimates

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and disclosure of contingent liabilities at the date of the financial statements. If in the future such estimates and assumptions, which are based on management's best judgment at the date of the financial statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the period in which the circumstances change. Such estimates are used, for example, in the measurement of the following assets and liabilities:

Non-current assets
When determining depreciation and amortisation and reviewing property, plant and equipment, intangible assets and goodwill for impairment, a number of assumptions are made that require medium- and long-term estimates. This applies to estimated useful lives, internal projections (cash flows, growth rates, perpetuity, etc.) and to external parameters (risk-adjusted weighted average cost of capital).

Deferred tax assets
Deferred tax assets are recognised in respect of tax loss carryforwards when it is probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recovered. The assessment of the amount and recoverability of such deferred tax asset is therefore based on expectations (estimates) of the taxable entity's future profits.

Provisions
Provisions are recognised when the Daetwyler Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. As shown in the table of provisions in note 29, provisions are made for liabilities arising from various events. As the amount and timing of the cash outflows cannot always be determined with certainty at the time the provisions are recognised, provisions are necessarily based on some estimates.

Pensions and other benefits
The Daetwyler Group operates defined benefit pension plans in various countries. These are based on a number of long-term actuarial assumptions which may differ from actual results. Experience adjustments and the effects of changes in actuarial assumptions are recognised directly in equity, net of applicable deferred income tax.

Basis of consolidation

The consolidated financial statements comprise the financial statements of Daetwyler Holding Inc. domiciled in Altdorf (Switzerland) and all companies which belonged to the Group during the year and over which Daetwyler Holding Inc. had the power to govern the financial and operating policies so as to obtain benefits from their activities. In the Daetwyler Group, this is achieved when more than 50 % of a Group company's share capital or voting rights is unconditionally owned directly or indirectly by Daetwyler Holding Inc.

A list of companies included in the consolidation is presented on pages 100 and 101 "Subsidiaries and Investments".

Consolidation method

The financial statements of consolidated companies are prepared using uniform classification and accounting policies. The reporting date for Daetwyler Holding Inc., all Group companies and the consolidated financial statements is 31 December.

The full consolidation method is applied to all companies included in the consolidation. Their assets, liabilities, income and expenses are incorporated in full. Minority interests are presented as a separate component of the Group's equity and profit. The purchase method of accounting is used to account for the acquisition of subsidiaries. Under this method, the carrying amount of the investment in a subsidiary is offset against the Group's share of the fair value of the subsidiary's net assets.

Intercompany transactions and balances are eliminated. Unrealised intercompany profits on goods and services supplied within the Group but not yet sold to third parties are eliminated on consolidation.

Companies over which the Group has the power to exercise significant influence, generally accompanying a shareholding of between 20 % and 50 % of the voting rights, are classified as associates and accounted for using the equity method. In 2008 and 2007, the Group had no investments classified as associates.

Companies acquired or established or those in which the Group increases its interest and thereby obtains control during the year are consolidated from the date of formation or date on which control commences. Companies are deconsolidated from the date that control effectively ceases upon disposal or a reduction in ownership interest.

Foreign currency translation

Translation for consolidation purposes

The financial statements of foreign Group companies are prepared in local currencies, which are also their functional currencies. For the purpose of consolidation, the local financial statements are translated into Swiss francs (CHF), which is the Group's presentation currency. The principal exchange rates used to translate foreign currencies in the Daetwyler Group were as follows:

	2008		2007	
	Closing rate at 31 Dec.	Average rate for the year	Closing rate at 31 Dec.	Average rate for the year
1 EUR	1.49	1.59	1.66	1.64
100 SEK	13.62	16.62	17.61	17.78
1 USD	1.06	1.08	1.13	1.20

For the purpose of presenting consolidated financial statements, assets and liabilities for each balance sheet are translated at the closing rate at the balance sheet date, while income statements, cash flow statements and other movements are translated at average exchange rates for the year.

Exchange differences arising from the translation of balance sheets and income statements of foreign Group companies are taken directly to reserves (currency translation reserve in equity) and not recognised in the income statement.

Translation of balances and transactions in the accounts of subsidiaries

In preparing the financial statements of the individual Group companies, assets and liabilities denominated in foreign currencies are translated at the closing rates used in the consolidation. Exchange differences resulting from the settlement of foreign currency transactions and from the translation of assets and liabilities denominated in foreign currencies are recognised as foreign exchange gains or losses in the income statement. There are no foreign operations in hyperinflationary economies.

Income statement and balance sheet

Revenue recognition

Revenue arising from the sale of goods is recognised when the significant risks and rewards of ownership have passed to the buyer, which generally coincides with their delivery. Revenue under long-term multiple supply contracts is recorded when each instalment is delivered, according to the quantity delivered. Revenue from services rendered is recognised by reference to the stage of completion in the period in which the services were rendered.

Gross profit

The income statement is presented using a nature of expense format where gross profit represents net revenue less material costs and changes in inventories.

Research and development

Research expenditure is recognised as an expense in the period in which it is incurred. Development costs are capitalised only if it can be demonstrated that future economic benefits will be generated. Otherwise they are charged to the income statement.

Income tax expense

Current income tax is calculated on taxable profits for the year and recognised on an accrual basis.

Deferred income tax is provided, using the liability method, on all temporary differences and recognised as tax liabilities or assets. Temporary differences arise between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. The same method is also used to provide for differences arising on acquisitions between the fair value and tax base of the assets acquired. Deferred tax assets and liabilities are offset when the Group has a legally enforceable right and intends to settle its current tax assets and liabilities on a net basis. Deferred tax is calculated using local tax rates that have been enacted by the balance sheet date.

Deferred tax assets are recognised for tax losses carried forward from previous years to the extent that it is probable that future taxable profits will be available against which they can be utilised.

Provision is made for tax that will arise on the distribution of profits retained by Group companies, mainly comprising non-refundable withholding tax and income tax in the parent company, if it is intended to remit such profits in the form of dividends.

Cash and cash equivalents
Cash and cash equivalents comprise cash in hand, deposits in postal and bank accounts, and money market investments with original maturities of three months or less. They are stated at amortised cost.

Money market investments
Money market investments with a remaining maturity of 91 to 360 days are stated at amortised cost.

Trade receivables and other current receivables
Trade receivables and other current receivables are recognised initially at fair value and subsequently measured at amortised cost less provision for any impairment.

Doubtful debts are provided for by way of specific provisions and taking into account the actual losses expected based on past experience. Delinquency in payment by customers or the probability that the debtor will enter bankruptcy or financial reorganisation are considered indicators of impairment. The provision for impairment of receivables is presented separately. The amount of the provision is the difference between the receivable's carrying amount and its current estimated recoverable amount based on actual future cash flows expected. When receivables are no longer collectible, they are written off against the provision for impairment. Changes in the carrying amount of the provision for impairment and income from recoveries of receivables previously written off are recognised in operating expenses in the income statement.

Inventories
Inventories are stated at the lower of cost and net realisable value. Production cost comprises all direct material and manufacturing costs as well as those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is determined using the weighted average method. If the net realisable value of inventories is lower than their purchase price or production cost, then their carrying amount is written down as necessary.

Property, plant and equipment
Land is stated at cost. Buildings, plant and equipment are stated at cost less depreciation, calculated on a straight-line basis to write off the assets over their estimated useful lives, and less any impairment losses. Cost comprises the purchase price and any costs directly attributable to bringing the assets into working condition for their intended use.

The estimated useful lives and depreciation periods in years are as follows:

	Years
Buildings:	
Building structures	20 – 40
Interiors	20
Installations, storage equipment, tanks, silos, etc.	10 – 20
Production equipment	10 – 15
Production equipment: electrical/electronic equipment	5 – 8
Machinery	8 – 10
Moulds and tools	3

Land is generally not depreciated, but any impairment loss is recognised.

Costs of maintenance and renovations, other than improvements, are charged to the income statement. Borrowing costs are capitalised if they meet the criteria in IFRS, otherwise they are expensed in full.

The residual values and useful lives of property, plant and equipment are reviewed annually and adjusted, if appropriate.

Leases

The Daetwyler Group leases certain property, plant and equipment. Leases of property, plant and equipment where substantially all the risks and rewards of ownership are transferred to the Daetwyler Group at the inception of the lease are classified as finance leases. The fair value of such assets or, if lower, the net present value of the future minimum lease payments is therefore recognised as a non-current asset and as a finance lease liability in the balance sheet. Assets acquired under finance leases are depreciated over the shorter of their estimated useful lives or the lease term. Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

Where the Daetwyler Group leases out assets, the present value of the lease payments is recognised as lease receivables. Interest income is recognised over the term of the lease using the effective interest method so as to produce a constant periodic rate of return on the net investment in the lease.

Investment property

Investment properties are properties leased to third parties and held primarily to earn rentals or for capital appreciation. The Daetwyler Group's investment properties are mainly confined to reserve land. Investment properties are stated at cost less accumulated depreciation and any impairment losses and are presented separately in the consolidated balance sheet.

Intangible assets

Intangible assets include licences, patents, software, acquired customer lists/relationships, trademarks and other intangible assets which are stated at cost and amortised on a straight-line basis over their estimated useful lives. The Daetwyler Group has not recorded any intangible assets with indefinite useful lives other than goodwill, and the maximum amortisation period is 30 years.

Goodwill

Goodwill arising on business combinations represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities at the date of acquisition. In addition, intangible assets that can be separately identified from goodwill and whose fair value can be measured reliably are recognised separately as intangible assets. Goodwill may also arise upon investments in associates, being the excess of the cost of investment over the Group's share of the fair value of the net identifiable assets. Such goodwill is included in investments in associates. Goodwill is tested annually for impairment. Should there be any indications of impairment in the course of the year, an impairment test is carried out as necessary during the year.

Impairment of non-current assets

The Group assesses non-current assets (in particular property, plant, equipment, investments and intangible assets) for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. For this purpose, the recoverable amount of the asset is estimated. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the smallest cash-generating unit to which the asset belongs.

In addition, goodwill is reviewed for impairment annually. For this purpose, all goodwill is allocated to the cash-generating unit to which it relates. In the Daetwyler Group, this is usually a single company or group of companies. If significant synergies are shared, cash-generating units are grouped together. Then the Group determines the recoverable amount of the cash-generating units, which generally represents their value in use.

Value in use is assessed using discounted cash flow analysis. The estimates used in these calculations are based on the current budget, current medium-term (three-year) plan and management's expectations of market developments, with projections covering a maximum period of five years unless a longer period is justified. Cash flows beyond the projection period are extrapolated in perpetuity. The projected future free cash flows are discounted using an average cost of capital adjusted for specific risks based on the capital asset pricing model (CAPM).

When the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised separately in the income statement.

Assets held for sale and discontinued operations
A discontinued operation is a component of an entity that represents a separate major line of business or geographical area of operations or is a Group company acquired exclusively with a view to resale. Classification as a "discontinued operation" occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier.

Assets or disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. With this in view, such assets or disposal groups are presented separately as current assets. They are reclassified only when management is committed to the sale and an active programme to locate a buyer and complete the plan has been initiated. In addition, the asset or disposal group must be available for immediate sale in its present condition and the sale must be highly probable within one year.

Assets or disposal groups classified as held for sale are stated at the lower of carrying amount and fair value less costs to sell. Any impairment losses on initial classification as held for sale are recognised in the income statement. Once classified as held for sale, assets and disposal groups are no longer depreciated.

Financial assets
The Daetwyler Group classifies its financial assets in the following categories:

- financial assets at fair value through profit or loss,
- loans and receivables,
- held-to-maturity financial assets, and
- available-for-sale financial assets.

The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date. In 2007 and 2008, the Daetwyler Group had no financial assets classified as held to maturity in its balance sheet. The other categories are described in detail below.

Financial assets at fair value through profit or loss
This category has two subcategories: financial assets classified as held for trading and those designated as at fair value through profit or loss upon initial recognition. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised as held for trading unless they meet the criteria for hedge accounting. Assets in this category are classified as current assets.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivables. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets and included in financial investments and other non-current assets in the balance sheet. Short-term loans and receivables are included in trade and other receivables in the balance sheet.

Available-for-sale financial assets
Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are classified as non-current assets and included in financial investments and other non-current assets in the balance sheet unless management intends to dispose of the investment within 12 months of the balance sheet date. Available-for-sale financial assets are reviewed for impairment at each balance sheet date, and any significant or prolonged decline in their fair value is recognised in profit or loss.

All financial assets are initially recognised at fair value plus transaction costs, except those carried at fair value through profit or loss where the transaction costs are charged to the income statement when incurred. All purchases and sales are recognised on the trade date. Financial assets carried at fair value through profit or loss are recognised at fair value, with changes in fair value presented in finance costs or income in the period in which they arise. Loans and receivables are carried at amortised cost using the effective interest method. Available-for-sale financial assets are carried at fair value, with unrealised gains and losses recognised in the fair value reserve in equity. When assets classified as available for sale are sold, redeemed or impaired, the accumulated fair value adjustments previously recorded in equity since their acquisition are transferred to the income statement. Foreign exchange gains and losses on bonds and bond funds are recognised in the income statement.

The fair value of financial assets is determined by reference to their current market price. Where there is no active market, fair value is established using suitable valuation techniques. As the Daetwyler Group does not hold any significant financial instruments for which no current market prices are available, the alternative valuation techniques are not discussed any further.

Derivative financial instruments are recognised at fair value on the date a derivative contract is entered into and are recorded as other receivables or other current liabilities. Derivatives are subsequently remeasured to their current fair value at each balance sheet date, with unrealised gains and losses recognised in the income statement. Fair values of derivative financial instruments are determined by reference to current market prices on the balance sheet date.

Derivatives used to hedge purchases of raw materials (copper) with physical settlement (delivery) are excluded from fair value measurement. The Group does not enter into any copper contracts for speculative purposes.

The Group uses forward exchange contracts and currency options to hedge its exposure to foreign currency risk as well as interest rate swaps to hedge its exposure to interest rate risk. Hedge accounting as defined in IAS 39 is applied only in exceptional cases, with the explicit approval of the Executive Board, and was not applied in 2007 or 2008.

Financial investments and other non-current assets
Financial investments and other non-current assets include loans to third parties, minority shareholdings, long-term lease receivables, the pension plan asset and securities held as long-term investments classified as available-for-sale financial assets. Minority shareholdings are stated at fair value or, if this cannot be determined, at cost less any impairment losses.

Trade payables
Trade payables are recognised initially at fair value and subsequently measured at amortised cost.

Provisions
Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. A provision for the expected costs associated with restructuring is recognised when a detailed restructuring plan has been developed and the measures have been approved and announced before the balance sheet date.

Bank borrowings
Bank borrowings are recognised initially at fair value, being their issue proceeds net of transaction costs incurred. Bank borrowings are subsequently stated at amortised cost. Any difference between the proceeds net of transaction costs and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method. In addition, the fair value of bank borrowings is determined by discounting the future cash flows using actual current market interest rates applicable to the Daetwyler Group and is disclosed in the notes.

Bank borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Dividends
Dividend payments to shareholders are recognised as a liability in the balance sheet in the period in which the dividends are approved by shareholders.

Pensions and other benefits
The Group operates various pension schemes for its employees in accordance with local legislation in the countries concerned. The schemes are funded either by contributions to legally independent pension funds or through the recognition of a long-term pension liability in the balance sheets of the respective Group companies. The Group has both defined benefit and defined contribution plans.

For defined contribution plans, pension costs represent the employer's contributions recognised on an accrual basis.

The present value of benefits accrued under defined benefit plans is calculated annually by independent actuaries using the projected unit credit method based on years of service, the expected rate of salary and pension increases and the applicable discount rate. Plan assets represent fair values at the balance sheet date. Experience adjustments and the effects of changes in actuarial assumptions are recognised directly in equity, net of applicable deferred income taxes. In the balance sheet, surpluses or deficits under defined benefit pension plans are recognised as assets or liabilities according to the funding ratio. However, any asset recognised is limited to the present value of future economic benefits available to the employer. The annual cost of defined benefit plans is recognised in the income statement as incurred.

Executive share option and share award plans
A share award plan for Directors and senior executives was established in 2007, see note 32. Share-based payments to Directors and senior executives are measured at fair value at the grant date and recognised as employee costs over the term of the agreement.

Capital management
The Group has a solid equity base. It consequently focuses the management of its capital structure on the equity of the Group as a whole, the following objectives and policies being relevant:

- Where possible and economically viable, the Group finances its operations through equity, the objective being to maintain an equity ratio of approximately 60 %.
- A portion of profits generated is paid out to owners as dividends, taking into account current financing needs and compliance with legal requirements. The current dividend policy is generally to maintain a payout ratio of about one-third of the Group's profit for the year.

2 Risk management

Risk assessment

As part of its duties to oversee the management of the Group, the Board of Directors of Daetwyler Holding Inc. conducts a systematic risk assessment at least once a year. At its meeting held on 19 September 2008, the Board of Directors carried out an adequate risk assessment and initiated any ensuing measures to ensure that the risk of a material misstatement in the financial statements can be classified as low.

Financial risk management

The Daetwyler Group's global operations expose it to a variety of financial risks, including currency risk, interest rate risk, credit risk, liquidity risk and market price risk. The nature of these risks has not changed significantly from the previous year. The Group's financial risk management measures, implemented without change from the previous year, seek to minimise potential adverse effects of the unpredictability of financial markets on the Group's financial performance. For this purpose, derivative financial instruments may be used at times to hedge risks and exposures, although hedge accounting as defined by the requirements in IAS 39 is not applied.

Foreign currency risk

Foreign currency risk arises primarily with respect to the currencies of the countries in which the Daetwyler Group operates. It is policy not to incur any significant foreign currency exposures in currencies considered to pose a particularly high risk due to high volatility, restricted convertibility or otherwise. A considerable portion of the Group's operating cash flows is denominated in foreign currencies. In some cases, hedging instruments such as forward exchange contracts or currency options are used to hedge foreign currency exposures, and borrowings are partially denominated in local currencies. The Group's exposure to foreign currency risk is primarily related to the euro, US dollar and now, since 2008, the Swedish krona. Performance is sensitive to changes in foreign exchange rates due to the significant financial instruments denominated in a currency other than the functional currency of a Group company. At the end of 2008, if the euro had weakened/strengthened by 5 % against the Swiss franc, with all other variables held constant, profit for the year would have been CHF 1.2 million (2007: CHF 3.4 million) lower/higher. A 10 % decrease/increase in the value of the Swedish krona against the Swiss franc at the end of 2008 would have decreased/increased profit for the year by CHF 0.7 million. Similarly, a 10 % decrease/increase in the value of the US dollar against the Swiss franc at the end of 2008 would have decreased/increased profit for the year by CHF 0.5 million (2007: CHF 0.3 million). This sensitivity analysis is based on data collected from all subsidiaries. The same methods have been applied as in the previous year. All other foreign currencies have little significance and impact.

