Dätwyler

Annual Report 2009

Daetwyler Group (in CHF millions)	**2009**	2008
Net revenue	**1 113.4**	**1 294.9**
Year-on-year change (%)	–14.0 %	10.3 %
Operating result before depreciation and amortisation (EBITDA)	**126.4**	**185.3**
EBITDA as % of net revenue	11.4 %	14.3 %
Operating result before interest and tax (EBIT)	**70.4**	**134.2**
EBIT as % of net revenue	6.3 %	10.4 %
Net result	**57.2**	**109.6**
Net result as % of net revenue	5.1 %	8.5 %
Net cash from operating activities	**141.0**	**125.3**
Net cash from (used in) investing activities	**56.5**	**–205.0**
Free Cash Flow	**197.5**	**–79.7**
Net cash (used in) from financing activities	**–141.3**	**59.0**
Net change in cash and cash equivalents	**56.2**	**–20.7**
Cash, cash equivalents and money market investments	**195.3**	**233.0**
Net cash surplus	**40.1**	**45.9**
Capital expenditure on property, plant and equipment	**45.7**	**69.9**
Total assets	**1 327.1**	**1 411.9**
Equity	**899.0**	**829.1**
Equity as % of total assets	67.7 %	58.7 %
Number of employees	**4 483**	**4 712**
Full-time equivalents	**4 332**	**4 433**

Daetwyler Holding Inc. (in CHF millions)	**2009**	2008
Finance and investment income	76.9	72.0
Net result	74.2	69.5
Equity	731.3	684.8
Equity ratio (%)	99.8 %	99.8 %
Share capital (1)	0.9	0.9
Distribution	18.5 (2)	27.7

Per share data (in CHF)	**2009**	2008
Earnings per bearer share ranking for dividend	3.71	7.12
Dividend per bearer share	1.20 (2)	1.80
Distribution yield at 31 December	2.1 %	4.2 %

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

(2) *Board of Directors› proposal to the Annual General Meeting.*

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Difficult operating environment – competitiveness further strengthened

2009 was a major challenge for industrial component suppliers. It is therefore all the more gratifying that the Daetwyler Group was able to post a good operating performance despite a difficult environment marked by an in some cases pronounced drop in demand. Systematically focusing on niche markets has proven its value and is conferring a certain degree of resilience on the Group. At the strategic level, Daetwyler used the year under review to further strengthen its competitiveness. The Group resolutely continued to expand its commercial activities with the acquisition of Reichelt.

The divisions developed differently

A closer look at the individual divisions shows marked differences in their development. The Pharmaceutical Packaging Division achieved slight currency-adjusted growth and an improved EBIT margin in a practically stable environment. In contrast, the Rubber and Technical Components Divisions suffered from the slump in demand in the automotive and mechanical engineering industries respectively. The degree to which the Cables Division was affected by the economic crisis varied from region to region. Despite a slight recovery in the second half of 2009, the Group recorded a 14.0 % decline in net revenue to CHF 1113.4 million for the full year compared with CHF 1294.9 million last year. The effect of changes in the scope of consolidation amounted to 0.4 %. Exchange rate movements had a negative impact of 3.4 %. After adjustment for these two factors, net revenue fell by 11.0 %.

Improved profitability in second half

In order to remain competitive, Daetwyler adjusted its cost structures – where necessary – to the changing market environment last year. The number of temporary employees was reduced and short-time working was introduced. Despite these measures, it was not possible to avoid headcount reductions – in some cases involving terminations – at home and abroad in the Rubber and Technical Components Divisions. Thanks to the rapid implementation of cost-cutting measures, the decline in operating profit (EBIT) was contained. The centralisation of logistics and closure of local sales offices in the specialist distribution business resulted in restructuring charges, extraordinary costs and impairments totalling CHF 19.5 million. Consequently, operating profit at CHF 70.4 million was 47.5 % below the previous year's record level of CHF 134.2 million. The resulting EBIT margin is 6.3 % (previous year 10.4 %). Profitability increased in the second half of the year, demonstrating that the lower cost base is already having a positive impact. Profit for the year declined by 47.8 % from CHF 109.6 million last year to CHF 57.2 million. In view of the slight economic recovery and the

The Pharmaceutical Packaging Division is a pillar of resilience to cyclical fluctuations.

Daetwyler Group's intact perspectives, the Board of Directors will propose a dividend of CHF 1.20 per bearer share and CHF 0.24 per registered share to the Annual General Meeting. This represents a payout ratio of 32.3 %.

Strategic projects to strengthen competitiveness

At the strategic level, Daetwyler initiated and implemented a number of projects in 2009 to strengthen the Group's future competitiveness:

■ Adaptation of the business model in the specialist distribution business

In response to the economic crisis, the specialist distribution company Maagtechnic accelerated the completion of the adaptations necessitated by changing structures. A combination of operational and strategic measures enabled Daetwyler to reduce its cost base by some CHF 20 million while at the same time adapting its business model to the future needs of customers: away from local distribution centres with stores and collection service towards a centralised logistics centre with an efficient online store and 24-hour delivery service.

■ Expansion of sites in low-cost countries

The establishment of new manufacturing sites in low-cost countries and greater use of existing sites in these countries are also in keeping with the needs of our predominantly globally operating customers. For example, the Rubber Division completed the transfer of production for the NAFTA region from the USA to Mexico in 2009. The Cables Division invested in new manufacturing facilities in Shanghai and Suzhou in the year under review and expanded capacities at its Chinese plants. In the Pharmaceutical Packaging Division, intensive deliberations led us to decide in favour of establishing our own manufacturing facilities in the emerging Indian market.

■ Outsourcing of ICT infrastructure

In the ICT (Information and Communications Technology) segment, the Daetwyler Group decided in the year under review to make better use of the synergies available within the Group. After examining and analysing the situation in all the divisions in detail, the Group concluded a full outsourcing agreement with Siemens IT Solutions and Services (SIS), under which SIS will operate the global ICT infrastructure from the start of 2010. The Group expects this arrangement to reduce costs while improving the quality and flexibility of ICT services.

■ Growth through acquisition

In addition to pursuing strategic projects to promote organic growth, Daetwyler made use of the opportunities for growth through acquisition which presented themselves in 2009. The acquisition of the German company Reichelt (which has annual revenue of CHF 150 million) at the start of 2010 will enable Daetwyler to grow further in the catalogue distribution segment and is the logical continuation of the Group's strategy of expanding its distribution activities. Other acquisitions during the year under review were the Scandinavian company Nordic Power, purchased to expand the customer base in catalogue distribution, and the Swiss company SymbioTec to underpin the Cables Division's engineering expertise.

Multi-niche player strategy proving effective

As a year of challenges, 2009 showed that the strategic alignment of the Daetwyler Group as a multi-niche player is proving effective. The Group is concentrating on clearly defined market niches that offer opportunities for differentiation and combine high barriers to entry with long-term growth potential. The global and regional niches in which the Group operates have different geographical and segment-specific development cycles. In times of crisis this combination provides stability and continuity, and prevents a slump in revenue and profits which could threaten the existence of the Group. Moreover, Daetwyler used the period of economic growth prior to 2009 to sharpen its focus within its market niches, thus strengthening the position of its companies. Our companies are leaders in their respective markets, and this protects them against excessive declines in demand.

Sustainable asset management

We underpin the stability conferred by our business portfolio and market position with sustainable asset management. In the year under review, active management of our working capital released cash and cash equivalents that enabled us to repay CHF 113.2 million due to banks. As a result of the increase in equity and the decline in total assets, our equity ratio at the end of the year grew from 58.7 % to a solid 67.7 %. We also had a net cash surplus of CHF 40.1 million. All in all, even in such a crisis-ridden year as 2009, Daetwyler had the financial resources to acquire market share, to drive strategic innovation projects forward and to establish a basis for sustainable, profitable growth in the future. Daetwyler is benefiting from the fact that, particularly in difficult times, customers in all branches of industry prefer to do business with leading, dependable suppliers.