Interest rate risk

The Group has no assets exposed to interest rate risk other than cash and cash equivalents and money market investments, which bear interest at low rates and only in some cases, as well as an insignificant amount of interest-bearing, long-term securities. Most of the bank overdrafts are at variable interest rates whereas long-term bank borrowings, including the current portion, are generally at fixed rates. Some short-term bank borrowings, together with corresponding bank deposits, are part of a notional cash pool arrangement, but all of these assets and liabilities are reported gross. Fixed rate financial instruments expose the Group to fair value interest rate risk, while those with long-term variable rates generally expose the Group to cash flow interest rate risk. As a rule, interest rate risk is not hedged. As the net balance of interest income and expense typically accounts for less than 5 % of the Group's total profit for the year, the exposure to interest rate risk is not considered material, so no interest rate sensitivity analysis is presented.

Credit risk

Credit risk arises in respect of almost all cash and cash equivalents, money market investments and trade receivables. Generally, no collateral is held for these assets. Cash, cash equivalents and money market investments are placed with a variety of highly rated financial institutions to minimise potential default, counterparty and individual position exposures. Most of these assets are invested with diverse banks that have at least an A rating from Standard & Poor's. Credit risk on trade receivables is limited because the customer base consists of a large number of customers spread across diverse industries, geographical areas and countries and there are no material single exposures across the Group. The lease receivables of CHF 38.3 million are due from a counterparty with a high quality (AA) rating from Standard & Poor's. Otherwise, the Group has no significant concentrations of credit risk. The various business units assess and monitor the credit quality of customers, taking into account the significance of an exposure, the customer's financial position, past experience and other factors, see also the ageing analysis of trade receivables presented in note 15. The Group therefore does not expect any significant losses on receivables. As a rule, no derivative financial instruments are used to hedge credit risk.

Liquidity risk

The Daetwyler Group always maintains liquidity reserves that are considerably in excess of its ongoing working capital requirements and applies prudent liquidity management to monitor liquidity risk. Furthermore, it has undrawn borrowing facilities, and additional funding could be raised by realising unissued bearer shares or through an issue in the capital market.

Maturity profile of financial liabilities

The table below analyses the maturity profile of the Group's financial liabilities based on contractual cash flows, including interest:

In CHF millions	**2008**	2007
Cash outflows from borrowings, payables and other liabilities:		
Less than 6 months	250.0	271.0
Between 6 and 12 months	52.6	17.3
Total from current borrowings, payables and other liabilities	302.6	288.3
Within 2 years	54.2	7.3
Within 3 years	25.3	0.3
Within 4 years	0.2	0.3
Within 5 years	0.2	0.3
Over 5 years	0.1	0.1
Total from long-term borrowings and other liabilities	*80.0*	*8.3*
Total cash outflows from financial liabilities: borrowings, payables and other liabilities	**382.6**	**296.6**
Cash outflows from finance leases:		
Less than 6 months	0.3	0.4
Between 6 and 12 months	0.2	0.3
Total from current finance leases	*0.5*	*0.7*
Within 2 years	0.3	0.6
Within 3 years	0.2	0.3
Within 4 years	–	0.2
Total from long-term finance leases	*0.5*	*1.1*
Total cash outflows from financial liabilities: finance leases	**1.0**	**1.8**
Summary of cash outflows from financial liabilities for:		
Borrowings, payables and other liabilities	382.6	296.6
Finance leases	1.0	1.8
Total cash outflows from financial liabilities	**383.6**	**298.4**

The forward exchange contracts presented in note 36 will generate further cash outflows in foreign currencies totalling approximately CHF 50 million between January and December 2009, but these will be largely offset by simultaneous cash inflows in Swiss francs. Bank overdrafts classified as current, which are contractually repayable on demand by either party and are therefore fully disclosed in the above table, in fact often remain for prolonged periods.

Liquidity reserves

In CHF millions	2008	2007
Cash and cash equivalents	115.2	146.7
Money market investments	117.8	341.5
Undrawn borrowing facilities	118.3	153.7
Total liquidity reserves	**351.3**	**641.9**

Net cash surplus

In CHF millions	2008	2007
Cash and cash equivalents	115.2	146.7
Money market investments	117.8	341.5
Less short-term bank borrowings	–187.1	–165.7
Net cash surplus	**45.9**	**322.5**

Some short-term bank borrowings, together with corresponding bank deposits, are part of a notional cash pool arrangement, but all of these assets and liabilities are reported gross.

The Daetwyler Group expects net cash from operating activities to remain positive in the future. Together with the available liquidity reserves and undrawn borrowing facilities, this will allow ongoing operations, including planned growth, major capital expenditure on non-current assets and future acquisitions, to be financed entirely with available internally generated funds. Furthermore, to provide additional flexibility in funding, borrowing facilities can be increased, unissued bearer shares realised or an issue launched in the capital market.

Other market price risks

Forward contracts are used selectively to hedge commodity price risk, in particular for copper. Movements in copper prices are monitored on an ongoing basis. The extent and timing of copper purchases are matched as best as possible with existing customer orders. Under the supply agreements in force, the copper price risk is continuously passed on to a significant portion of customers. This means that the residual risk for the Group is largely confined to the valuation of the existing copper inventories. Equity investments are not hedged.

3 Business acquisitions and disposals

Acquisitions and disposals during 2008 and 2007 are shown below.

The agreement to sell all Group companies in the Precision Tubes Division to German-based Benteler Stahl / Rohr GmbH in Paderborn was signed on 23 November 2007 and completed on 28 December 2007. The Precision Tubes Division meets the criteria for classification as a "discontinued operation" and is therefore reported as such in the consolidated financial statements for 2007, see note 5. The presentation of the income statement, segment information and notes to the income statement for the previous year 2007 is consequently focused on continuing operations. The impact on the consolidated financial statements for 2007 is presented in note 5 for the discontinued Precision Tubes Division and in note 40 for the other companies acquired or disposed of during 2008 and 2007. In a year-on-year comparison, excluding the discontinued operation reported separately in note 5, acquisitions and disposals resulted in a total positive contribution of CHF 101.8 million to revenue (2007: CHF 58.5 million) and CHF 5.7 million to profit for the year (2007: CHF 1.3 million).

The percentages in brackets indicate the percentage voting rights held in each company.

Transactions in 2008

Acquisitions

Distrelec, a unit of Daetwyler Switzerland Inc. in the Technical Components Division, acquired all the shares of the ELFA Group at the end of April 2008 through an intermediate holding company. The ELFA Group is the leading catalogue distributor in Scandinavia and Eastern Europe and comprises a total of 13 companies, including the head office in Sweden; see details on pages 100 and 101 under "Subsidiaries and Investments".

Company established

Daetwyler Rubber Mexico S de RL de CV, Silao, Mexico (100 %)

Liquidations

Ilgenhof AG, St. Gallen, Switzerland (100 %)
ELFA Norden A / S, Jaerfaella, Sweden (100 %)

Mergers

Buttin SAS, Annecy, France, with Maagtechnic SAS, Vaulx-en-Velin, France
Kaved AG, Altdorf, Switzerland, with Daetwyler Cables, a unit of Daetwyler Switzerland Inc., Altdorf, Switzerland

Transactions in 2007

Acquisitions

Proditec Ltd., Naenikon, Switzerland (100 %)
Revol Sonier SAS, Vaulx-en-Velin, France (100 %)
Buttin SAS, Annecy, France (100 %)
Soded SAS, Saint-Marcellin, France (100 %)
Maagtechnic s.r.o., Nove Mesto nad Metuji, Czech Republic (100 %)

Disposals

Daetwyler Fiber Optics Inc., Boudry, Switzerland (100 %)
Data-Glass Oy, Leppavirta, Finland (10.1 %)
RoRo Holding AG, Rothrist, Switzerland (100 %)
Rothrist Tube (Switzerland) Inc., Rothrist, Switzerland (100 %)
Rothrist Rohr (Deutschland) GmbH, Bottrop, Germany (100 %)
Rothrist Tube (USA) Inc., Jackson, MI, USA (100 %)

Company established

Maagtechnic SAS, Vaulx-en-Velin, France (100 %)

4 Segment Information

The Daetwyler Group is an international multi-niche player organised into four divisions and a corporate segment. Following the previous year's sale completed on 28 December 2007, the Precision Tubes Division is no longer included in the segment information presented below but reported separately as a discontinued operation in note 5.

The Cables Division is engaged in data networks, safety cabling systems, elevator cabling systems and cable harnessing. It has manufacturing and distribution facilities in Switzerland, Germany, Austria, the UK and Asia.

The Rubber Division primarily operates in the industrial, construction and automotive sectors. Its manufacturing and distribution companies are located in Switzerland, Germany, France, the Czech Republic, Ukraine, Mexico and the USA.

The Pharmaceutical Packing Division focuses on manufacturing rubber and aluminium / plastic components for pharmaceutical packaging as well as rubber components for diagnostics and drug delivery systems. Its products are manufactured and distributed by Group companies in Belgium, Italy, Germany, the Netherlands and the USA.

The Technical Components Division engages in specialist and mail order distribution. Its distribution and service companies are located in Switzerland, Germany, Austria, Italy, France, Scandinavia, Poland, the Czech Republic, the Baltic States and Ukraine. At the end of April 2008, the Technical Components Division acquired the ELFA Group, see note 40.

Details of the various divisions' products and services can be found on pages 8 to 23 of this Annual Report.

The Group's internal reporting is based on the business units mentioned above. Segment information is presented below by divisions as the primary reporting format. Geographical segments are presented as the secondary reporting format.

Segment Information

Primary reporting format by division at 31 December 2008

Amounts in CHF millions	Cables	Rubber	Pharma-ceutical Packaging	Technical Components	Corporate	Eliminations	**Group total**
Revenue from external customers	272.8	154.7	283.2	584.2	–	–	1 294.9
Inter-segment revenue	0.5	0.2	–	1.1	–	–1.8	–
Total net revenue	**273.3**	**154.9**	**283.2**	**585.3**	**–**	**1.8**	**1 294.9**
Depreciation and amortisation	5.2	5.9	20.9	18.9	1.2	–	52.1
Impairment charges	–	–	–	–	–	–	–
Reversal of impairment charges	1.0	–	–	–	–	–	1.0
Gain / (loss) on assets held for sale	–	–	–	–	5.8	–	5.8
EBIT	**13.6**	**15.8**	**31.4**	**53.5**	**19.6**	**0.3**	**134.2**
EBIT as % of net revenue	5.0 %	10.2 %	11.1 %	9.1 %	–	–	10.4 %
Net finance costs							–8.5
Income tax expense							–16.1
Profit for the year							**109.6**
Total assets	121.2	127.9	323.6	723.4	814.4	–698.6	1 411.9
Total liabilities	82.7	88.3	199.7	580.5	155.7	–524.1	582.8
Capital expenditure on property, plant and equipment	3.5	11.3	46.3	8.7	0.1	–	69.9
Capital expenditure on investment property	–	–	–	–	–	–	–
Acquisitions of property, plant and equipment	–	–	–	6.2	–	–	6.2
Capital expenditure on intangible assets	–	–	0.6	4.0	–	–	4.6
Acquisitions of intangible assets	–	–	–	195.4	–	–	195.4
Number of employees	814	901	1 288	1 689	20	–	4 712
Full-time equivalents	774	712	1 353	1 576	18	–	4 433

Secondary reporting format by geographical region at 31 December 2008

Amounts in CHF millions	Net revenue by region [1]	Net revenue by origin	Total assets [2]	Capital expenditure on property, plant and equipment	Capital expenditure on intangible assets	Number of employees	Full-time equivalents
Switzerland	428.0	396.8	535.8	9.7	3.6	1 600	1 450
European Union	640.4	660.9	778.9	50.2	1.0	2 416	2 294
Rest of Europe	37.4	8.5	5.3	1.5	–	90	90
North America	73.2	97.9	68.5	8.3	–	414	407
Far East	58.1	98.4	23.4	0.2	–	192	192
Other markets	57.8	32.4	–	–	–	–	–
Group total	**1 294.9**	**1 294.9**	**1 411.9**	**69.9**	**4.6**	**4 712**	**4 433**
Canton of Uri	–	312.7	163.4 [3]	7.0	–	1 012	884

(1) *Revenue from external customers by destination.*

(2) *Assets by location.*

(3) *Including holding companies in the Canton of Uri (Switzerland).*

Segment Information

Primary reporting format by division at 31 December 2007 – continuing operations

Amounts in CHF millions	Cables	Rubber	Pharma-ceutical Packaging	Technical Components	Corporate	Eliminations	**Group total**
Revenue from external customers	270.7	153.7	260.8	488.3	–	–	1 173.5
Inter-segment revenue	0.5	0.2	–	2.8	–	–3.5	–
Total net revenue	**271.2**	**153.9**	**260.8**	**491.1**	**–**	**–3.5**	**1 173.5**
Depreciation and amortisation	5.9	6.7	19.4	12.0	1.4	–	45.4
Impairment charges	–	3.3	–	–	4.8	–	8.1
Reversal of impairment charges	–	–	–	–	–0.5	–	–0.5
Gain / (loss) on assets held for sale	–	0.2	0.6	–0.7	2.9	–	3.0
EBIT	**20.6**	**8.7**	**29.4**	**48.8**	**3.8**	**–0.1**	**111.2**
EBIT as % of net revenue	7.6 %	5.7 %	11.3 %	9.9 %	–	–	9.5 %
Net finance costs							–3.0
Income tax expense							–21.9
Profit for the year from continuing operations							**86.3**
Total assets	136.6	96.1	347.6	369.4	757.2	–390.2	1 316.7
Total liabilities	106.3	68.2	222.5	148.3	53.8	–215.4	383.7
Capital expenditure on property, plant and equipment	4.5	7.8	36.5	8.3	9.6	–	66.7
Capital expenditure on investment property	–	–	–	–	4.3	–	4.3
Acquisitions of property, plant and equipment	–	–	–	7.9	–	–	7.9
Capital expenditure on intangible assets	–	–	0.2	3.3	–	–	3.5
Acquisitions of intangible assets	–	–	–	47.5	–	–	47.5
Number of employees	825	1 034	1 248	1 214	19	–	4 340
Full-time equivalents	781	1 038	1 317	1 112	17	–	4 265

Secondary reporting format by geographical region at 31 December 2007

Amounts in CHF millions	Net revenue by region [1]	Net revenue by origin	Total assets [2]	Capital ex-penditure on property, plant and equipment	Capital ex-penditure on intangible assets	Number of employees	Full-time equivalents
Switzerland	411.6	389.4	740.8	19.2	3.0	1 594	1 489
European Union	578.2	564.0	483.9	36.4	0.3	2 109	2 110
Rest of Europe	10.5	26.0	0.6	0.1	–	41	43
North America	61.4	93.4	71.6	10.8	0.2	404	431
Far East	55.5	66.4	19.8	0.2	–	192	192
Other markets	56.3	34.3	–	–	–	–	–
Group total	**1 173.5**	**1 173.5**	**1 316.7**	**66.7**	**3.5**	**4 340**	**4 265**
Canton of Uri	–	307.5	156.8 [3]	18.8	–	1 000	944

(1) *Revenue from external customers by destination.*

(2) *Assets by location.*

(3) *Including holding companies in the Canton of Uri (Switzerland).*

5 Discontinued operation

The agreement to sell all Group companies in the Precision Tubes Division to German-based Benteler Stahl/Rohr GmbH in Paderborn was signed on 23 November 2007. As the Precision Tubes Division meets the criteria for classification as a "discontinued operation", it is reported as such below. Following completion of the transaction on 28 December 2007, the division was deconsolidated at the end of 2007. In 2007, this resulted in a gain on disposal of subsidiaries of CHF 111.5 million after income tax.

Details of the discontinued operation

In CHF millions	2007
Results:	
Net revenue	255.9
Operating expenses	–230.2
Operating profit before interest and tax (EBIT)	25.7
Net finance costs	–0.1
Profit before tax	25.6
Income tax expense	–3.9
Profit from discontinued operation, after income tax	21.7
Gain on disposal, after income tax	111.5
Profit for the year from discontinued operation	133.2
Assets and liabilities disposed of: (1)	
Cash and cash equivalents	9.8
Other current assets	112.2
Non-current assets	74.2
Total assets of discontinued operation	**196.2**
Current liabilities	39.8
Non-current liabilities	75.0
Total liabilities of discontinued operation	114.8
Net assets disposed of	**81.4**
Consideration	204.2
Net assets disposed of	–81.4
Cumulative currency translation differences	–1.1
Transaction related costs and provisions	–9.5
Gain on disposal, before income tax	112.2
Income tax on gain on disposal	–0.7
Gain on disposal, after income tax	**111.5**
Consideration	204.2
Less cash and cash equivalents disposed of	–9.8
Less transaction related costs paid	–6.1
Less deferred sales proceeds received in 2008 (see note 18)	–5.7
Loan repayments	58.0
Net cash inflow on disposal	240.6
Cash flows:	
Net cash from operating activities	27.3
Net cash used in investing activities	–9.8
Net cash used in financing activities	–18.5
Net change in cash and cash equivalents	–1.0
Cash and cash equivalents at 1 January 2007	10.7
Effect of exchange rate changes on cash and cash equivalents	0.1
Cash and cash equivalents at 31 December 2007	9.8

(1) *The balance sheet items shown represent the assets and liabilities disposed of at the end of 2007.*

6 Net revenue

An analysis of revenue by division and geographical region is presented in the segment information in note 4. Net revenue from continuing operations consists of the following:

In CHF millions	**2008**	%	2007	%
Gross revenue from sales of goods	1 314.9	100.0	1 187.6	100.0
Revenue deductions	–20.0	–1.5	–14.1	–1.2
Net revenue from continuing operations	**1 294.9**	**98.5**	**1 173.5**	**98.8**

Net revenue from continuing operations was impacted by:

In CHF millions	**2008**	%	2007	%
Acquisition / disposal of subsidiaries	101.8	8.7	58.5	5.9
Changes in exchange rates	–32.1	–2.7	23.8	2.4
Organic growth	51.7	4.3	95.5	9.6
Total change in net revenue from continuing operations	**121.4**	**10.3**	**177.8**	**17.9**

Given the Daetwyler Group's operations as a multi-niche player, no meaningful order intake and order book data is available.

7 Other operating income

This item includes revenue from services, scrap sales, a gain of CHF 5.7 million on sales of property, plant and equipment and investment property as well as packaging and freight costs invoiced to customers.