Outlook for 2010: Cautiously optimistic

After a difficult year, management is slightly more confident about the future. The markets that are important for the company appear to be stabilising. Daetwyler intends to use the freedom granted by its intact business situation to gain further market share in 2010. In addition, Reichelt, which generates annual revenue in the region of CHF 150 million, will be consolidated for the first time. On the cost side, the Daetwyler Group has adapted its structures to the changed environment. Assuming that market conditions do not change, 2010 should therefore see us regain the lower threshold of our long-term EBIT margin target range, which stands at 8 % to 12 %. This is made possible by the dedicated and skilled employees working at all levels of the company. We would like to thank them sincerely for their tireless efforts on behalf of the Daetwyler Group. We would particularly like to thank our customers, whose confidence even in difficult times bolsters us. We would also like to express our gratitude to our shareholders for their loyalty and commitment to our company.

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

Directors and Officers at 31 December 2009

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 Management

- ***Paul J. Haelg,*** born 1954
  Chief Executive Officer and Head of Technical Components Division

- ***Reto Welte,*** born 1959
  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

2009 Operating Review

Daetwyler Group

- Despite a slight recovery in the second half of 2009, Daetwyler recorded a 14.0 % decline in net revenue to CHF 1113.4 million for the full year compared with CHF 1294.9 million last year. The effect of changes in the scope of consolidation amounted to 0.4 %. Exchange rate movements had a negative impact of 3.4 %. After adjustment for these two factors, net revenue fell by 11.0 %.
- Despite cost-cutting measures, reduced capacity utilisation coupled with restructuring charges, extraordinary costs and impairments incurred by Maagtechnic totalling CHF 19.5 million resulted in a marked decline in operating profit (EBIT) of 47.5 %, to CHF 70.4 million (previous year CHF 134.2 million). The EBIT margin came to 6.3 % (previous year 10.4 %).
- Profit declined by 47.8 % from CHF 109.6 million last year to CHF 57.2 million.
- Operating cash flow before changes in working capital fell by 33.0 % to CHF 114.6 million (previous year CHF 171.1 million). Free cash flow was CHF 197.5 million (previous year CHF –79.7 million).
- Active management of Daetwyler's working capital released cash and cash equivalents that were used to repay CHF 113.2 million due to banks. At the end of 2009 the Group possessed a net cash surplus of CHF 40.1 million.
- The equity ratio at the end of 2009 was a healthy 67.7 % (previous year 58.7 %). The increase is due to the Group profit, the reduction in total assets, the recognition of equity for actuarial gains on pension plans in accordance with IAS 19 and positive currency translation differences arising from net investments in foreign subsidiaries.

The strategic acquisition of Reichelt expands the catalogue distribution business.

Daetwyler Divisions

Cables

- Net revenue: Despite the relative stability in the Division's main markets of Switzerland, Germany and Austria, net revenue fell by 19.0 % to CHF 221.4 million (previous year CHF 273.3 million).
- EBIT: Thanks to inventory valuation, operating profit rose by 25.7 % to CHF 17.1 million (previous year CHF 13.6 million). The EBIT margin rose to 7.7 % (previous year 5.0 %).
- 2009 was dominated by widely varying geographic trends. Whereas demand in Eastern Europe and Dubai collapsed dramatically, China, for example, enjoyed significant growth.
- Daetwyler Cables' enhanced business strategy, which now includes engineering and services, was welcomed by the market.
- Outlook for 2010: Daetwyler Cables should be able to offset any decline in demand arising from the situation in the general construction market by means of upcoming infrastructure projects.

Rubber

- Net revenue: The slump in the automotive industry led to a 19.5 % decline in net sales to CHF 124.7 million (previous year CHF 154.9 million).
- EBIT: As a result of reduced capacity utilisation and despite strict cost management, operating profit fell by 53.2 % to CHF 7.4 million (previous year CHF 15.8 million). This is equivalent to an EBIT margin of 5.9 % (previous year 10.2 %).
- While the building profiles business remained relatively stable, tunnelling gaskets suffered from project postponements.
- The relocation of production for the NAFTA countries from the USA to Mexico was successfully completed in 2009.
- Relationships with all major automotive customers were consolidated through long-term supply agreements.
- Outlook for 2010: In view of stabilising demand for automobiles and numerous new projects, we are confident that Daetwyler Rubber will be able to improve on its 2009 revenue and results figures.