8 Employee costs

Employee costs from continuing operations

In CHF millions	**2008**	2007
Wages and salaries	262.8	235.0
Benefit costs	64.4	59.5
State social security contributions	30.3	26.4
Pension costs (see note 9)	9.4	9.4
Other benefit costs	24.7	23.7
Other employee costs	12.9	14.8
Total employee costs from continuing operations	**340.1**	**309.3**

A new share award plan for Directors and senior executives was established in 2007, see note 32.

Employee numbers

An analysis of employee numbers by division for continuing operations and by geographical region is presented in the segment information in note 4.

9 Pensions and other benefits

The Group operates various pension schemes for its employees in accordance with local legislation in the countries concerned. Pension schemes outside Switzerland are principally defined contribution plans. All the Swiss pension plans and minor executive pension plans in France, Italy, Germany and Norway are of the defined benefit type.

The Swiss pension plans are organised as legally independent pension schemes in conformity with Swiss law (Swiss Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans). The assets of these plans are therefore held separately from those reported in the consolidated financial statements in independently administered funds (funded plans). Obligations under the defined benefit plans in France, Germany, Italy and Norway are recognised directly in the balance sheets of the individual Group companies (unfunded or partially funded plans).
Employee pension costs from continuing operations were as follows:

Total pension costs

In CHF millions	**2008**	2007
Defined contribution pension costs	0.9	0.2
Defined benefit pension costs	8.5	9.2
Total pension costs from continuing operations	**9.4**	**9.4**

Defined benefit pension costs

In CHF millions	**2008**	2007
Current service cost	17.4	18.0
Interest cost	16.0	15.8
Expected return on plan assets	–19.2	–19.2
Employee contributions	–5.7	–5.4
Pension costs under IAS 19 from continuing operations	**8.5**	**9.2**

The Group expects to make contributions of approximately CHF 11.1 million for 2009.

The following tables summarise the funded status of the defined benefit plans:

Benefit obligation

In CHF millions	**2008**	2007
Benefit obligation at 1 January	455.5	524.5
Acquisition of subsidiaries	2.2	2.2
Current service cost – continuing operations	17.4	18.0
Current service cost – discontinued operation	0.0	4.0
Interest cost – continuing operations	16.0	15.8
Interest cost – discontinued operation	0.0	2.6
Actuarial (gains) / losses	7.7	–5.7
Benefits paid	–20.5	–32.0
Disposal of discontinued operation	0.0	–74.0
Exchange differences	–0.7	0.1
Benefit obligation at 31 December	477.6	455.5
Of which funded pension plans	468.8	447.9
Of which unfunded pension plans	8.8	7.6

Fair value of plan assets

In CHF millions	**2008**	2007
Fair value of plan assets at 1 January	445.0	510.3
Acquisition of subsidiaries	2.0	1.9
Expected return on plan assets - continuing operations	19.2	19.2
Expected return on plan assets - discontinued operation	0.0	2.8
Employee contributions - continuing operations	5.7	5.4
Employee contributions - discontinued operation	0.0	1.2
Employer contributions	10.9	12.1
Benefits paid	–19.9	–31.3
Actuarial gains/(losses)	–76.9	–11.4
Disposal of discontinued operation	0.0	–65.2
Exchange differences	0.1	0.0
Fair value of plan assets at 31 December	386.1	445.0

The pension plan asset was as follows:

In CHF millions	**2008**	2007
Pension plan asset in funded pension plans	–	16.2
Less asset ceiling (IFRIC 14)	–	–1.7
Total pension plan asset	**–**	**14.5**

One of the effects of the introduction of IFRIC 14 is to limit a defined benefit asset to the present value of economic benefits actually available. At 31 December 2008, an asset ceiling no longer applied; also see note 1 regarding the restatement of prior year figures.

Pension liabilities consist of:

In CHF millions	**2008**	2007
Adjustments recognised in equity (employees' share of welfare funds)	–0.1	–0.9
Long-term unfunded obligations	–6.8	–7.6
Long-term funded obligations	–84.7	–19.1
Total pension liabilities	**–91.6**	**–27.6**

The funded pension plan assets of CHF 384.1 million (2007: CHF 445.0 million) comprise the plan assets of four (2007: four) legally independent pension funds and one (2007: two) voluntary employer-sponsored welfare funds. Only that portion of the assets of voluntary employer-sponsored welfare funds which is freely available to the employer has been recognised as an asset. Swiss legislation limits the availability of pension scheme surpluses to the Group. The other plan assets of CHF 2.0 million (2007: CHF 0 million) relate to a partially funded pension plan in Norway.

The benefit obligation, fair value of plan assets, deficit and actuarial gains and losses were as follows:

In CHF millions	**2008**	2007	2006	2005
Benefit obligation	477.6	455.5	524.5	488.9
Fair value of plan assets	386.1	445.0	510.3	478.0
Deficit	**–91.5**	**–10.5**	**–14.2**	**–10.9**

In CHF millions	**2008**	2007	2006	2005
Cumulative amount recognised in equity at 1 January	–15.2	–18.2	–19.4	–21.4
Actuarial gains / (losses) on benefit obligation:				
Arising from changes in actuarial assumptions	–	–	–	–
Arising from experience adjustments	–7.7	5.7	–14.1	–30.3
Experience adjustments on plan assets	–76.9	–11.4	15.6	32.2
Total actuarial gains / (losses)	*–84.6*	*–5.7*	*1.2*	*2.0*
Disposal of discontinued operation	–	8.7	–	–
Cumulative amount recognised in equity at 31 December	–99.8	–15.2	–18.2	–19.4

Plan assets consisted of the following asset classes at the year end (as a percentage):

Asset class:	**2008**	2007
Bonds	33.9 %	27.5 %
Property	32.1 %	27.0 %
Equities	24.3 %	32.6 %
Mixed investment funds	2.4 %	5.3 %
Other investments	7.3 %	7.6 %
Total	**100.0 %**	**100.0 %**

The actual rate of return on plan assets was negative 14.1 % (negative CHF 57.7 million) in 2008 and 2.1 % (CHF 10.6 million) in 2007.

Pension plan assets do not include any equity instruments issued by Daetwyler Holding Inc. or properties occupied by Group companies. In 2008, they did not include any loans to the employer (2007: CHF 3.9 million). In the previous year, an amount of CHF 3.4 million was secured by mortgages.

The assumptions used to determine the benefit obligation and expected return on plan assets were as follows:

Actuarial assumptions

	2008	2007
Discount rate	3.5 – 5.0 %	3.5 %
Estimated rate of salary increases	3.0 %	3.0 %
Expected rate of pension increases	1.0 %	1.0 %
Expected return on plan assets	4.3 %	4.3 %
Average life expectancy of males after retirement (at age 65)	19.0 years	18.3 years
Average life expectancy of females after retirement (at age 64)	23.2 years	23.6 years

The expected rate of return on plan assets is based on the average return of common benchmarks over the past 10 years less 1 %. In 2008, the underlying expected returns of each asset class were: 7.0 % for equities, 3.0 % for bonds, 4.0 % for property, 4.5 % for mixed investment funds and 1.0 % for other investments. Weighted by asset class at 1 January 2008, the expected return for 2008 was 4.3 % (2007: 4.3 %).

10 Operating expenses

In CHF millions	**2008**	2007
Supplies, packaging materials, freight and storage costs	59.3	51.6
Repairs and maintenance	25.5	23.8
Energy	22.1	19.5
Operating lease and rental expense	12.4	10.7
Capital tax, administrative and selling expenses	46.8	48.4
Other operating expenses	18.7	19.9
Operating expenses from continuing operations	**184.8**	**173.9**

11 Depreciation, amortisation and impairment charges

In CHF millions	2008	2007
Depreciation:		
Buildings	8.8	8.8
Machinery and production equipment	25.4	25.7
Other plant and equipment	6.5	6.9
Total depreciation of property, plant and equipment	**40.7**	**41.4**
Depreciation of investment property	**0.2**	**0.3**
Amortisation of intangible assets	**11.2**	**3.7**
Total depreciation and amortisation of non-current assets	**52.1**	**45.4**
Impairment charges:		
Buildings	–	5.9
Machinery and production equipment	–	2.2
Total impairment charges on property, plant and equipment	**–**	**8.1**
Reversal of impairment charges	–1.0	–0.5
Total (reversal of) impairment charges on non-current assets, net	**–1.0**	**7.6**
Total depreciation, amortisation and impairment charges from continuing operations	**51.1**	**53.0**

Amortisation of intangible assets consists of CHF 7.0 million for acquired customer lists, CHF 0.9 million for acquired trademarks and CHF 3.3 million for software. In 2008, the reversal of impairment charges on machinery and production equipment related to the Cables Division. In the previous year, an impairment charge on investment property had been reversed in the corporate segment. The impairment charges recognised in 2007 related to the Rubber Division and the corporate segment.

12 Interest and finance costs/(income)

In CHF millions	2008	2007
Interest expense on bank and other loans	11.4	9.1
Interest expense on finance leases	0.0	0.1
Impairment charges on available-for-sale equity fund units (see note 23)	4.5	–
Fair value loss on forward exchange contracts	–	0.5
Fair value loss on interest rate swap	1.2	–
Net foreign exchange loss on financing activities	4.7	–
Finance charges	0.9	0.7
Total interest and finance costs from continuing operations	**22.7**	**10.4**
Interest income on bank deposits and loans	–10.2	–5.6
Income from securities	–0.4	–0.3
Fair value gain on forward exchange contracts	–3.6	–
Net foreign exchange gain on financing activities	–	–1.5
Total interest and finance income from continuing operations	**–14.2**	**–7.4**
Net interest and finance costs from continuing operations	**8.5**	**3.0**

Foreign exchange gains and losses

In CHF millions	2008	2007
Net foreign exchange losses/(gains) on financing activities	4.7	–1.5
Net foreign exchange losses on sale of goods and other	4.3	0.2
Net foreign exchange losses/(gains)	**9.0**	**–1.3**

13 Income tax expense

In CHF millions	2008	2007
Current income tax expense	15.8	13.1
Deferred income tax expense	0.3	8.8
Total income tax expense from continuing operations	16.1	21.9

The effective tax charge on profit before tax using the 16.32 % (2007: 16.32 %) tax rate applicable in Altdorf, Switzerland, where Daetwyler Holding Inc. is domiciled, can be analysed as follows:

In CHF millions	2008	2007
Profit before tax from continuing operations	125.7	108.2
Income tax expense calculated at a tax rate of 16.32 % (2007: 16.32 %)	20.5	17.7
Effect of different tax rates within the Group	3.5	4.3
Effect of current year tax losses not recognised	1.2	3.8
Effect of previously unrecognised tax loss carryforwards used against taxable profits	–1.1	–0.2
Expenses not deductible or only partially deductible for tax purposes	0.4	–
Income not subject or only partially subject to tax	–4.1	–2.3
Non-refundable taxes on intra-group dividend payments	0.9	–
Change in tax rates for deferred tax	–4.4	–2.0
Prior year tax adjustments	–0.8	0.6
Total (current and deferred) income tax expense from continuing operations	**16.1**	**21.9**

14 Cash, cash equivalents and money market investments

In CHF millions	2008	2007
Cash in hand and at bank	86.2	110.0
Money market investments <90 days	29.0	36.7
Total cash and cash equivalents	**115.2**	**146.7**
Money market investments <360 days	117.8	341.5
Total cash, cash equivalents and money market investments	**233.0**	**488.2**

Money market investments earned interest at an average rate of 1.8 % per annum (2007: 2.7 %). Cash, cash equivalents and money market investments are placed with a variety of banks with high credit ratings in order to spread risk. The largest positions account for 41.5 %, 16.4 %, 6.7 %, 6.4 % and 6.0 % of the total balance.

Analysis of cash, cash equivalents and money market investments by currency

In CHF millions	2008	2007
CHF	151.7	396.8
EUR	49.0	83.3
SEK	15.5	–
USD	4.0	4.3
Other currencies	12.8	3.8
Total cash, cash equivalents and money market investments	**233.0**	**488.2**

15 Trade receivables

In CHF millions	2008	2007
Trade receivables, gross	152.4	161.6
Provision for impairment	–5.0	–7.2
Total trade receivables, net	**147.4**	**154.4**

The net carrying amounts of trade receivables approximate their fair values due to their short-term nature.

Ageing analysis of gross trade receivables

In CHF millions	2008	2007
Not yet due	113.1	107.9
Past due 1 – 30 days	20.7	25.2
Past due 31 – 60 days	5.6	13.4
Past due 61 – 90 days	5.4	9.4
Past due 91 – 180 days	4.2	2.5
Past due more than 181 days	3.4	3.2
Total trade receivables, gross	**152.4**	**161.6**

Movements in provision for impairment

In CHF millions	2008	2007
At 1 January	7.2	12.0
Charge for the year	2.0	7.9
Unused amounts reversed	–3.1	–5.1
Receivables written off as uncollectible	–1.2	–0.7
Acquisition/disposal of subsidiaries	0.6	0.4
Disposal of discontinued operation	–	–6.2
Exchange differences	–0.5	–1.1
At 31 December	**5.0**	**7.2**
Of which specific provisions for impairment	4.4	3.8

Doubtful debts are provided for as specific impairment provisions based on an individual evaluation, on the one hand, and based on recent experience, on the other. Uncollectible receivables and unused amounts reversed resulted in net income of CHF 0.8 million (2007: net expense of CHF 1.9 million) recognised in operating expenses in the income statement. The fair value of collateral held as security for past due receivables was CHF 0.5 million (2007: CHF 0.3 million).

Analysis of trade receivables by currency

In CHF millions	**2008**	2007
CHF	34.0	33.2
EUR	85.6	102.6
SEK	5.0	–
USD	14.5	12.2
Other currencies	8.3	6.4
Total trade receivables, net	**147.4**	**154.4**

16 Inventories

In CHF millions	**2008**	2007
Raw materials and consumables	36.6	40.7
Goods for resale	86.4	60.0
Work in progress	27.0	25.1
Finished goods	68.7	63.6
Total inventories	**218.7**	**189.4**

The cost of inventories recognised as an expense and included in material costs from continuing operations in the income statement amounted to CHF 641.4 million (2007: CHF 578.1 million), less inventory increases of CHF 12.6 million (2007: CHF 5.4 million).

Write-downs of inventories to net realisable value amounted to CHF 35.8 million during the year (2007: CHF 28.7 million). CHF 5.8 million of the CHF 7.1 million increase in inventory write-downs relates to the Cables Division and was primarily due to the write-down of copper inventories to net realisable value. The carrying amount of inventories stated at net realisable value was CHF 87.8 million (2007: CHF 73.0 million). Previous inventory write-downs of CHF 0.8 million (2007: CHF 1.9 million) were reversed during the year as a result of changes in market conditions.

17 Assets held for sale

During 2008, all assets previously classified as held for sale were sold.

In CHF millions	**2008**	2007
Movements in assets		
Total assets at 1 January	4.1	7.5
Transfers	–	3.5
Disposals	–4.1	–6.9
Total assets at 31 December	**–**	**4.1**
Gain on assets held for sale (see remarks below)	5.8	3.0

A non-operating property in the USA with a carrying amount of CHF 0.3 million was sold in 2008 at a gain of CHF 0.1 million. Plots of non-operating land with a total carrying amount of CHF 3.8 million were sold in 2008 at a gain of CHF 5.7 million (2007: CHF 3.0 million).

18 Other receivables, prepayments and accrued income

In CHF millions	**2008**	2007
Withholding, capital and value added tax receivable	9.2	6.6
Prepayments made, advances given and deposits made	5.1	1.5
Accrued interest receivable	0.2	0.7
Other prepayments made and accrued income	10.0	9.7
Derivative assets: forward exchange contracts (see note 36)	2.8	0.3
Deferred sales proceeds from disposal of discontinued operation (see note 5)	–	5.7
Current lease receivables	7.4	1.6
Other receivables	2.3	3.5
Provision for impairment of other receivables	–	–0.5
Total other receivables, prepayments and accrued income	**37.0**	**29.1**

Current lease receivables include CHF 1.4 million in discounted interest receivable. The carrying amounts of other receivables, prepayments and accrued income approximate their fair values.

19 Property, plant and equipment

An analysis of capital expenditure on property, plant and equipment for continuing operations and by geographical region is presented in the segment information in note 4.

Movements in property, plant and equipment In CHF millions	Land	Buildings	Machinery and production equipment	Office equipment, computer systems, vehicles	Assets under construction	**Total property, plant and equipment**
At 1 January 2007						
Cost	31.8	333.7	669.1	84.8	25.3	1 144.7
Accumulated depreciation	–	–203.0	–508.2	–66.3	–1.1	–778.6
Net book value	**31.8**	**130.7**	**160.9**	**18.5**	**24.2**	**366.1**
Year ended 31 December 2007						
Opening net book value	31.8	130.7	160.9	18.5	24.2	366.1
Exchange differences	–	0.1	1.3	0.2	–	1.6
Additions	–	10.6	23.9	7.6	31.2	73.3
Disposals and transfers	–0.5	5.7	26.8	–1.9	–35.4	–5.3
Acquisition/disposal of subsidiaries	–	1.7	5.8	0.3	0.1	7.9
Depreciation charge – continuing operations	–	–8.8	–25.7	–6.8	–0.1	–41.4
Depreciation charge – discontinued operation	–	–1.0	–9.8	–0.4	–	–11.2
Impairment charges	–	–5.9	–2.2	–	–	–8.1
Disposal of discontinued operation	–2.0	–11.4	–53.5	–1.4	–3.9	–72.2
Closing net book value	29.3	121.7	127.5	16.1	16.1	310.7
At 31 December 2007						
Cost	29.3	313.2	519.5	72.6	16.4	951.0
Accumulated depreciation	–	–191.5	–392.0	–56.5	–0.3	–640.3
Net book value	**29.3**	**121.7**	**127.5**	**16.1**	**16.1**	**310.7**
Year ended 31 December 2008						
Opening net book value	29.3	121.7	127.5	16.1	16.1	310.7
Exchange differences	–0.5	–5.8	–9.8	–1.3	–2.9	–20.3
Additions	0.3	8.1	18.3	5.5	37.7	69.9
Disposals and transfers	–1.5	3.2	5.9	–0.9	–10.0	–3.3
Acquisition / disposal of subsidiaries	0.2	1.5	1.0	3.5	0.0	6.2
Depreciation charge - continuing operations	–0.0	–8.8	–25.4	–6.5	–0.0	–40.7
Reversal of impairment charges	–	–	1.0	–	–	1.0
Closing net book value	27.8	119.9	118.5	16.4	40.9	323.5
At 31 December 2008						
Cost	27.8	314.4	488.7	69.2	40.9	941.0
Accumulated depreciation	–	–194.5	–370.2	–52.8	–	–617.5
Net book value	**27.8**	**119.9**	**118.5**	**16.4**	**40.9**	**323.5**

Impairment charges of CHF 1.0 million previously recognised for property, plant and equipment were reversed in 2008. In 2007, impairment charges of CHF 8.1 million had been recognised. Details are as follows.