Pharmaceutical Packaging

- Net revenue: With local-currency growth in net revenue of 2.5 %, Helvoet Pharma proved itself to be a pillar of resilience to cyclical fluctuations. Expressed in Swiss francs this translates into a slight decline of 1.3 % to CHF 279.6 million (previous year CHF 283.2 million).
- EBIT: The combination of a consistent pricing policy and systematic streamlining of the cost structure helped to strengthen profitability. Operating profit rose by 16.6 % to CHF 36.6 million (previous year CHF 31.4 million), while the EBIT margin improved to 13.1 % (previous year 11.1 %).
- Thanks to the distinctive positioning of individual product lines, Helvoet Pharma achieved sustained growth in defined target markets such as vaccines, biopharmaceutical drugs or insulin preparations.
- In Belgium Helvoet Pharma successfully put its new FirstLine® production concept, which uses the latest clean room technology, into operation.
- Outlook for 2010: We are confident that Helvoet Pharma will derive above-average benefits from cyclically resilient growth in its target markets.

Technical Components

- Net revenue: Trading, particularly with export-oriented industrial customers, experienced a substantial slump in demand. Net revenue fell by 16.0 % to CHF 491.7 million (previous year CHF 585.3 million).
- EBIT: The reduced revenue combined with restructuring charges, once-only costs and impairments totalling CHF 19.5 million resulted in a negative operating profit (EBIT) of CHF –4.0 million.
- Specialist distribution: In order to remain competitive, Maagtechnic revamped its cost structures and centralised its logistics operations at one location.
- Catalogue distribution: The on-schedule integration of the ELFA Group enabled us to leverage synergies and create further growth potential.
- The acquisition of the German Reichelt Elektronik (annual revenue of CHF 150 million) at the start of 2010, is the logical continuation of Daetwyler's strategy of expanding its distribution activities.
- Outlook for 2010: Although the operating environment will remain challenging, we expect our revamped cost structures to yield a significant improvement in profitability.

Daetwyler Holding Inc.

In CHF millions	**2009**	2008
Profit for the year	74.2	69.5
Investment income	55.0	46.0
Net finance income	21.9	26.0
Total assets (as at 31 Dec.)	732.9	686.4

Profit distribution

In view of the slight economic recovery and the Daetwyler Group's intact perspectives, the Board of Directors will propose a dividend of CHF 1.20 per bearer share of CHF 0.05 par value and CHF 0.24 per registered share of CHF 0.01 par value to the Annual General Meeting. This represents a profit distribution of CHF 18.5 million and a payout ratio of 32.3 %.

Review of the 2009 Annual General Meeting

The Annual General Meeting held on 28 April 2009 approved all the recommendations of the Board of Directors. No re-elections or new elections to the Board of Directors were on the agenda. In addition to the agenda items required by law, the Annual General Meeting approved a modification to the Articles of Association occasioned by legal changes.

Cables

Performance

The Cables Division, operating as Daetwyler Cables, was unable to escape the economic crisis completely, experiencing setbacks primarily in Eastern Europe, the Benelux countries, the UK, Spain and Dubai, and also in the global elevator and cable assembly sectors. By contrast, the main markets of Switzerland, Germany and Austria remained relatively stable; in the Chinese domestic market and a few other countries Daetwyler Cables even managed to achieve significant growth. Overall, net revenue declined by 19.0 % from CHF 273.3 million in 2008 to CHF 221.4 million. Taking 2008 copper prices as a basis, the decline was 14.5 %.

Copper valuation has positive impact

A valuation of copper inventories boosted the 2009 operating result (EBIT) which rose 25.7 % to CHF 17.1 million (previous year CHF 13.6 million). The EBIT margin came to 7.7 % (previous year 5.0 %). Factoring out the inventory valuation, Daetwyler Cables experienced a decline in profitability at the operating level, despite having initiated cost-saving measures and other activities intended to boost productivity early in the year. The EBIT margin excluding the inventory valuation fell accordingly to 4.8 % (previous year 6.7 %).