Cables Division

Manufacturing facilities / China:
The remaining CHF 1.0 million of the impairment charge recognised in 2006 for Shanghai-based Daetwyler Cables+Systems (Shanghai) Co. Ltd was reversed because the company has returned to profitability following extensive reorganisation and complete realignment.

Rubber Division

Manufacturing facilities / USA:
As a manufacturing facility engaged in the automotive business in the USA continued to face a difficult market environment, its property, plant and equipment had to be reviewed for impairment in 2007. For this purpose, the expected future cash flows were discounted using an interest rate of 8 %. The value in use determined on this basis led to the recognition of an impairment charge of CHF 3.3 million on manufacturing facilities and property.

Corporate segment

Staff facilities in Altdorf / Switzerland:
Due to its non-profit purpose, the staff facilities building had to be reviewed for impairment immediately following its repurchase in 2007 (see note 42). The calculated current value in use led to the recognition of an impairment charge of CHF 4.8 million on the building.

Other details of property, plant and equipment

The carrying amount of property, plant and equipment includes a warehouse in Italy leased to a company in the Pharmaceutical Packaging Division. Since the beginning of 2007, assets held under finance leases also include a manufacturing building leased by Soded SAS in France.

In CHF millions	2008	2007
Leased property, plant and equipment, at cost	5.2	5.8
Accumulated depreciation	–0.8	–0.6
Net book value of property, plant and equipment under finance leases	**4.4**	**5.2**

Assets pledged or assigned to secure own liabilities:

In CHF millions	2008	2007
Land and buildings, at book value	11.8	23.0

At the balance sheet date, the Group’s commitments for capital expenditure on property, plant and equipment amounted to CHF 4.0 million (2007: CHF 11.5 million). Additions to property, plant and equipment in 2008 include capitalised borrowing costs of CHF 0.7 million.

Fire insurance value of property, plant and equipment:

In CHF millions	2008	2007
Buildings	526.7	535.3
Machinery, equipment and vehicles	837.6	806.5
Total fire insurance value of property, plant and equipment	**1 364.3**	**1 341.8**

The assets are insured at replacement value. Business interruption risks are insured throughout the Group.

20 Investment property

In CHF millions	Land	Buildings	**Total investment property**
At 1 January 2007			
Cost	3.6	9.1	12.7
Accumulated depreciation	–	–2.5	–2.5
Net book value	**3.6**	**6.6**	**10.2**
Year ended 31 December 2007			
Opening net book value	3.6	6.6	10.2
Additions (see note 42)	2.3	2.0	4.3
Transfers	–1.6	–1.2	–2.8
Depreciation charge	–	–0.3	–0.3
Reversal of impairment charges	–	0.5	0.5
Closing net book value	4.3	7.6	11.9
At 31 December 2007			
Cost	4.3	9.9	14.2
Accumulated depreciation	–	–2.3	–2.3
Net book value	**4.3**	**7.6**	**11.9**
Fair value	12.4	7.6	20.0
Rental income	–	0.8	0.8
Repair and maintenance costs	–	0.1	0.1
Year ended 31 December 2008			
Opening net book value	4.3	7.6	11.9
Disposals	–	–6.8	–6.8
Depreciation charge	–	–0.2	–0.2
Closing net book value	4.3	0.6	4.9
At 31 December 2008			
Cost	4.3	0.6	4.9
Accumulated depreciation	–	0.0	0.0
Net book value	**4.3**	**0.6**	**4.9**
Fair value	11.8	0.6	12.4
Rental income	–	0.5	0.5
Repair and maintenance costs	–	–	–

The fair value of the Daetwyler Group's investment property is determined by an in-house certified property specialist. The method used to value buildings is based on a combination of asset and gross rental value, while land values are determined using market prices for comparable transactions.

There are no restrictions on a sale of the investment properties recorded in the balance sheet. Neither does the Group have any contractual obligations to purchase or construct investment property or to carry out repairs, maintenance or improvements.

In 2007, an impairment charge of CHF 0.5 million recognised in the corporate segment was reversed because the property concerned was fully rented out again.

21 Intangible assets

In CHF millions	Goodwill	Other intangible assets	**Total intangible assets**
At 1 January 2007			
Cost	35.7	14.4	50.1
Accumulated amortisation	–	–7.1	–7.1
Net book value	**35.7**	**7.3**	**43.0**
Year ended 31 December 2007			
Opening net book value	35.7	7.3	43.0
Exchange differences	1.6	0.5	2.1
Additions	–	3.5	3.5
Acquisition / disposal of subsidiaries	28.5	19.0	47.5
Transfers	–	3.6	3.6
Amortisation charge	–	–3.7	–3.7
Disposal of discontinued operation	–	–0.0	–0.0
Closing net book value	65.8	30.2	96.0
At 31 December 2007			
Cost	65.8	49.3	115.1
Accumulated amortisation	–	–19.1	–19.1
Net book value	**65.8**	**30.2**	**96.0**
Year ended 31 December 2008			
Opening net book value	65.8	30.2	96.0
Exchange differences	–45.0	–42.7	–87.7
Additions	–	4.6	4.6
Acquisition / disposal of subsidiaries	185.1	195.4	380.5
Disposals	–0.9	–	–0.9
Amortisation charge	–	–11.2	–11.2
Closing net book value	205.0	176.3	381.3
At 31 December 2008			
Cost	205.0	202.0	407.0
Accumulated amortisation	–	–25.7	–25.7
Net book value	**205.0**	**176.3**	**381.3**

Other intangible assets include CHF 158.2 million (2007: CHF 23.0 million) in assets recognised in respect of customer relationships acquired in business combinations in accordance with IFRS 3, CHF 10.0 million (2007: CHF 0.4 million) for acquired trademarks, CHF 7.9 million (2007: CHF 6.6 million) in capitalised software and CHF 0.2 million (2007: CHF 0.2 million) in other intangible assets.

All goodwill in the Daetwyler Group is allocated to cash-generating units (CGUs). A CGU is generally a Group company.

The carrying amount of goodwill is tested for impairment in the fourth quarter of each year. The recoverable amount, which is the value in use, is determined using discounted cash flow (DCF) analysis. The cash flow projections are based on the budget (year 1) and medium-term plan (years 2 and 3). Subsequent years (years 4 and 5) are calculated using cash flow projections and the years beyond are calculated in perpetuity using a growth rate of 1%. Cash flow projections are based on historical experience and management's expectations of future performance.

The average interest rate used in discounting the projected cash flows (weighted average cost of capital or WACC) is calculated using the capital asset pricing model (CAPM), taking into account country-specific risks. A post-tax discount rate is applied because income tax expense is included in the cash flow projections.

The following table shows the carrying amounts of goodwill for each CGU or group of CGUs and the assumptions used in DCF analysis:

In CHF millions or %	Carrying amount of goodwill **2008**	Carrying amount of goodwill 2007	WACC **2008**	WACC 2007
Rubber Division:				
Daetwyler Rubber (CZ) Production sro (Czech Republic)	1.5	1.6	8.3%	8.3%
Pharmaceutical Packaging Division:				
Helvoet Pharma Deutschland GmbH (Germany)	4.5	5.0	7.9%	8.8%
Helvoet Pharma Italy / Seal Line SpA (Italy)	4.4	4.9	8.2%	8.7%
Technical Components Division:				
Specialist distribution	22.7	25.0	7.8%	8.9%
Mail order distribution	171.9	29.3	7.7%	8.8%
Daetwyler Group	**205.0**	**65.8**		

In 2008, individual cash-generating units of the specialist distribution and mail order distribution businesses that share significant synergies were grouped together. This grouping came about following both the acquisition of the ELFA Group in 2008 and the launch of new synergy projects.

The 2008 review of the carrying amounts did not give rise to any impairment charges. In a sensitivity analysis, changes in the key assumptions used in the DCF analysis also showed that the assets' value in use exceeds their carrying amount and no impairment charges are necessary, barring exceptional circumstances. For sensitivity analysis, the percentage EBIT margin was decreased and the percentage WACC increased, both individually and in combination, by 1 % to 2 % each.

22 Deferred income tax

Composition of deferred income tax

Deferred tax assets and liabilities are calculated using the liability method on all temporary differences.

In CHF millions	**2008**	2007
Deferred tax assets	19.6	4.3
Deferred tax liabilities	–73.2	–28.7
Deferred income tax liabilities (net)	**–53.6**	**–24.4**

Analysis of deferred tax balances

The following table shows the tax effects on the temporary differences existing between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements as gross amounts before offsetting within the same taxable entities. Period movements in the significant assets and liabilities giving rise to temporary differences and in recognised loss carryforwards are analysed.

In CHF millions	Receiv-ables	Inventories	Property, plant and equipment	Intangible assets	Tax loss carry-forwards	Pension assets / liabilities	Other balance sheet items	**Total**
At 1 January 2007								
Temporary differences – assets	0.5	0.6	1.1	0.3	15.1	2.3	1.6	21.5
Temporary differences – liabilities	–0.9	–5.7	–22.2	–5.6	–	–0.3	–1.0	–35.7
Net	**–0.4**	**–5.1**	**–21.1**	**–5.3**	**15.1**	**2.0**	**0.6**	**–14.2**
Year ended 31 December 2007								
At 1 January	–0.4	–5.1	–21.1	–5.3	15.1	2.0	0.6	–14.2
Exchange differences	–	–	–0.3	–0.1	–	–	–	–0.4
(Charged) / credited to the income statement – continuing operations	–0.5	–0.4	0.6	0.6	–7.9	–0.1	–1.1	–8.8
(Charged) / credited to the income statement – discontinued operation	0.1	–0.4	0.1	–	–	–	–	–0.2
(Charged) / credited to equity	–	–	–	–	–	1.3	–	1.3
Acquisition / disposal of subsidiaries	–	–0.2	–1.6	–5.9	–	–	0.6	–7.1
Disposal of discontinued operation	0.3	2.5	4.5	–	–0.4	–1.8	–0.1	5.0
At 31 December	–0.5	–3.6	–17.8	–10.7	6.8	1.4	–	–24.4
At 31 December 2007								
Temporary differences – assets	0.4	1.1	1.1	0.4	6.8	1.4	2.1	12.9
Temporary differences – liabilities	–0.9	–4.7	–18.9	–11.1	–	–	–2.1	–37.7
Net	**–0.5**	**–3.6**	**–17.8**	**–10.7**	**6.8**	**1.4**	**–**	**–24.4**
Year ended 31 December 2008								
At 1 January	–0.5	–3.6	–17.8	–10.7	6.8	1.4	–	–24.4
Exchange differences	–	–0.1	1.3	11.5	–0.3	–	0.1	12.5
(Charged) / credited to the income statement – continuing operations	–0.5	–1.4	–	4.6	–2.6	0.2	–0.5	–0.2
(Charged) / credited to equity	–	–	–	–	–	11.7	1.9	13.6
Acquisition / disposal of subsidiaries	0.1	0.2	–	–54.3	–	–	–1.1	–55.1
At 31 December	–0.9	–4.9	–16.5	–48.9	3.9	13.3	0.4	–53.6
At 31 December 2008								
Temporary differences – assets	0.2	0.8	1.3	0.4	9.7	13.6	2.0	28.0
Temporary differences – liabilities	–1.1	–5.7	–17.8	–49.3	–5.8	–0.3	–1.6	–81.6
Net	**–0.9**	**–4.9**	**–16.5**	**–48.9**	**3.9**	**13.3**	**0.4**	**–53.6**

At 31 December 2008, the aggregate amount of temporary differences associated with investments in Group companies for which deferred tax liabilities have not been recognised was CHF 258.5 million (2007: CHF 247.6 million).

Tax loss carryforwards

Deferred tax assets are recognised for tax loss carryforwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. Deferred tax assets have been recognised in respect of tax losses carried forward by companies whose results have been subject to cyclical fluctuations or that have incurred start-up losses and where there are clear indications that they will generate sufficient taxable profits in the foreseeable future.

At 31 December 2008, the Daetwyler Group did not recognise tax losses totalling CHF 47.8 million (2007: CHF 53.6 million) carried forward by individual Group companies because it currently seems unlikely that future taxable profits will be available against which the benefits from these tax loss carryforwards can be utilised. Tax losses available for offset against future taxable profits expire as follows:

In CHF millions	**2008**	2007
Expiring in:		
1 year	–	1.0
2 years	0.4	–
3 years	0.1	0.5
4 years	0.3	0.1
5 years or more	47.0	52.0
Total unrecognised tax losses carried forward	**47.8**	**53.6**

23 Financial investments and other non-current assets

In CHF millions	**2008**	2007
Long-term loans to third parties	2.8	3.5
Investments in third parties, net	0.0	0.0
Long-term lease receivables	30.9	7.2
Securities	10.2	15.6
Pension plan asset (see note 9)	–	14.5
Other financial investments	0.2	0.7
Total financial investments	**44.1**	**41.5**

The securities included in financial investments comprise bonds, investment fund units and equities held as long-term investments. They are classified as available-for-sale financial assets and measured at fair value. The unrealised loss of CHF 0.7 million for the period (2007: gain of CHF 0.6 million) and the resulting cumulative net gain of CHF 0.7 million (2007: CHF 1.4 million) are recognised in equity and not in the income statement until the securities are sold. In 2008, impairment charges of CHF 4.5 million (none in 2007) were recognised in the income statement for declines in value that are considered to be prolonged, see note 12. Securities are stated at market value. Otherwise, the carrying amounts of financial investments approximate their fair values.

Composition of lease receivables In CHF millions	Gross lease receivables	Dis-counted interest receivable	Net lease receivables
Current portion (see note 18)	8.8	1.4	7.4
Non-current portion	34.0	3.1	30.9
Total lease receivables	**42.8**	**4.5**	**38.3**

Maturity profile of lease receivables In CHF millions	Gross lease receivables	Dis-counted interest receivable	Net lease receivables
End of 2008	42.8	4.5	38.3
End of 2009	34.0	3.1	30.9
End of 2010	25.6	1.9	23.7
End of 2011	17.6	1.0	16.6
End of 2012	9.9	0.5	9.4
End of 2013	2.9	0.1	2.8
After 2013	–	–	–

24 Trade payables

Analysis by currency

In CHF millions	**2008**	2007
CHF	9.3	14.5
EUR	40.7	45.5
SEK	2.6	–
USD	3.8	4.8
Other currencies	3.1	2.7
Total trade payables	**59.5**	**67.5**

The carrying amounts of trade payables approximate their fair values due to their short-term nature.

25 Bank borrowings

In CHF millions	**2008**	2007
Bank overdrafts	108.7	165.7
Current portion of long-term bank loans	78.4	–
Total short-term bank borrowings	**187.1**	**165.7**
Long-term bank loans	74.6	7.1
Total long-term bank borrowings	**74.6**	**7.1**
Total bank borrowings	**261.7**	**172.8**
Secured portion of short-term and long-term bank borrowings	*5.9*	*11.3*

Certain short-term bank borrowings, together with corresponding bank deposits, are part of a notional cash pool arrangement, but all of these assets and liabilities are reported gross.

The increase of CHF 154.6 million in bank borrowings is primarily due to a new SEK 900 million bank loan at an interest rate of 4.97 %, maturing on 30 June 2011, which was used to partially fund the ELFA acquisition. The fair value of this bank loan carried at CHF 122.5 million was CHF 126.1 million at the end of 2008. Given the current interest rate environment and the short-term maturities, the carrying amounts of other borrowings approximate their fair values.

Bank borrowings by currency	CHF million 2008	% 2008	Ø interest rate 2008	CHF million 2007	% 2007	Ø interest rate 2007
CHF	5.0	1.9	3.2	10.2	5.9	3.1
EUR	111.1	42.4	4.4	137.4	79.5	4.7
SEK	122.5	46.8	5.0	–	–	–
USD	22.7	8.7	3.3	24.3	14.1	5.6
Other currencies	0.4	0.2	2.4	0.9	0.5	4.8
Total bank borrowings	**261.7**	**100.0**	**4.6**	**172.8**	**100.0**	**4.8**
Bank borrowings by region						
Switzerland	127.5	48.7		10.0	5.8	
Other countries	134.2	51.3		162.8	94.2	
Total bank borrowings	**261.7**	**100.0**		**172.8**	**100.0**	

Maturity of long-term bank borrowings

In CHF millions	**2008**	2007
Within 2 years	49.6	6.3
Within 3 years	24.7	0.3
Within 4 years	0.2	0.2
Within 5 years	0.1	0.2
Over 5 years	–	0.1
Total long-term bank borrowings	**74.6**	**7.1**

26 Other current liabilities, accruals and deferred income

In CHF millions	**2008**	2007
Customer advances received	3.9	3.5
Social security liabilities	5.1	5.7
Capital and value added tax liabilities	2.6	3.3
Accruals and deferred income	24.6	21.3
Current finance lease liabilities (see notes 2 and 19)	0.5	0.5
Other short-term loans payable and financial liabilities	3.7	4.0
Derivative liabilities: interest rate swap (see note 36)	1.1	0.5
Other current liabilities	0.0	3.6
Total other current liabilities, accruals and deferred income	**41.5**	**42.4**

27 Other long-term liabilities

In CHF millions	2008	2007
Long-term finance lease liabilities (see notes 2 and 19)	0.5	1.0
Miscellaneous long-term liabilities	0.4	0.6
Total other long-term liabilities	**0.9**	**1.6**

The carrying amounts of other long-term liabilities approximate their fair values.

28 Financial instruments

The two tables below summarise all financial assets and liabilities by category:

Financial assets

In CHF millions	2008	2007
Cash, cash equivalents and money market investments:		
Cash and cash equivalents	115.2	146.7
Money market investments	117.8	341.5
Total cash, cash equivalents and money market investments	*233.0*	*488.2*
Loans and receivables:		
Trade receivables	147.4	154.4
Current income tax assets	2.4	2.0
Deferred sales proceeds from disposal of discontinued operation (see note 5)	–	5.7
Withholding, capital and value added tax receivable	9.2	6.6
Prepayments made, advances given and deposits made	5.1	1.5
Other current receivables, net	2.3	3.0
Current lease receivables	7.4	1.6
Long-term lease receivables	30.9	7.2
Long-term loans to third parties	2.8	3.5
Total loans and receivables	*207.5*	*185.5*
Available-for-sale financial assets:		
Securities: equities	0.7	0.5
Securities: bonds	3.3	3.5
Securities: equity investment funds	6.2	11.6
Other financial investments	0.2	0.7
Total available-for-sale financial assets	*10.4*	*16.3*
Financial assets at fair value through profit or loss:		
Derivative assets: forward exchange contracts	2.8	0.3
Total financial assets at fair value through profit or loss	*2.8*	*0.3*
Total financial assets	**453.7**	**690.3**

Financial liabilities

In CHF millions	2008	2007
Financial liabilities at amortised cost:		
Trade payables	59.5	67.5
Short-term bank borrowings	187.1	165.7
Current income tax liabilities	9.0	10.3
Other short-term loans payable and financial liabilities	3.7	4.0
Social security liabilities	5.1	5.7
Capital and value added tax liabilities	2.6	3.3
Accruals and deferred income	24.6	21.3
Other current liabilities	0.0	3.6
Total current financial liabilities at amortised cost	*291.6*	*281.4*
Long-term bank borrowings	74.6	7.1
Miscellaneous long-term liabilities	0.4	0.6
Total long-term financial liabilities at amortised cost	*75.0*	*7.7*
Total financial liabilities at amortised cost	*366.6*	*289.1*
Financial liabilities at fair value through profit or loss:		
Derivative liabilities: interest rate swap	1.1	–
Derivative liabilities: forward exchange contracts	–	0.5
Total financial liabilities at fair value through profit or loss	*1.1*	*0.5*
Total financial liabilities	**367.7**	**289.6**

With the exception of derivative financial instruments carried at fair value, the Group holds no financial assets or liabilities classified as at fair value through profit or loss or as held for trading, nor does it hold any financial assets classified as held to maturity. With the exception of certain amounts due to banks (see note 25), the carrying amounts of financial instruments approximate their fair values.

29 Provisions

In CHF millions	Employees and social security	Warranty and liability claims	Environment and infrastructure	Other	**Total**
Current provisions:					
At 1 January 2008	22.7	1.4	5.3	7.0	36.4
Exchange differences	–2.3	0.0	–	–0.3	–2.6
Charge for the year	19.2	0.4	–	2.9	22.5
Used during year	–20.5	–0.3	–0.0	–3.9	–24.7
Unused amounts reversed	–1.0	–0.5	–0.1	–2.4	–4.0
Acquisition / disposal of subsidiaries	5.7	–	–	0.2	5.9
Transfers	–	–	–2.1	0.0	–2.1
At 31 December 2008	**23.8**	**1.0**	**3.1**	**3.5**	**31.4**
Non-current provisions:					
At 1 January 2008	1.0	9.7	1.6	0.3	12.6
Exchange differences	0.0	–0.2	–	0.0	–0.2
Charge for the year	0.3	0.3	–	–	0.6
Used during year	–0.6	–0.1	–	–0.0	–0.7
Unused amounts reversed	–	–0.4	–	–0.0	–0.4
Effects of discounting	–	–	–	–	–
Transfers	–	–	2.1	0.0	2.1
At 31 December 2008	**0.7**	**9.3**	**3.7**	**0.3**	**14.0**
Total provisions for 2008	**24.5**	**10.3**	**6.8**	**3.8**	**45.4**
Total provisions for 2007	23.7	11.1	6.9	7.3	49.0

Discounting

Discounting effects are not material for the non-current provisions.

Employees and social security

This provision covers holiday pay, overtime, bonuses, incentive pay and similar liabilities. The provision is calculated based on actual data. The expected payments generally become due within 12 months.

Warranty and liability claims

The Daetwyler Group gives warranties in connection with the products and services it provides. These are based on local legislation or contractual arrangements. The provision is calculated from past experience. The current provision for liability claims is based on actual claims reported, which are generally settled within one year. The non-current provision is based on historical experience for normally five- to ten-year warranties.

Environment and infrastructure

This provision relates to liabilities for the clean-up of long-used contaminated manufacturing sites and costs expected to be incurred in the restoration and repair of infrastructure. The provision is determined based on detailed cost estimates. The projects are expected to be implemented over the next three years.

30 Share capital

Composition

In CHF	**2008**	2007
22 million registered shares of CHF 0.01 each (2007: CHF 1.00 each)	220 000	22 000 000
12.6 million bearer shares of CHF 0.05 each (2007: CHF 5.00 each)	630 000	63 000 000
Total share capital	**850 000**	**85 000 000**

The Annual General Meeting held on 22 April 2008 passed a resolution to reduce the par value of shares by CHF 4.95 per bearer share from the previous CHF 5.00 to CHF 0.05 and by CHF 0.99 per registered share from the previous CHF 1.00 to CHF 0.01 for payment in lieu of a dividend. The par value reduction took place on 14 July 2008. As a result, the share capital now consists of 12.6 million bearer shares of CHF 0.05 each and 22 million registered shares of CHF 0.01 each.

At the Annual General Meeting held on 24 April 2007, resolutions had been adopted to cancel 10 000 unissued bearer shares of CHF 500 each, thereby reducing the share capital by CHF 5 million from CHF 90 million to CHF 85 million, and to carry out a 100-for-1 share split on 6 July 2007.

Per share data

	2008	2007
Bearer shares		
Par value (CHF)	0.05	5
Number issued	12 600 000	12 600 000
Number with voting rights and ranking for dividend	11 010 300	11 000 000
Proposed / approved dividend per bearer share (CHF)	1.80	–
Registered shares		
Par value (CHF)	0.01	1
Number issued	22 000 000	22 000 000
Number ranking for dividend	22 000 000	22 000 000
Proposed / approved dividend per registered share (CHF)	0.36	–
Total par value of shares ranking for dividend (CHF)	**770 515**	**77 000 000**
Authorised additional share capital	none	none
Authorised but unissued share capital	none	none
Registration / voting restrictions	none	none
Opting-out and opting-up provisions	none	none

31 Earnings per share

Earnings per share is calculated by dividing profit for the year by the weighted average number of shares in issue and ranking for dividend, excluding treasury shares. The weighted value of the 22 000 000 registered shares represents 4 400 000 bearer shares. As awards of treasury shares under the share award plan are made in mid-year, the average number of treasury shares to be deducted represents the simple average of the number at the beginning and at the end of the year (see note 32).

	2008	2007
Continuing operations:		
Profit for the year reported in the income statement (CHF millions)	109.6	86.3
Weighted average number of shares	15 401 100	15 380 950
Basic earnings per bearer share ranking for dividend (CHF)	7.12	5.61
Diluted number of shares	15 401 100	15 380 950
Diluted earnings per bearer share ranking for dividend (CHF)	7.12	5.61
Discontinued operation:		
Profit for the year reported in the income statement (CHF millions)	–	133.2
Weighted average number of shares		15 380 950
Basic earnings per bearer share ranking for dividend (CHF)	–	8.66
Diluted number of shares		15 380 950
Diluted earnings per bearer share ranking for dividend (CHF)	–	8.66

There were no dilutive effects in 2008 and 2007.

32 Treasury shares and share-based payments

At the end of 2008, the Group held 1 589 700 (2007: 1 608 100) treasury shares with a par value of CHF 0.05 each (2007: CHF 5.00). 26 000 bearer shares of then CHF 500 each were created by a resolution passed by the General Meeting on 18 November 1989, disapplying the pre-emption rights of shareholders and participation certificate holders, to provide for the exercise of options, warrants or conversion rights and for other purposes in the Company's interest. These shares are not entitled to vote and do not rank for dividend until they are used. Following the resolution passed by the Annual General Meeting on 24 April 2007 to cancel 10 000 unissued bearer shares of CHF 500 each, the 100-for-1 share split on 6 July 2007, the award of treasury shares to those eligible under the share award plan in June 2008, and the par value reduction from CHF 5.00 to CHF 0.05 on 14 July 2008, the Group held 1 589 700 unissued bearer shares of CHF 0.05 each at the end of 2008. The par value of these shares totalling CHF 79 485 (2007: CHF 8.0 million) has been deducted from the CHF 850 000 (2007: CHF 85.0 million) share capital of Daetwyler Holding Inc.

Share award plan

Since 2007, Directors and senior executives have received a portion of their remuneration in the form of bearer shares of Daetwyler Holding Inc. Share-based payments to Directors and senior executives are measured at fair value at the grant date and recognised as employee costs over the term of the agreement. The share price on the grant date of 24 April 2007 was CHF 83 (all data adjusted to reflect the 100-for-1 share split in mid-2007). Directors have been awarded a total of 31 500 (2008: 10 500; 2007: 10 500) bearer shares of CHF 5 each in Daetwyler Holding Inc. for the financial years 2007 to 2009, and senior executives have been awarded a total of 27 200 (2008: 7 900; 2007: 11 400) bearer shares of CHF 5 each in Daetwyler Holding Inc. for the same period. The total number of shares awarded to senior executives has decreased since the end of 2007 because of a slight change in the composition of the executives eligible. The expense recognised as employee costs in 2008 for the 2007 to 2009 share award plan amounts to CHF 1.0 million (2007: CHF 3.6 million). The shares awarded have a vesting period of 5 years.

33 Shareholders

Having acquired 150 000 bearer shares in 2008, Pema Holding AG holds all 22 000 000 registered shares as in the past, plus 4 550 000 (2007: 4 400 000) of the total of 12 600 000 bearer shares of Daetwyler Holding Inc. This represents 80.43 % (2007: 80.00 %) of the voting rights and 52.65 % (2007: 51.76 %) of the share capital. Non-voting unissued bearer shares have been included in calculating the percentage of capital held but excluded in calculating the percentage of voting rights held. The entire share capital of Pema Holding AG was contributed to Daetwyler Fuehrungs AG, indirectly giving it a majority of the voting rights in Daetwyler Holding Inc.

The Board of Daetwyler Holding Inc. is not aware of any other shareholders, or groups of shareholders subject to voting agreements, who hold 3 % or more of the total voting rights.

34 Group reserves

Group reserves comprise both restricted reserves, which have been set aside to comply with national requirements and are not available for distribution, and distributable reserves set aside from retained earnings.

35 Minority interests

In 2008 and 2007, no subsidiaries of the Daetwyler Group had minority shareholders.

36 Derivative financial instruments

The Group economically hedges part of its exposure to foreign currency risk on trade receivables, trade payables and intra-group loans. Forward exchange contracts and currency options, which generally have maturities of less than 12 months, are used as hedging instruments. Hedge accounting as defined by the requirements in IAS 39 is not applied.

Forward exchange contracts

At 31 December in CHF millions	**2008**	2007
Positive fair value	2.8	0.3
Notional amounts	49.8	7.9
Negative fair value	–	0.5
Notional amounts	–	17.0

Forward exchange contracts by currency

At 31 December in CHF millions	**2008**	2007
EUR	9.7	5.8
USD	10.0	7.9
CZK	7.9	11.2
GBP	0.3	–
SEK: sale of PLN	5.4	–
SEK: sale of NOK	16.5	–
Total forward exchange contracts	**49.8**	**24.9**

These forward exchange contracts have maturities up to the end of 2009. Positive fair values are recorded as other receivables, prepayments and accrued income (note 18), while negative fair values are included in other current liabilities, accruals and deferred income (note 26).

Interest rate swap

During 2008, an interest rate swap with a notional amount of EUR 19.9 million, expiring at the end of April 2011 at the latest, was entered into for the first time to partially hedge interest rate exposure. The negative fair value of CHF 1.1 million at the end of 2008 has been recognised in other current liabilities, accruals and deferred income (note 26).

37 Contingent liabilities

The Group has a number of risks arising in the ordinary course of business from contingent or probable liabilities in connection with litigation and outstanding tax assessments. Provisions have been recognised to the extent that the outcome of such matters can be estimated reliably. No provisions have been made where the outcome is uncertain or the risk is not quantifiable.

The Daetwyler Group has not given any guarantees in respect of its business relationships with third parties. Intra-group performance bonds and guarantees have been eliminated on consolidation. There are no subordination agreements with third parties.

At the end of 2008, there was a new, still inactive consortium established as an ordinary partnership with the associated joint and several liability.

When the Precision Tubes Division was sold at the end of 2007, the Group granted usual contractual guarantees to the purchasers in respect of environmental contamination, etc. This guarantee is limited to a maximum of CHF 18.4 million and applies to certain cases on a degressive basis for a maximum period of 10 years or until statute-barred. At present, no claims by the purchaser are known.

38 Commitments

Maturities of commitments under operating leases and long-term rental agreements:

In CHF millions	**2008**	2007
Less than one year	4.7	1.3
Between 2 and 5 years	11.4	2.4
Over 5 years	4.4	0.7
Total commitments	**20.5**	**4.4**

Operating lease payments recognised as an expense in the income statement for 2008 amounted to CHF 4.3 million (2007: CHF 1.6 million). There are no individually significant operating leases. Details of finance lease liabilities are presented in notes 26 and 27.

39 Research and development costs

In CHF millions	**2008**	2007
Employee costs	6.9	4.2
Depreciation and amortisation	0.2	0.1
Other operating expenses	1.6	1.3
Total research and development costs	**8.7**	**5.6**

40 Effect of acquisitions and disposals

In addition to the disposal of the Precision Tubes Division reported separately in note 5, new acquisitions and other disposals of subsidiaries had the following effect on the Group's assets and liabilities in 2008 and 2007.

Acquisitions in 2008

Distrelec in the Technical Components Division, a unit of Daetwyler Switzerland Inc., acquired all the shares of the ELFA Group at the end of April 2008 through an intermediate holding company. The ELFA Group is the leading catalogue distributor in Scandinavia and Eastern Europe and comprises a total of 13 companies, including the head office in Sweden.

For the eight months from 1 May to 31 December 2008, the acquired businesses employing 451 people generated net revenue of CHF 101.8 million and profit of CHF 5.7 million, which is included in the figures for the Technical Components Division. Had this acquisition been included for the full year 2008, the estimated hypothetical impact on the Group would have been an increase of approximately CHF 164.5 million in revenue and an increase of approximately CHF 7.1 million in profit for the year.

The following table shows the fair value of the assets and liabilities acquired at the acquisition date, including identifiable intangible assets and goodwill arising from the transaction. As the purchase price allocation has not been finalised at the reporting date, the amounts are subject to adjustment.

In CHF millions	Carrying amount	Fair value adjustments	Fair value on acquisition
Cash and cash equivalents	14.2	–	14.2
Trade receivables	20.5	–0.4	20.1
Inventories	30.1	–0.1	30.0
Other current assets	2.8	–0.3	2.5
Property, plant and equipment	5.8	0.4	6.2
Intangible assets	0.5	194.9	195.4
Other non-current assets	0.6	0.1	0.7
Current liabilities	26.6	–0.3	26.3
Non-current liabilities	1.1	54.6	55.7
Net assets acquired at fair value			**187.1**
Pre-acquisition goodwill	1.6	–1.6	–
Goodwill			185.1
Total purchase consideration, including transaction costs			**372.2**
Cash and cash equivalents acquired			–14.2
Net cash outflow on acquisition			**358.0**

Fair value adjustments of CHF 194.9 million in respect of intangible assets include acquired customer lists with an estimated useful life of 30 years and trademarks with an estimated useful life of 10 years, while fair value adjustments of CHF 54.6 million have been made to non-current liabilities for the resulting deferred income tax liabilities. The fair value of identifiable intangible assets, net of deferred income tax liabilities, is therefore CHF 140.3 million. The goodwill of CHF 185.1 million is attributable to the profitability of the acquired group of companies, its market share in the principal sales markets and the synergies expected to arise from its integration in the Technical Components Division.

Acquisitions in 2007

Maagtechnic in the Technical Components Division, a unit of Daetwyler Switzerland Inc., acquired all the shares of the Revol Group's four operating companies in France and the Czech Republic on 13 February 2007. The Revol Group's manufacturing and distribution companies are engaged in polymers and fluid products.

Distrelec in the Technical Components Division, a unit of Daetwyler Switzerland Inc., acquired all the shares in Proditec Ltd., a specialist distributor of computer accessories, on 1 January 2007.

In 2007, the acquired businesses employing 247 people generated net revenue of CHF 72.4 million and profit of CHF 1.3 million for the year, which is included in the figures for the Technical Components Division.

The following table shows the fair value of the assets and liabilities acquired at the acquisition date, including identifiable intangible assets and goodwill arising from the transactions:

In CHF millions	Carrying amount	Fair value adjustments	Fair value on acquisition
Cash and cash equivalents	0.4	–	0.4
Trade receivables	18.8	0.2	19.0
Inventories	9.6	0.8	10.4
Other receivables	2.2	–	2.2
Property, plant and equipment	3.2	4.7	7.9
Intangible assets	0.1	18.9	19.0
Financial investments	0.2	–	0.2
Current liabilities	20.2	0.4	20.6
Non-current liabilities	1.6	8.3	9.9
Net assets acquired at fair value			**28.6**
Goodwill			28.5
Total purchase consideration, including transaction costs			**57.1**
Cash and cash equivalents acquired			–0.4
Less advance payment made in the prior year			–10.0
Less deferred consideration			–0.7
Net cash outflow on acquisition			**46.0**

The fair value adjustments in respect of intangible assets relate to acquired customer lists and trademarks. Goodwill is attributable to the profitability of the acquired businesses and the synergies expected to arise from their integration in the Technical Components Division. Part of the purchase consideration is contingent on future performance and has therefore been estimated.

Disposal in 2007

The Daetwyler Group's Cables Division disposed of its fibre glass manufacturing facility on 1 January 2007 by selling all the shares in Daetwyler Fiber Optics SA in Boudry, Switzerland. No gain or loss was realised on the sale.

41 Events after the balance sheet date

The Board of Directors and Executive Board are not aware of any significant events occurring up to the date of approval of the consolidated financial statements on 19 March 2009 that would cause an adjustment of the carrying amounts of the Group's assets and liabilities.

42 Related party transactions

Pema Holding AG

There were no transactions between the companies other than dividend payments to Pema Holding AG and administrative costs of CHF 21 520 charged in 2008 (2007: CHF 21 520) for administration and accounting services provided by Alvest AG. At the end of 2008 and 2007, there were no mutual receivables and payables.

Pension schemes

Alvest AG charged administrative costs of CHF 0.2 million (2007: CHF 0.2 million) to the pension schemes.

In 2007, the pension fund of Daetwyler Holding Inc. sold a plot of land to Daetwyler Switzerland Inc. at market value of CHF 4.0 million. This land is part of a planned property development and was sold to a third party in 2008.

Welfare fund of Daetwyler Holding Inc.

In the previous year, Daetwyler Switzerland Inc. repurchased the staff facilities building at Gotthardstrasse 31 in Altdorf from the welfare fund of Daetwyler Holding Inc. for CHF 4.8 million. The price was based on asset value and not on market value. The valuation was determined by an external independent property valuer. This one-off payment served to discharge the existing long-term obligation to the welfare fund. See note 19 for information on the valuation of the building.