Stiff competition – attractive growth segments

The market environment remained challenging and fiercely competitive throughout the year. Various major investment projects were delayed or even temporarily stopped. Customers increasingly resorted to dual-source strategies and demanded significantly more price information before making their decision. The many new infrastructure projects, among them projects in the growth segments of airports, computer centres and fibre-to-the-home networks, were encouraging.

Widely differing geographical trends

Despite the difficult economic conditions, Daetwyler Cables only suffered slight losses in its home markets of Switzerland, Germany and Austria. With overall growth of 12 %, business performance in Southern Europe was pleasing, despite the continuing very low level of demand in Spain. After the success of previous years, some parts of Eastern Europe experienced severe slumps. There was also a noticeable decline in revenues in most countries in the Gulf region. One exception was Saudi Ara-

The many steps involved in manufacturing cables require an optimum layout.

bia, where Daetwyler Cables was involved in a number of major projects. Strong growth occurred in China, where Daetwyler Cables climbed to fifth place in an independent rating of the top ten suppliers of structured building cabling. Worldwide demand for lift cable systems declined sharply in some areas.

Turnkey solutions and services as new strategic elements

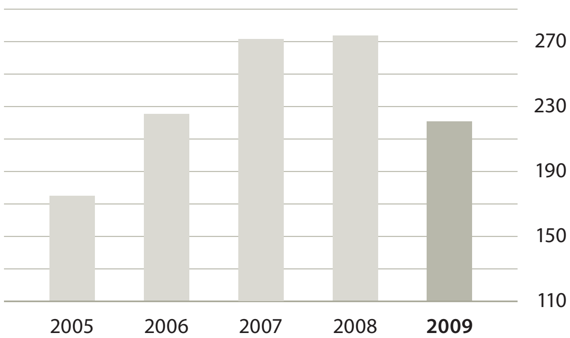
As a supplier of complete integrated solutions for electrical building infrastructure in the communications, safety, building automation, in-house energy and lift segments, Daetwyler Cables is enjoying a wealth of new growth opportunities in the traditional non-residential buildings business and also in the FTTH (Fibre-to-the-Home) segment and "multisite" business. The latter involves major national or international customers who need to implement and maintain uniform technology and quality standards at a large number of sites. Daetwyler Cables relies on a worldwide, actively managed and certified network of partners to provide these turnkey services at local level. This network also provides services for optimising existing networks while they are in active operation. The enhanced business strategy has met with a positive response from the market. As a result, Daetwyler Cables has been able to successfully position itself as a possible turnkey partner in a number of major projects that are scheduled to be implemented from 2010.

Outlook: moderate growth

Daetwyler Cables sees no clear indications of either an immediate upturn or a further contraction of business. While a decline in the hitherto robust construction sector cannot be ruled out in the German, Austrian and Swiss markets, Daetwyler Cables should be able to use upcoming infrastructure projects to make good any such downturn. Overall therefore, we expect moderate growth in the lower single-digit range for 2010.

Cables highlights

Net revenue in CHF millions



Amounts in CHF millions	2008	**2009**
Net revenue	273.3	221.4
EBIT	13.6	17.1
EBIT as % of net revenue	5.0	7.7
Net result	8.8	12.9
Total assets	121.2	118.4
Gross capital expenditure	3.5	4.9
Number of employees (FTEs)	774	759

Strategy

The Cables Division, operating as Daetwyler Cables, is a leading provider of high quality system solutions and services for electrical and communications infrastructures for buildings. Daetwyler Cables covers the whole value chain, from design and system engineering, via materialisation, logistics and turnkey solutions through to the maintenance of electrical and communications networks.

Target groups

- Elevator manufacturers
- Railway companies/transport infrastructure providers/airport and tunnel operators
- Banks/insurance companies and other service providers
- Electrical wholesalers
- Electricians
- General contractors
- Industrial companies
- Installers
- Public sector
- Government departments, police and customs authorities
- Schools and universities
- Public utilities/power generators and suppliers
- System integrators
- Telecom carriers/cable TV operators

Brand

Dätwyler Cables

System solutions from Daetwyler Cables include both cables and components.