Remuneration of Directors and Executive Board members

The information required by Art. 663bbis and Art. 663c (transparency requirements) of the Swiss Code of Obligations is disclosed in note 2 to the financial statements of Daetwyler Holding Inc. Some of the figures given below differ from the amounts disclosed in the financial statements of Daetwyler Holding Inc. because the fair value measurement of the share award plan (see note 32) at the grant date and the allocation of the expenses charged to the income statement over the term of the fixed three-year agreement differ from the local statutory valuation applicable to the financial statements of Daetwyler Holding Inc.

The remuneration of Directors of Daetwyler Holding Inc. consists of a fixed fee in the form of cash and shares. Their remuneration last year totalled CHF 1.175 million (2007: CHF 2.417 million), of which shares accounted for CHF 0.617 million (2007: CHF 1.847 million).

The remuneration paid to Executive Board members consists of a fixed salary, a share award and a variable bonus up to a maximum of 100 % of base salary. Former Executive Board members receive no form of remuneration other than benefits under the regular and supplementary pension schemes. No legally required termination benefits were paid in 2008 (none in 2007). The total remuneration of Executive Board members for the year was CHF 5.170 million (2007: CHF 7.918 million). This amount includes pension fund contributions of CHF 0.570 million (2007: CHF 0.612 million). Of the total remuneration, CHF 2.964 million (2007: CHF 3.263 million) was paid as fixed salary, CHF 0.382 million (2007: CHF 1.382 million) as equity-settled payments in the form of shares valued in accordance with IFRS 2 and CHF 1.824 million (2007: CHF 3.273 million) as cash bonuses.

Subsidiaries and Investments

Daetwyler Holding Inc. directly or indirectly owned the following companies at 31 December 2008:

		Registered office	Local currency	Capital in local currency (in millions)	Group's percentage interest	Footnote	Cables	Rubber	Pharmaceutical Packaging	Technical Components	Service and financial companies
Switzerland	Alvest AG	Altdorf	CHF	15.000	100	C*					■
	Daetwyler Inc.	Altdorf	CHF	0.100	100	C*					■
	Daetwyler Pharma Pack Holding AG	Altdorf	CHF	39.000	100	C*			■		
	Daetwyler Switzerland Inc.	Altdorf	CHF	32.000	100	C*	□	□		▨	■
	Daetwyler Teco Holding AG	Altdorf	CHF	9.900	100	C*				■	
	Distrelec Inc.	Altdorf	CHF	0.050	100	C*					■
	Gummi Maag AG	Duebendorf	CHF	0.050	100	C					■
	Kaved Inc.	Altdorf	CHF	0.100	100	C*					■
	Maag Technic Inc.	Altdorf	CHF	0.090	100	C*					■
	Mader Technic AG	Duebendorf	CHF	0.100	100	C					■
	MTD-Immobilien AG	Duebendorf	CHF	2.000	100	C				■	
	Pohl Immobilien AG	Altdorf	CHF	1.600	100	C			■		
	Proditec Ltd.	Naenikon	CHF	0.300	100	C*				▨	
	Wachendorf AG	Duebendorf	CHF	0.100	100	C					■
Austria	Distrelec Gesellschaft mbH	Vienna	EUR	0.145	100	C				▨	
Belgium	Helvoet Pharma NV	Alken	EUR	2.603	100	C			■		
	Helvoet Pharma Belgium NV	Alken	EUR	15.778	100	C			□		
	Pharma Packaging International Services NV	Alken	EUR	107.330	100	C			■		
China	Daetwyler (Suzhou) Cabling Syst.Co.Ltd.	Suzhou	USD	1.700	100	C	□				
	Daetwyler Cables+Systems (Shanghai) Co.Ltd.	Shanghai	USD	10.000	100	C	□				
Czech Republic	Daetwyler Rubber (CZ) sro	Novy Bydzov	CZK	20.000	100	C		□			
	Maagtechnic sro	Nove Mesto Metuji	CZK	2.000	100	C				□	
Denmark	ELFA Elektronik A/S	Aarhus	DKK	1.000	100	C				▨	
Estonia	ELFA Elektroonika AS	Tallinn	EEK	1.229	100	C				▨	
Finland	ELFA Elektroniikka Oy	Helsinki	EUR	0.020	100	C				▨	
France	Daetwyler Rubber France SAS	Boos	EUR	0.873	100	C		▨			
	Maagtechnic Holding France SAS	Vaulx-en-Velin	EUR	16.050	100	C				■	
	Maagtechnic SAS	Vaulx-en-Velin	EUR	1.155	100	C				□	
	Soded SAS	Saint-Marcellin	EUR	0.400	100	C				□	
Germany	Daetwyler Rubber Deutschland GmbH	Springe	EUR	0.256	100	C		□			
	Daetwyler Kabel+Systeme GmbH	Neufahrn	EUR	1.600	100	C	▨				
	Daetwyler Teco Holding (DE) GmbH	Goeppingen	EUR	3.100	100	C				■	
	Helvoet Pharma Deutschland GmbH	Karlsbad	EUR	2.600	100	C			□		
	Maag Technic GmbH	Goeppingen	EUR	2.600	100	C				▨	
	Schuricht Distrelec GmbH	Bremen	EUR	0.800	100	C				▨	
	Wachendorf GmbH	Loerrach	EUR	0.030	100	C					■
Italy	CIF srl	Veggiano	EUR	0.014	8	F			□		
	Distrelec Italia srl	Milan	EUR	1.275	100	C				▨	
	Helvoet Pharma Italia srl	Pregnana	EUR	2.000	100	C			□		
Latvia	ELFA Elektronika SIA	Riga	LVL	0.006	100	C				▨	

		Registered office	Local currency	Capital in local currency (in millions)	Group's percentage interest	Footnote	Cables	Rubber	Pharmaceutical Packaging	Technical Components	Service and financial companies
Lithuania	ELFA Elektronika UAB	Vilnius	LTL	0.010	100	C				▨	
Luxembourg	Helvoet Pharma International SA	Luxembourg	EUR	21.071	100	C			■		
Mexico	Daetwyler Rubber Mexico S de RL de CV	Silao	MXP	21.471	100	C		□			
Netherlands	Maro BV	Roosendaal	EUR	0.005	100	C			□		
Norway	ELFA Elektronikk AS	Oslo	NOK	0.200	100	C				▨	
Poland	ELFA Elektronika Spz oo	Warsaw	PLZ	0.100	100	C				▨	
Singapore	Daetwyler (Thelma) Cables+Systems Pte Ltd	Singapore	SGD	0.300	100	C	▨				
Sweden	CLL Connectors & Cables AB	Jaerfaella	SEK	0.200	100	C				▨	
	Distrelec Sweden AB	Jaerfaella	SEK	0.100	100	C				■	
	ELFA Intressenter AB	Jaerfaella	SEK	1.355	100	C				■	
	ELFA AB	Jaerfaella	SEK	5.000	100	C				▨	
UK	Daetwyler (UK) Ltd	Chandler´s Ford	GBP	0.500	100	C	▨				
Ukraine	CJSC Daetwyler Rubber Ukraine	Malyn	UAH	0.438	100	C		□			
	DP ELFA Electronics	Kiev	UAH	0.000	100	C				▨	
USA	Daetwyler Rubber & Plastics Inc.	Marion, SC	USD	0.500	100	C		□			
	Helvoet Pharma Inc.	Pennsauken, NJ	USD	9.130	100	C			□		

□ Manufacturing and sales
▨ Distribution
■ Services / finance / property

C = Consolidated at 31 December
F = Recorded as other financial investments at fair value or cost (less any impairment)
** = Held directly by Daetwyler Holding Inc.*

Report of the Statutory Auditor on the Consolidated Financial Statements

to the general meeting of Daetwyler Holding Inc., Altdorf

Report of the statutory auditor on the consolidated financial statements

As statutory auditor, we have audited the consolidated financial statements of Daetwyler Holding Inc., which comprise the income statement, balance sheet, cash flow statement, statement of changes in equity and notes (pages 46 to 101), for the year ended December 31, 2008.

Board of Directors' Responsibility

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

Auditor's Responsibility

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

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

Opinion

In our opinion, the consolidated financial statements for the year ended December 31, 2008 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with the International Financial Reporting Standards (IFRS) and comply with Swiss law.

Report on other legal requirements

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

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

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

Zurich, March 19, 2009
PricewaterhouseCoopers AG

Patrick Balkanyi	Josef Stadelmann
Audit expert	Audit expert
Auditor in charge	

Daetwyler Holding Inc.

Contents

Income Statement

For the year ended 31 December in CHF	Notes	2008	2007
Investment income		**46 000 882**	**33 000 882**
Gain on disposal of investment		–	179 397 826
Gain on liquidation of investment	1	5 235 413	–
Finance income	1	20 789 652	12 030 016
Finance costs		–	–342 025
Net finance income		**26 025 065**	**191 085 817**
Employee costs	2	–1 351 724	–1 400 790
Administrative expenses	3	–97 748	–58 296
Profit before tax		**70 576 475**	**222 627 613**
Income tax expense		–1 043 775	–821 910
Profit for the year		**69 532 700**	**221 805 703**

Notes 1 to 3, see pages 106 to 108.

Balance Sheet

Assets at 31 December in CHF	Notes	2008	2007
Investments	4	189 892 969	190 592 966
Loans to Group companies	5	468 494 360	419 211 519
Non-current assets		**658 387 329**	**609 804 485**
Other receivables from Group companies		28 000 000	85 000 000
Other receivables from third parties		49 191	5 753 098
Current assets		**28 049 191**	**90 753 098**
Total assets		**686 436 520**	**700 557 583**

Equity and liabilities at 31 December in CHF	Notes	2008	2007
Share capital	6	850 000	85 000 000
Statutory reserves	7	87 079 485	95 234 084
General reserve		87 000 000	87 000 000
Reserve for treasury shares	8	79 485	8 234 084
Special reserve	9	305 183 833	297 029 234
Retained earnings		291 670 136	222 137 435
Equity		**684 783 454**	**699 400 753**
Other current liabilities	10	1 653 066	1 156 830
Liabilities		**1 653 066**	**1 156 830**
Total equity and liabilities		**686 436 520**	**700 557 583**

Notes 4 to 10, see pages 108 to 110.

Notes to the Financial Statements

1 Net finance income

Amounts owed by Group companies bear interest in accordance with Group policies. During the year, St. Gallen-based Ilgenhof AG sold its land in St. Gallen, and then the company was liquidated. This resulted in a gain of CHF 5 235 413 on liquidation.

2 Employee costs

Employee costs include all expenses of the Board of Directors. The disclosures required by the Transparency Act in respect of remuneration, loans / credits and interests granted to current and former key management personnel (Directors and Executive Board members) and persons connected with key management personnel are presented below:

Remuneration in 2008

The figures in brackets show the remuneration for 2007.

	Base remuneration				Variable remuneration			Total remuneration
In CHF	Cash payment	Number of shares	Fair value of shares	Total fixed component	Bonuses and incentives	Pension and other benefit expense	Total variable component	
Directors								
Graf Ulrich *	143 000	2 200	166 320	309 320	–	14 829	14 829	324 149
Chairman	*(143 000)*	*(2 200)*	*(176 000)*	*(319 000)*	*(–)*	*(19 300)*	*(19 300)*	*(338 300)*
Rueegg Hans R.	63 000	1 700	128 520	191 520	–	9 313	9 313	200 833
Deputy Chairman	*(63 000)*	*(1 700)*	*(136 000)*	*(199 000)*	*(–)*	*(12 040)*	*(12 040)*	*(211 040)*
Faessler Hanspeter	43 000	1 100	83 160	126 160	–	6 409	6 409	132 569
Director	*(43 000)*	*(1 100)*	*(88 000)*	*(131 000)*	*(–)*	*(7 926)*	*(7 926)*	*(138 926)*
Inderbitzin Werner	43 000	1 100	83 160	126 160	–	6 348	6 348	132 508
Director	*(43 000)*	*(1 100)*	*(88 000)*	*(131 000)*	*(–)*	*(7 926)*	*(7 926)*	*(138 926)*
Lienhard Ernst	76 000	1 100	83 160	159 160	–	8 248	8 248	167 408
Director	*(76 000)*	*(1 100)*	*(88 000)*	*(164 000)*	*(–)*	*(9 922)*	*(9 922)*	*(173 922)*
Odermatt Ernst	43 000	1 100	83 160	126 160	–	6 348	6 348	132 508
Director	*(43 000)*	*(1 100)*	*(88 000)*	*(131 000)*	*(–)*	*(7 926)*	*(7 926)*	*(138 926)*
Steinegger Franz	43 000	1 100	83 160	126 160	–	4 925	4 925	131 085
Director	*(43 000)*	*(1 100)*	*(88 000)*	*(131 000)*	*(–)*	*(7 926)*	*(7 926)*	*(138 926)*
Wuerth Franz Josef	43 000	1 100	83 160	126 160	–	4 502	4 502	130 662
Director	*(43 000)*	*(1 100)*	*(88 000)*	*(131 000)*	*(–)*	*(–)*	*(–)*	*(131 000)*
Total for Directors	**497 000**	**10 500**	**793 800**	**1 290 800**	–	**60 922**	**60 922**	**1 351 722**
	(497 000)	*(10500)*	*(840 000)*	*(1 337 000)*	*(–)*	*(72 966)*	*(72 966)*	*(1 409 966)*
Executive Board members								
Haelg Paul J. *	650 000	3 300	249 480	899 480	826 500	273 630	1 100 130	1 999 610
CEO	*(650 000)*	*(5000)*	*(400 000)*	*(1 050 000)*	*(1 125 000)*	*(303 411)*	*(1 428 411)*	*(2 478 411)*
Total for Executive Board members	**2 016 787**	**6500**	**491 400**	**2 508 187**	**1 824 000**	**946 934**	**2 770 934**	**5 279 121**
	(2 222 978)	*(9400)*	*(752 000)*	*(2 974 978)*	*(3 272 500)*	*(1 040 654)*	*(4 313 154)*	*(7 288 132)*

* *Highest remuneration*

Explanatory notes:

1. Directors and Executive Board members receive a base remuneration in the form of a cash payment and shares. The share awards for 2007 and 2008 were determined by the HR Committee and approved by the Board of Directors. The shares awarded on 2 June 2008 (previous year: 1 June 2007) at the then market value of CHF 75.60 (2007: CHF 8 000 before split) vest over a period of five years. After the end of this period, the shares are at the free disposal of the beneficiary or his legal successor regardless of death, disability or termination.
2. The amounts shown in the table under variable remuneration represent the expense actually recognised for bonuses granted for 2008, which will be paid in March 2009.
3. The heading "pension and other benefit expense" includes all costs of pension plans, other employee benefits and benefits in kind.
4. One Director (shareholders' representative under Art. 709 of the Swiss Code of Obligations) receives a higher remuneration for his services to bearer shareholders.

No payments were made to former Directors or Executive Board members. Nor was any non-arm's length remuneration paid to persons connected with current or former Directors or Executive Board members.

Loans and credits

No loans and / or credits were granted to individual current or former Directors or Executive Board members (including persons connected with them). Nor were any non-arm's length loans and / or credits granted to current or former members of the Boards or persons connected with them.

Interests in shares

At 31 December 2008, individual Directors and Executive Board members including persons connected with them held the following interests in the Company's shares:

Directors' interests in shares in 2008

The figures in brackets show the interests in shares at 31 December 2007.

		Number of shares	Percentage voting rights	Of which vesting over 5 years				
			2008	2012	2013	2014	2015	2016
Graf Ulrich	Chairman	6 150	0.018631	2 200	2 200			
		(3 450)	*(0.010455)*	*(2 200)*				
Rueegg Hans R.	Deputy Chairman	4 200	0.012723	1 700	1 700			
		(2 200)	*(0.006667)*	*(1 700)*				
Faessler Hanspeter	Director	2 200	0.006665	1 100	1 100			
		(1 100)	*(0.003333)*	*(1 100)*				
Inderbitzin Werner	Director	2 200	0.006665	1 100	1 100			
		(1 100)	*(0.003333)*	*(1 100)*				
Lienhard Ernst	Director	2 200	0.006665	1 100	1 100			
		(1 100)	*(0.003333)*	*(1 100)*				
Odermatt Ernst	Director	2 600	0.007876	1 100	1 100			
		(1 500)	*(0.004545)*	*(1 100)*				
Steinegger Franz	Director	4 200	0.012723	1 100	1 100			
		(1 200)	*(0.003636)*	*(1 100)*				
Wuerth Franz Josef	Director	2 200	0.006665	1 100	1 100			
		(1 100)	*(0.003333)*	*(1 100)*				

Class of share: bearer share of CHF 0.05 each. Percentage voting rights: 0.00000303 per bearer share.

Executive Board members' interests in shares in 2008

The figures in brackets show the interests in shares at 31 December 2007.

		Number of shares	Percentage voting rights	Of which vesting over 5 years					
			2008	2012	2013	2014	2015	2016
Haelg Paul J.	CEO	10 900	0.033020	5 000	3 300			
		(7 000)	*(0.021212)*	*(5 000)*				
Magagna Silvio A.	CFO	13800	0.041805	1 700	1 100			
		(11 700)	*(0.035455)*	*(1 700)*				
Lambrecht Dirk	Division Head	1 600	0.004847	900	700			
		(1 000)	*(0.003030)*	*(1 000)*				
Mueller Johannes	Division Head	1 700	0.005150	1000	700			
		(1 300)	*(0.003939)*	*(900)*				
Trauffer René	Division Head *(until 27. 12. 2007)*							
		(800)	*(0.002424)*	*(800)*				
Wallraff Guido	Division Head	700	0.002121	–	700			
		(–)	*(–)*	*(–)*				

Class of share: bearer share of CHF 0.05 each. Percentage voting rights: 0.00000303 per bearer share.

3 Administrative expenses

This item comprises general business expenses of Daetwyler Holding Inc.

4 Investments

At 31 December 2008, the investments held directly by Daetwyler Holding Inc. after the liquidation of Ilgenhof AG, St. Gallen, the intra-group sale of the interest in Distrelec AG, Altdorf, to Daetwyler Switzerland Inc., Altdorf, and the renaming of Daetwyler Electronics Ltd., Altdorf, to Kaved Inc, Altdorf, were as follows:

Company	Company activity	Share capital in CHF
Switzerland		
Alvest AG, Altdorf	Finance	15 000 000
Maag Technic AG, Altdorf	Finance	90 000
Daetwyler Switzerland Inc, Altdorf	Manufacturing	32 000 000
Daetwyler Pharma Pack Holding AG, Altdorf	Investments	39 000 000
Daetwyler Teco Holding AG, Altdorf	Investments	9 900 000
Kaved AG, Altdorf	Finance	100 000
Daetwyler Inc., Altdorf	Finance	100 000

All these investments are wholly owned by Daetwyler Holding Inc.

During the year, Kaved AG, Altdorf, was absorbed into Daetwyler Switzerland Inc., Altdorf. The former Daetwyler Electronics Ltd., Altdorf, was renamed Kaved Inc, Altdorf.

5 Loans to Group companies

This item comprises long-term loans denominated in Swiss francs which were granted to Group companies. The year-on-year change is largely the result of dividend and interest payments from Group companies and the par value reduction that took place on 14 July 2008. A long-term loan of CHF 215 000 000.00 was granted to Daetwyler Switzerland Inc. to finance the ELFA Group.

6 Share capital

In CHF	2008	2007
22 000 000 registered shares of CHF 0.01 each	220 000	22 000 000
12 600 000 bearer shares of CHF 0.05 each	630 000	63 000 000
Share capital	**850 000**	**85 000 000**

Per share data	**31.12.2008**	**31.12.2007**
Registered shares (of CHF 0.01 each)		
Number issued	22 000 000	22 000 000
Number ranking for dividend	22 000 000	22 000 000
Bearer shares (of CHF 0.05 each)		
Number issued	12 600 000	12 600 000
Number ranking for dividend	11 010 300	11 000 000
Total par value of shares ranking for dividend (CHF)	**770 515**	**77 000 000**
Authorised additional share capital	none	none
Authorised but unissued share capital	none	none
Voting restrictions	none	none
Opting-out and opting-up provisions	none	none

The Annual General Meeting held on 22 April 2008 approved the resolution proposed by the Board of Directors to reduce the par value of bearer shares from CHF 5.00 to CHF 0.05 each and that of registered shares from CHF 1.00 to CHF 0.01 each. The par value reduction of CHF 84 150 000 took place on 14 July 2008.

The bearer shares of Daetwyler Holding Inc. are listed on the Swiss Stock Exchange. With the exception of Company bearer shares held in treasury, each registered or bearer share entitles the holder to one vote at general meetings, regardless of its par value.

All 22 000 000 registered shares and 4 550 000 of the total of 12 600 000 bearer shares are owned by Pema Holding AG, Altdorf, which consequently holds 52.65 % of the share capital and 80.43 % of the voting rights.

The Board is not aware of any other shareholders, or groups of shareholders subject to voting agreements, who hold 3.00 % or more of the total voting rights.

7 Statutory reserves

in CHF	2008	2007
Transfer from profit	4 000 000	4 000 000
Share premium	83 000 000	83 000 000
General reserve	**87 000 000**	**87 000 000**
Reserve for treasury shares: unissued shares	79 485	8 000 000
Reserve for treasury shares: other	0	234 084
Reserve for treasury shares (according to Art. 659a par. 2 CO)	**79 485**	**8 234 084**
Total	**87 079 485**	**95 234 084**

Art. 659a par. 2 and Art. 671a of the Swiss Code of Obligations (CO) require the Company to recognise the cost of acquiring its own shares as a separate reserve. As a result of the par value reduction, the necessary reserve for treasury shares was also reduced accordingly.

8 Treasury shares

a) Unissued shares

26 000 bearer shares of CHF 500 each were created by a resolution passed by the General Meeting on 18 November 1989, disapplying the pre-emption rights of shareholders and participation certificate holders, to provide for the exercise of options, warrants or conversion rights and for other purposes in the Company's interest (market placements, consideration for acquisitions etc.). These shares are not entitled to vote and do not rank for dividend until they are used.

Following the reduction in share capital and share split in 2007 and the par value reduction and awards under the employee share award plan during 2008, 1 589 700 unissued bearer shares were still held at 31 December 2008 and are recorded in the balance sheet of Alvest AG at par value of CHF 0.05 each, making a total of CHF 79 485. These bearer shares created before the new Swiss Corporation Law was enacted on 4 October 1991 now represent 9.35 % of the total share capital and are thus within the 10 % limit which Art. 659 par. 1 of the Swiss Code of Obligations imposes on holdings of the Company's own bearer shares.

b) Other treasury shares

The other treasury shares still held at 31 December 2007 were required for the employee share award plan for Directors and Executive Board members. In total, 18 400 treasury shares were used for the share award plan in 2008.

The Company's holdings of its own shares following the share split therefore consist of 1 589 700 unissued shares and 0 other shares, representing a nominal amount of CHF 79 485 or 9.35 % of the total share capital.

9 Special reserve

The special reserve is an unrestricted reserve available for distribution by the general meeting.

Under Art. 659a par. 2 and Art. 671a of the Swiss Code of Obligations, the Company is required to recognise the cost of acquiring its own shares as a separate reserve. The Board adjusts that reserve by transfers from and to the special reserve. In 2008, an amount of CHF 8 154 599 was transferred to the special reserve. As a result, the special reserve amounted to CHF 305 183 833 at 31 December 2008.

10 Other current liabilities

In CHF	**2008**	2007
Accruals and deferred income	1 619 038	1 135 477
Uncashed dividend coupons	34 028	21 353
Total	**1 653 066**	**1 156 830**

Accruals and deferred income comprise accrued tax and audit expense.

11 Bonds, guarantees and pledges in favour of third parties

Borrowing facilities of CHF 213.0 million (2007: CHF 91.9 million) backed by joint and several guarantees were extended to various Group companies, of which CHF 125.1 million (2007: CHF 1.4 million) was drawn.

When the Precision Tubes Division was sold at the end of 2007, the Group granted the usual contractual guarantees to the purchaser in respect of environmental contamination, etc. This guarantee is limited to a maximum of CHF 18 400 000 and applies to certain cases for a maximum period of 10 years or until statute-barred. At present, no claims by the purchaser are known.

12 Risk assessment

As part of its duties to oversee the management of the Company, the Board of Directors conducts a systematic risk assessment at least once a year. At the meeting held on 19 September 2008, the Board of Directors carried out an adequate risk assessment and initiated any ensuing measures to ensure that the risk of a material misstatement in the financial statements can be classified as low.

Proposed Appropriation of Retained Earnings

In CHF	2008	2007
The Board of Directors proposes to the Annual General Meeting that retained earnings consisting of		
Profit for the year	69 532 700	221 805 703
Retained earnings brought forward	222 137 435	331 732
Retained earnings	291 670 135	222 137 435
be appropriated as follows:		
Payment of a 3 600 % dividend (2007: 0 %) on share capital of CHF 770 515 (2007: CHF 77 000 000) eligible for dividend [1]	27 738 540	–
Balance to be carried forward	263 931 595	222 137 435
Total	**291 670 135**	**222 137 435**

For information:
In place of a dividend for 2007, shareholders received a par value repayment of CHF 84 150 000.
The par value reduction took place on 14 July 2008.

[1] 1 589 700 unissued bearer shares reserved to provide for the exercise of options, warrants or conversion rights and for other purposes in the Company's interest at the Board's discretion pursuant to the resolution of the Annual General Meeting on 18 November 1989 do not rank for dividend.

Report of the Statutory Auditor on the Financial Statements

to the general meeting of Daetwyler Holding Inc., Altdorf

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the financial statements of Daetwyler Holding Inc., which comprise the income statement, balance sheet and notes (pages 104 to 110), for the year ended December 31, 2008.

Board of Directors' Responsibility

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

Auditor's Responsibility

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

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

Opinion

In our opinion, the financial statements for the year ended December 31, 2008 comply with Swiss law and the company's articles of incorporation.

Report on other legal requirements

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

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

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

Zurich, March 19, 2009
PricewaterhouseCoopers AG

Patrick Balkanyi	Josef Stadelmann
Audit expert	Audit expert
Auditor in charge	

Value Added Statement

In CHF thousands		2008	%	2007 [1]	%
Origin of value added					
Total revenue [2]		1 413 708	100.0	1 239 788	100.0
Bought-in materials and services [3]		–838 360	–59.3	–757 699	–61.1
Gross value added		**575 348**	**40.7**	**482 089**	**38.9**
Depreciation and amortisation		–51 134	–3.6	–52 954	–4.3
Total net value added		**524 214**	**37.1**	**429 135**	**34.6**
Distribution of net value added					
Employees	= wages, salary and benefits	340 078	64.8	309 274	72.1
Lenders	= interest paid	57 973	11.1	10 850	2.5
Shareholders	= distribution	76 281	14.6	26 986	6.3
Government	= taxes	16 527	3.2	22 701	5.3
Retained in business	= profit – distribution	33 355	6.4	59 324	13.8
Total net value added		**524 214**	**100.0**	**429 135**	**100.0**
Net value added per employee		**118**		**101**	

[1] *Continuing operations (excluding the Precision Tubes Division).*
[2] *Total revenue: invoiced sales plus incidental revenue, neutral income, other income less revenue deductions.*
[3] *Bought-in materials and services: raw materials, consumables, energy and services.*

Free Cash Flow

In CHF thousands			2008	%	2007 [1]	%
Profit for the year			109 636	68.2	86 310	62.0
+ Depreciation and amortisation			51 134	31.8	52 954	38.0
Cash Flow			**160 770**	**100.0**	**139 264**	**100.0**
–	Net capital expenditure [2]		–45 718	–28.4	4 577	3.3
+/–	Change:	Intangible assets	–296 476	–184.4	–56 780	–40.8
		Other non-current assets	–32 886	–20.5	6 490	4.7
		Current assets	–41 779	–26.0	12 100	8.7
Free cash flow after dividend			**–256 089**	**–159.3**	**105 651**	**75.9**

[1] *Continuing operations (excluding the Precision Tubes Division).*
[2] *Purchases, disposals, + / - exchange differences on property, plant and equipment.*

Five Year Summary

Daetwyler Group (amounts in CHF millions) [1]	**2008**	2007	2006	2005	2004
Gross revenue	1 314.9	1 187.6	1 226.8	1 103.9	1 063.0
Year-on-year change (%)	10.7	–3.2	11.1	3.8	5.9
Net revenue	**1 294.9**	**1 173.5**	**1 214.8**	**1 091.8**	**1 049.1**
Year-on-year change (%)	10.3	–3.4	11.3	4.1	5.9
EBITDA	**185.3**	**164.1**	**157.5**	**141.4**	**106.0**
Depreciation and amortisation	**51.1**	**53.0**	**67.6**	**70.5**	**63.2**
Goodwill amortisation	**0.0**	**0.0**	**0.0**	**7.6**	**2.9**
As % of net revenue	3.9	4.5	5.6	7.2	6.3
Year-on-year change (%)	–3.6	–21.6	–13.4	18.2	3.1
Operating profit (EBIT)	**134.2**	**111.2**	**90.0**	**64.7**	**39.9**
As % of net revenue	10.4	9.5	7.4	5.9	3.8
Profit for the year	**109.6**	**86.3**	**76.5**	**40.4**	**24.2**
As % of net revenue	8.5	7.4	6.3	3.7	2.3
As % of equity	13.2	9.2	10.4	6.1	3.8
Year-on-year change (%)	27.0	12.8	89.4	66.9	9.5
Cash flow	**160.8**	**139.3**	**144.1**	**118.5**	**90.3**
As % of net revenue	12.4	11.9	11.9	10.9	8.6
Year-on-year change (%)	15.4	–3.3	21.6	31.2	4.8
Free cash flow	**–256.1**	**105.7**	**23.9**	**38.6**	**–6.5**
Non-current assets	**773.4**	**464.4**	**458.9**	**437.4**	**462.1**
Year-on-year change (%)	66.5	1.2	4.9	–5.3	5.1
Current assets	**638.5**	**867.2**	**633.5**	**576.0**	**533.2**
Year-on-year change (%)	–26.4	36.9	10.0	8.0	–7.4
Total assets	**1 411.9**	**1 331.6**	**1 092.4**	**1 013.4**	**995.3**
Equity	**829.1**	**931.7**	**736.9**	**659.9**	**633.8**
Year-on-year change (%)	–11.1	26.4	11.7	4.1	2.4
As % of total capital	58.7	70.0	67.5	65.1	63.7
Minority interests	–	–	–	–	–
Total liabilities	**582.8**	**399.9**	**355.5**	**353.5**	**361.5**
Year-on-year change (%)	45.7	12.5	0.6	–2.2	–9.4
Current liabilities	328.5	322.3	277.2	253.1	264.7
Non-current liabilities	254.3	77.6	78.3	100.4	96.8
Capital expenditure on property, plant and equipment	**69.9**	**66.7**	**73.5**	**61.2**	**54.2**
Year-on-year change (%)	4.8	–9.3	20.1	12.9	27.5
Employee costs	**340.1**	**309.3**	**331.5**	**314.6**	**313.4**
Year-on-year change (%)	10.0	–6.7	5.4	0.4	2.8
Number of employees	**4 712**	**4 340**	**4 510**	**4 626**	**4 480**
Year-on-year change (%)	8.6	–3.8	–2.5	3.3	4.2

Daetwyler Holding Inc. (amounts in CHF millions)	**2008**	2007	2006	2005	2004
Finance and investment income	72.0	224.1	45.9	45.3	42.7
Profit for the year	69.5	221.8	44.8	43.3	40.8
Equity	684.8	699.4	509.5	478.7	443.8
Equity ratio (%)	99.8	99.8	99.8	99.7	97.3
Share capital	0.9	85.0	90.0	90.0	90.0
Distribution	27.7 [2]	84.2	27.0	13.9	8.5

(1) *Excluding the Precision Tubes Division since 2007.* (2) *Board of Directors' proposal to the Annual General Meeting.*

Selected Data in US Dollars

Daetwyler Group (in USD millions)	**2008**	2007 [1]
Gross revenue	1 217.9	1 100.0
Year-on-year change (%)	10.7 %	–3.2 %
Net revenue	**1 199.3**	**1 086.9**
Year-on-year change (%)	10.3%	–3.4 %
Operating profit before depreciation and amortisation (EBITDA)	**171.6**	**152.0**
Margin (as % of net revenue)	14.3 %	14.0 %
Operating profit (EBIT)	**124.3**	**103.0**
Margin (as % of net revenue)	10.4%	9.5%
Profit for the year	**101.5**	**79.9**
Margin (as % of net revenue)	8.5 %	7.4%
Cash flow	**148.9**	**129.0**
Margin (as % of net revenue)	12.4 %	11.9 %
Free cash flow	**–237.2**	**97.9**
Capital expenditure on property, plant and equipment	**64.7**	**61.8**
Total assets	**1 307.7**	**1 233.3**
Equity	**767.9**	**862.9**
Equity ratio (%)	58.7 %	70.0 %
Cash, cash equivalents and money market investments	**215.8**	**452.2**
Net cash surplus	**–31.3**	**286.8**
Number of employees	**4 712**	**4 340**

Daetwyler Holding Inc. (in USD millions)	**2008**	2007
Finance and investment income	66.7	207.6
Profit for the year	64.4	205.4
Equity	634.3	647.8
Equity ratio (%)	99.8 %	99.8 %
Share capital	0.7 [2]	78.7
Distribution	25.7 [3]	78.0

Per share data (in USD)	**2008**	2007
Earnings per bearer share ranking for dividend:		
Continuing operations	6.59	5.20
Discontinued operation	n/a	8.00
Total earnings per bearer share ranking for dividend	6.59	13.20
Dividend / par value repayment per bearer share	1.67 [3]	4.60
Distribution yield at 31 December	4.2 %	6.5 %

USD / CHF exchange rate used for both years: 1.07968 (average rate for 2008).

[1] *Continuing operations (excluding the Precision Tubes Division).*

[2] *CHF 0.77 million eligible for a dividend.*

[3] *Board of Directors' proposal to the Annual General Meeting.*

Selected Data in Euros

Daetwyler Group (in EUR millions)	**2008**	2007 [1]
Gross revenue	826.6	746.6
Year-on-year change (%)	10.7%	–3.2%
Net revenue	**814.0**	**737.7**
Year-on-year change (%)	10.3%	–3.4%
Operating profit before depreciation and amortisation (EBITDA)	**116.5**	**103.2**
Margin (as % of net revenue)	14.3%	14.0%
Operating profit (EBIT)	**84.4**	**69.9**
Margin (as % of net revenue)	10.4%	9.5%
Profit for the year	**68.9**	**54.3**
Margin (as % of net revenue)	8.5%	7.4%
Cash flow	**101.1**	**87.6**
Margin (as % of net revenue)	12.4%	11.9%
Free cash flow	**–161.0**	**66.4**
Capital expenditure on property, plant and equipment	**43.9**	**41.9**
Total assets	**887.6**	**837.1**
Equity	**521.2**	**585.7**
Equity ratio (%)	58.7%	70.0%
Cash, cash equivalents and money market investments	**146.5**	**306.9**
Net cash surplus	**–21.2**	**194.6**
Number of employees	**4 712**	**4 340**

Daetwyler Holding Inc. (in EUR millions)	**2008**	2007
Finance and investment income	45.3	140.9
Profit for the year	43.7	139.4
Equity	430.5	439.7
Equity ratio (%)	99.8%	99.8%
Share capital	0.5 [2]	53.4
Distribution	17.4 [3]	52.9

Per share data (in EUR)	**2008**	2007
Earnings per bearer share ranking for dividend:		
Continuing operations	4.47	3.50
Discontinued operation	n/a	5.40
Total earnings per bearer share ranking for dividend	4.47	8.90
Dividend / par value repayment per bearer share	1.13 [3]	3.10
Distribution yield at 31 December	4.2%	6.5%

EUR / CHF exchange rate used for both years: 1.59073 (average rate for 2008).