Products and services

Products and services

- Data networks (copper and fibre optic systems)
- Safety cabling systems
- Building automation
- Elevator cabling systems
- In-house energy provision

Services

- Site audits
- Standardisation of integrated solutions for multisite projects
- Specialist engineering for various types of non-residential building
- Network design and materialisation
- Tender support
- Material delivery, logistics
- Turnkey implementation of complete networks
- Network servicing and maintenance (MAC: Move/Add/Change)
- Worldwide certified partner network for providing local-level services

Applications

- Office buildings
- Shopping malls
- Airports and railway stations
- Hotels and hospitals
- Computer centres
- Sports stadiums and exhibition centres
- Tunnels
- FTTH (Fibre-to-the-Home) networks
- Government buildings

Geographical markets

- Europe
- Middle East
- Asia

State of the art network technology for new Cologne landmark

The "Suedliches Kranhaus" in Cologne's Rheinauhafen harbour area has provided the city with a spectacular new landmark. State-of-the-art network technology is Daetwyler Cables' contribution to ensuring that the 16-storey building exceeds international companies' exacting demands when it comes to office infrastructure both today and in future. The "Suedliches Kranhaus", with a floor area extending to almost 20 000 m², combines the aesthetics of visionary architecture with the functionality of high performance cabling systems and connection technology. The owner and managing company of this extraordinary building is Suedliches Kranhaus GmbH, a joint venture of Deutsche Immobilien Development GmbH and Moderne Stadt. The designers who specified the network technology deliberately selected a solution with significant reserve capacity: over 100 kilometres of multimedia-capable Class F cabling and around 6000 GG45 modules from Daetwyler Cables are rated to handle up to 1000 megahertz, ensuring high transmission rates and protecting capital investment over the long term. Daetwyler Cables also supplied the safety cable system in the "Suedliches Kranhaus" which exceeds the most stringent European directives regarding functional integrity in the event of fire. In addition to manufacturing and distributing products, Daetwyler Cables, as a supplier of end-to-end solutions for electrical building infrastructure, also offers a comprehensive range of services from planning and consulting through assembly, logistics and turnkey installation to system maintenance.

Rubber

Performance

The Rubber Division, operating as Daetwyler Rubber, had to contend with extremely difficult market conditions in the 2009 financial year. Severe slumps in demand from automotive customers during the first half of the year were followed by an unexpectedly strong recovery during the fourth quarter. The building profiles business remained relatively stable, whereas tunnelling gaskets suffered from project postponements. The major contract for packaging seals from the consumer goods industry, which has now been running for twelve months, was only partially able to offset the decline in sales. Overall, net revenue in 2009 was CHF 124.7 million, 19.5 % lower than the previous year (CHF 154.9 million).

Successful cost management

Daetwyler Rubber responded to the changed market environment at an early stage by applying strict cost management. In addition to reducing the number of temporary and fixed-term staff members and encouraging staff to take holiday and flexitime credits, the Division introduced short-time working at the Schattdorf plant for the first nine months of the year. The overhaul of the NAFTA region product portfolio and slight market recovery during the second half of the year also had a positive impact on profitability. With an EBIT margin of 5.9 % (previous year 10.2 %), Daetwyler Rubber achieved respectable profitability in the face of a difficult environment. In absolute terms, operating profit (EBIT) fell by 53.2 % during 2009 to CHF 7.4 million (previous year CHF 15.8 million).

Repositioning in the NAFTA region completed

At the end of 2009 Daetwyler Rubber closed its US plant and successfully commenced operations at its new production facility in Mexico. However, Daetwyler retains a presence in the USA with a sales office in the motor city of Detroit. The relocation to Mexico marked the conclusion of the company's multi-year programme to optimise its production sites. In addition to the new site in Mexico, the company is also investing in the expansion of its existing production sites in the low-cost countries of the Czech Republic and the Ukraine. This will enable it to benefit from annual savings of several million Swiss francs in the future. Competitive production facilities rank alongside the continuous expansion of global market development activities and the company's technological proficiency as a key factor in increasing customer value.