(1) *Continuing operations (excluding the Precision Tubes Division).*

(2) *CHF 0.77 million eligible for a dividend.*

(3) *Board of Directors' proposal to the Annual General Meeting.*

Share Information

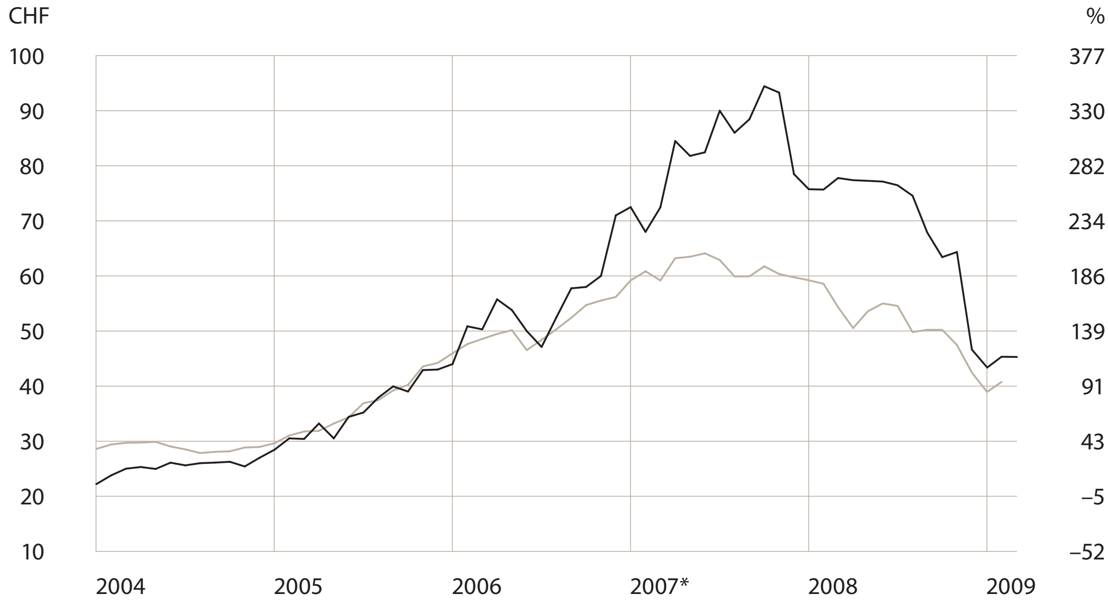
Year ended 31 December			2008 (5)	2007	2006	2005	2004
Share capital	**CHF millions**		**0.85**	**85**	**90**	**90**	**90**
Eligible for a dividend	CHF millions		0.77	77	77	77	77
Number of shares							
Bearer shares of CHF 0.05 each		(5)	12 600 000	12 600 000	136 000	136 000	136 000
Unissued shares			1 589 700	1 600 000	26 000	26 000	26 000
Bearer shares in issue			11 010 300	11 000 000	110 000	110 000	110 000
Registered shares of CHF 0.01 each		(5)	22 000 000	22 000 000	220 000	220 000	220 000
Market price (high / low)		(1)					
Bearer share - high	CHF	(2)	77.95	94.45	7 100	4 300	2 698
Bearer share - low	CHF	(2)	39.50	62.00	4 210	2 500	1 970
Trading volume	Number of shares		1 683 634	1 845 789	22 310	38 819	22 423
Value	CHF millions		106	144	104	135	54
Gross dividend							
Bearer share	CHF		1.80 (3)	4.95	175	90	55
Registered share	CHF		0.36 (3)	0.99	35	18	11
Group earnings per share		(4)					
Bearer share	CHF		7.12	14.27	498	263	159
Bearer share - diluted	CHF		7.12	14.27	498	262	159
Registered share	CHF		1.42	2.85	100	53	32
Group cash flow per share		(4)					
Bearer share	CHF		10.43	18.42	935	794	586
Registered share	CHF		2.09	3.68	187	159	117
Price/earnings ratio (average)			8.30	5.50	11	13	15
Group net assets per share		(4)					
Bearer share	CHF		54	66	4 785	4 378	4 119
Registered share	CHF		11	13	957	876	824
Market capitalisation							
Average for the year	CHF millions		905	1 204	871	524	359
As % of equity			109	119	118	78	57
At 31 December	CHF millions		662	1 175	1 063	647	412
As % of equity			80	116	144	96	65

The Articles of Association of Daetwyler Holding Inc. do not contain any opting out or opting up provisions pursuant to the Swiss Stock Exchange Act.

(1) *Swiss Stock Exchange (SIX).* (2) *Issued at a price of CHF 2 250.- in October 1986.* (3) *Board of Directors' proposal to the Annual General Meeting.* (4) *As adjusted per share ranking for dividend.* (5) *The data from 2008 reflect the value after the par value repayment on 14 July 2008.*

Share Price Performance

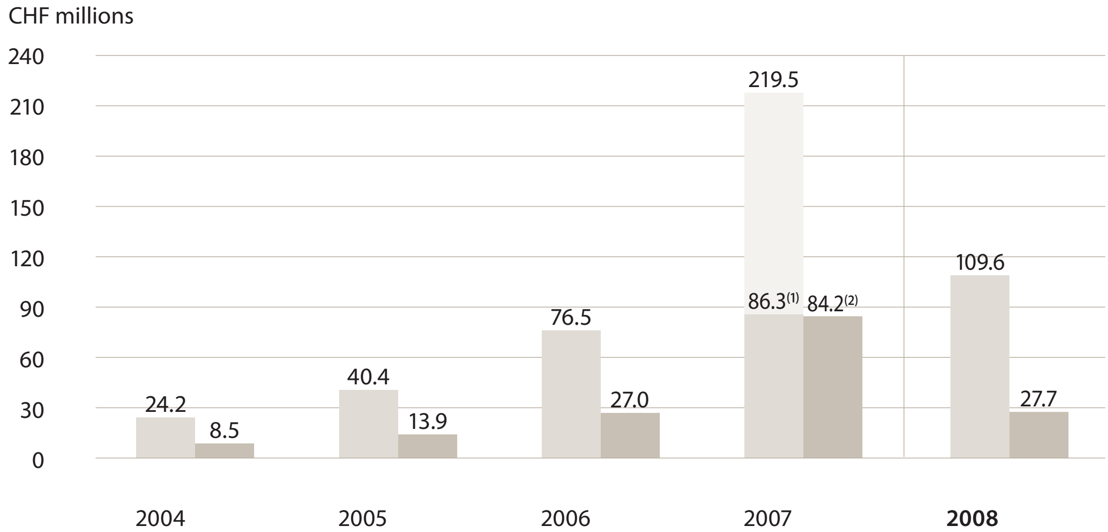
Daetwyler bearer share price (compared with the SPI index; basis: monthly highs)



■ Daetwyler bearer share price. ■ SPI index. * *100-for-1 share split on 6 July 2007.*

Dividend Performance

Dividend



■ Profit for the year.

■ Dividend in absolute terms.

(1) Profit for the year from continuing operations.

(2) Profit distribution in the form of a par value repayment.

General Information

Financial year
Daetwyler Group: 1 January to 31 December
Daetwyler Holding Inc.: 1 January to 31 December

Incorporated
Daetwyler Inc.: 1915
Daetwyler Holding Inc.: 1958
publicly listed since 1986

Share trading
Bearer shares traded on the SIX Swiss Exchange

Ticker symbols

Security	Security No.	Investdata	ISIN	Common Code	Reuters
Daetwyler bearer share	3 048 677	DAE	CH003 048677 0	XS030821700	DAEZ

Taxable value set by the Swiss Federal Tax Administration at 31 December 2008
Bearer share: CHF 42.95

Important dates

2009	
Annual General Meeting	28 April 2009
Interim Report	25 August 2009

2010	
Annual Press Conference	30 March 2010
Analyst Conference	30 March 2010
Annual General Meeting	27 April 2010

Annual General Meetings are held at 5.00 p.m. at the theater (uri), Tellspielhaus, Altdorf

Press office and investor relations
T +41 41 875 13 04
F +41 41 875 12 05
info@daetwyler.ch
www.daetwyler.ch

This Annual Report is also available in German and can be downloaded from our website at www.daetwyler.ch. In the event of any inconsistency, the German version will prevail.

Daetwyler Group at 31 March 2009

Chief Executive Officer: Paul J. Haelg
Chief Financial Officer: Silvio A. Magagna

Cables

Johannes Mueller

Daetwyler Cables
Unit of Daetwyler Switzerland Inc.
Gotthardstrasse 31
CH-6460 Altdorf
Switzerland
T +41 41 875 11 22
F +41 41 875 18 70
info.ch@daetwyler-cables.com
www.daetwyler-cables.com

Daetwyler Cables GmbH
Lilienthalstasse 17
DE-85399 Hallbergmoos
Germany
T +49 811 99 86 33 0
F +49 811 99 86 33 30
info.de@daetwyler-cables.com
www.daetwyler-cables.com

Daetwyler Cables GmbH
Auf der Roos 4 –12
DE-65795 Hattersheim
Germany
T +49 6190 88 80 0
F +49 6190 88 80 80
info.de@daetwyler-cables.com
www.daetwyler-cables.com

Daetwyler Cables GmbH
Austrian Branch
Tenschertstrasse 8
AT-1230 Vienna
Austria
T +43 1 810 16 41 0
F +43 1 810 16 41 35
info.at@daetwyler-cables.com
www.daetwyler-cables.com

Daetwyler (UK) Ltd.
Unit B
Omega Enterprise Park
Electron Way
Chandler's Ford
GB-Hampshire SO53 4SE
England
T +44 (0)2380 279 999
F +44 (0)2380 279 998
info.uk@daetwyler-cables.com
www.daetwyler-cables.com

Daetwyler (Thelma) Cables+Systems Pte Ltd
29 Tech Park Crescent
SG-638103 Singapore
T +65 6863 1166
F +65 6897 8885
sales@datwyler.com.sg
www.daetwyler-cables.com

Daetwyler Cables+Systems (Shanghai) Co. Ltd
Building 16, No. 1–111, Kang Qiao Dong Road
Kang Qiao Industrial Zone, Pudong
CN-201319 Shanghai
P. R. China
T +86 21 6813 0066
F +86 21 6813 0298
info@datwyler-china.com
www.datwyler-china.com

Daetwyler (Suzhou) Cabling Systems Co. Ltd
Block 31, #15 Dong Fu Road
Suzhou Singapore Industrial Park
CN-215123 Suzhou
P. R. China
T +86 512 6265 3600
F +86 512 6265 3649
sales.harnessing@datwyler-china.com
www.datwyler-china.com

Rubber

Dirk Lambrecht

Daetwyler Rubber
Unit of Daetwyler Switzerland Inc.
Militaerstrasse 7
CH-6467 Schattdorf
Switzerland
T +41 41 875 11 23
F +41 41 875 15 46
info.ch@daetwyler-rubber.com
www.daetwyler-rubber.com

Daetwyler Rubber Deutschland GmbH
Allerfeldstrasse 5
DE-31832 Springe
Germany
T +49 5045 91 090
F +49 5045 91 09 11
info.de@daetwyler-rubber.com
www.daetwyler-rubber.com

Daetwyler Rubber Mexico S de RL de CV
Ave Paseo de las Colinas 602
Parque Industrial y de Negocios Las Colinas
MX-36270 Silao, Guanajuato
Mexico
T +52 472 103 01 94
F +52 472 103 01 64
info.mx@daetwyler-rubber.com
www.daetwyler-rubber.com

Daetwyler Rubber CZ s.r.o.
Polní 224
CZ-50401 Nový Bydžov
Czech Republic
T +420 495 405 405
F +420 495 405 404
info.cz@daetwyler-rubber.com
www.daetwyler-rubber.com

Pharmaceutical Packaging

Guido Wallraff

CJSC Daetwyler Rubber Ukraine
2, Nemanykhina Str.
Malyn 11602
Zhytomyr oblast
Ukraine
T +38 04133 32508
F +38 04133 33008
info.ua@ daetwyler-rubber.com
www.daetwyler-rubber.com

Daetwyler Rubber & Plastics, Inc.
1790 Technology Place
US-Marion, SC 29571
USA
T +1 843 431 6180
F +1 843 431 9249
info@drp-us.com
www.daetwyler-rubber.com

Helvoet Pharma N.V.
Industrieterrein Kolmen 1519
BE-3570 Alken
Belgium
T +32 11 59 08 00
F +32 11 59 08 05
info@helvoetpharma.com
www.helvoetpharma.com

Helvoet Pharma Belgium N.V.
Industrieterrein Kolmen 1519
BE-3570 Alken
Belgium
T +32 11 59 08 11
F +32 11 31 40 86
info@helvoetpharma.com
www.helvoetpharma.com

Helvoet Pharma Deutschland GmbH
Tornadostrasse 4
DE-76307 Karlsbad-Ittersbach
Germany
T +49 7248 92 30
F +49 7248 92 31 70
info@helvoetpharma.com
www.helvoetpharma.com

Helvoet Pharma Italia S.r.l.
Viale dell'Industria 7
IT-20010 Pregnana Milanese (MI)
Italy
T +39 02 939 651
F +39 02 939 652 33
info@helvoetpharma.com
www.helvoetpharma.com

Helvoet Pharma Italia S.r.l.
Via Bernarde 11
IT-36040 Montegaldella (VI)
Italy
T +39 0444 736 501
F +39 0444 737 221
info@helvoetpharma.com
www.helvoetpharma.com

Helvoet Pharma Inc.
9012 Pennsauken Highway
US-Pennsauken, NJ 08110
USA
T +1 856 663 2202
F +1 856 663 2636
info@helvoetpharma.com
www.helvoetpharma.com

Matrijzenmakerij Maro B.V.
Scherpdeel 30
NL-4703 RJ Roosendaal
Netherlands
T +31 165 553 160
F +31 165 558 387
info@helvoetpharma.com
www.helvoetpharma.com

Technical Components

Paul J. Haelg

Specialist Distribution

Maagtechnic
Unit of Daetwyler Switzerland Inc.
Sonnentalstrasse 8
CH-8600 Duebendorf
Switzerland
T +41 44 824 91 91
F +41 44 821 59 09
info@maagtechnic.ch
www.maagtechnic.ch

Maagtechnic Daetwyler Electronics
Unit of Daetwyler Switzerland Inc.
Sonnentalstrasse 8
CH-8600 Duebendorf
Switzerland
T +41 44 276 11 11
F +41 44 276 12 34
info@maagtechnic.ch
www.maagtechnic.ch

Maagtechnic Kunststoffzentrum
Unit of Daetwyler Switzerland Inc.
Schneckelerstrasse 9
CH-4414 Fuellinsdorf
Switzerland
T +41 61 315 30 30
F +41 61 311 44 63
kunststoffzentrum@maagtechnic.ch
www.maagtechnic.ch

Maag Technic GmbH
Jahnstrasse 104-106
DE-73037 Goeppingen
Germany
T +49 7161 97 710
F +49 7161 97 71 269
info@maagtechnic.de
www.maagtechnic.de

Maagtechnic SAS
118, avenue Franklin-Roosevelt
FR-69516 Vaulx-en-Velin Cedex
France
T +33 4 72 05 46 50
F +33 4 72 05 46 62
info@maagtechnic.fr
www.maagtechnic.fr

Soded SAS
Z.A.C. Les Echavagnes – B.P. 150
FR-38164 Saint-Marcellin Cedex
France
T +33 4 76 64 60 30
F +33 4 76 64 60 31
soded@maagtechnic.fr
www.maagtechnic.fr

Maagtechnic s.r.o.
Nachodska 145
CZ-59901 Nove Mesto nad Metuji
Czech Republic
T +420 491 487 660
F +420 491 487 661
info@maagtechnic.cz
www.maagtechnic.cz

Mail Order Distribution

Distrelec
Unit of Daetwyler Switzerland Inc.
Grabenstrasse 6
CH-8606 Naenikon-Uster
Switzerland
T +41 44 944 99 11
F +41 44 944 99 88
info@distrelec.com
www.distrelec.com

Distrelec Ges.m.b.H.
Leithastrasse 25
AT-1200 Vienna
Austria
T +43 1 334 10 10
F +43 1 334 10 10 99
info-at@distrelec.com
www.distrelec.com

Distrelec Italia s.r.l.
Via Canova 40 / 42
IT-20020 Lainate (Milano)
Italy
T +39 02 93 75 51
F +39 02 93 75 57 55
info-it@distrelec.com
www.distrelec.com

Distrelec Schuricht GmbH
Lise-Meitner-Strasse 4
DE-28359 Bremen
Germany
T +49 180 522 34 35
F +49 180 522 34 36
scc@distrelec.de
www.distrelec.de

Proditec AG
Grabenstrasse 6
CH-8606 Naenikon-Uster
Switzerland
T +41 044 807 11 11
F +41 044 807 11 12
info@proditec.ch
www.proditec.ch

ELFA AB
Elektronikhöjden 14
SE-175 80 Jaerfaella
Sweden
T +46 8 580 941 00
F +46 8 580 943 00
info@elfa.se
www.elfa.se

ELFA Elektronikk AS
Sandakerveien 76 F
NO-0483 Oslo
Norway
T +47 800 81 135
F +47 800 81 136
norge@elfa.se
www.elfa.se

ELFA Elektroniikka OY
Karvaamokuja 1
FI-00380 Helsingfors
Finland
T +358 9 560 500
F +358 9 560 50 100
tilaukset@elfa.se
www.elfa.se

ELFA Elektronik A/S
Sintrupvej 26
DK-8220 Brabrand
Denmark
T +45 86 24 64 22
F +45 86 24 64 33
elfa.elektronik@elfa.se
www.elfaelektronik.dk

SIA ELFA Elektronika
Lienes iela 12
LV-1009 Riga
Latvia
T +371 7 506 730
F +371 7 845 784
elfa@elfa.lv
www.elfa.lv

DP ELFA Electronics
Krasnotkatskaya St. 28
UA-02094 Kiev
Ukraine
T +38 044 451 48 34
F +38 044 507 06 93
office@elfaelectronics.com.ua
www.elfaelectronics.com.ua

ELFA Polska Sp. z o.o.
Al. Jerozolimskie 136
PL-02-305 Warsaw
Poland
T +48 022 570 56 56
F +48 022 570 56 21
obsluga.klienta@elfa.se
www.elfa.se/pl

ELFA Elektroonika AS
Paldiski mnt. 15
EE-Tallinn 10137.
Estonia
T +372 6605 327
F +372 6605 326
elfa@elfaelektroonika.ee
www.elfaelektroonika.ee

ELFA Elektronika UAB
J.Kubiliaus g. 1-85
LT-08238 Vilnius
Lithuania
T +370 5 278 92 58,
F +370 5 278 92 58
info@elfaelektronika.lt
www.elfaelektronika.lt

Published and edited by
Daetwyler Holding Inc., Altdorf

Advice on sustainability reporting
sustainserv GmbH, Zurich and Boston

Design, typesetting and artwork
Schaffner & Conzelmann AG, Basel

Photographs
Schaffner & Conzelmann AG
Archives of Daetwyler Holding Inc.
Archives of International Commerce Centre
Archives of Andreas Stihl AG & Co. KG
Archives of Siemens Industrial Turbomachinery AB
Malin Zamore and Per Myrehed, ELFA AB

Printing
Gamma Druck+Verlag AG, Altdorf
Printed on chlorine-free bleached paper,
without optical brightening agent

This Annual Report contains forward-looking statements that reflect the Group's current expectations regarding market conditions and future events and are therefore subject to a number of risks, uncertainties and assumptions. Unanticipated events could cause actual results to differ from those predicted and from the information published in this report. All forward-looking statements contained in this report are qualified in their entirety by the foregoing.

This Annual Report is available in English and German and can also be downloaded from our website at www.daetwyler.ch. The printed German version is binding.

Daetwyler Holding Inc.
Gotthardstrasse 31
CH-6460 Altdorf
T +41 41 875 11 00
F +41 41 875 12 05
info@daetwyler.ch
www.daetwyler.ch