100 % quality control of safety components for the automotive industry.

Strengthening market presence and customer relationships

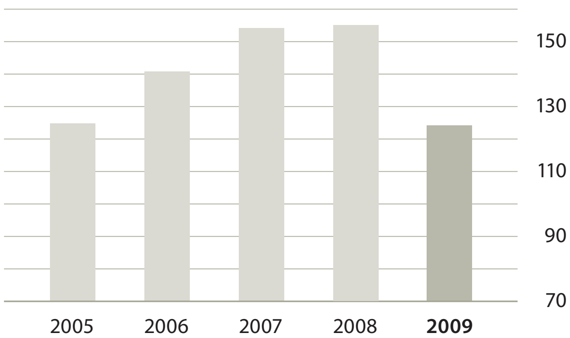
In parallel with its cost management strategy, Daetwyler Rubber made counter-cyclical investments in 2009 with the aim of strengthening its market presence and customer relationships. For the first time, the company entered into long-term supply agreements with all its major automotive customers during the year under review. Daetwyler Rubber is benefiting from the fact that in challenging economic times, customers focus on reliable suppliers with a healthy balance sheet and high-quality products. The numerous new projects will be reflected in higher future market shares. On the human resources side, Daetwyler Rubber was able to convince further management and technical specialists of the company's potential and persuade them to join the company. Through these measures, the Division is aiming to improve market access to potential customers and to further optimise its engineering expertise.

Outlook

We expect the volatile market conditions to continue in 2010. The market indicators that we use are currently giving off positive signals for the automotive sector, tunnel construction and the major project from the consumer goods industry. We anticipate a slight decline in building construction. Overall, however, we are confident that Daetwyler Rubber will be able to improve on its 2009 revenue and results figures.

Rubber highlights

Net revenue in CHF millions



Amounts in CHF millions	2008	**2009**
Net revenue	154.9	124.7
EBIT	15.8	7.4
EBIT as % of net revenue	10.2	5.9
Net result	11.2	5.9
Total assets	127.9	128.0
Gross capital expenditure	11.3	5.9
Number of employees (FTEs)	712	899

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

Efficient in-house tool making enables prototypes to be developed rapidly.

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)

- 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)

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

Low-emission vehicles thanks to elastomer expertise

Low emissions and minimum environmental impact are two of the challenges that modern vehicles have to meet. One way of achieving these aims is provided by new technologies such as Selective Catalytic Reduction (SCR), which reduces nitrogen oxide emissions from diesel vehicles by about 85 %. SCR involves injecting an aqueous urea solution (AdBlue) into the exhaust gas stream. Elastomer gaskets seal the gaps between the components in the system's pumps and pipework. Working hand in hand with leading international systems manufacturers, such as Bosch, Daetwyler Rubber has developed special materials based on ethylene-propylene-diene rubber (EPDM) and hydrogenated acrylonitrile-butadiene rubber (HNBR). These materials exhibit sufficient resistance to, on the one hand, the polar medium AdBlue and, on the other, the nonpolar medium diesel fuel. And they achieve this while being simultaneously exposed to temperatures of up to 150°C and elevated pressures. A further challenge was to develop a coupling agent that was resistant to AdBlue. The function of a coupling agent is to bond the gasket material permanently to the metallic substrate. Daetwyler Rubber's gaskets for modern diesel exhaust gas systems are not only another demonstration of its expertise, they also make a major contribution to reducing pollutant emissions.

Pharmaceutical Packaging

Performance

The Pharmaceutical Packaging Division has proved resilient in the face of difficult global market conditions. With a slight reduction of 1.3 % to CHF 279.6 million (previous year CHF 283.2 million), the Division, operating as Helvoet Pharma, managed to keep its net revenue virtually unchanged. Adjusted for exchange rate fluctuations, this resulted in entirely organic growth of 2.5 %. The negative volatility in commodity prices was countered by a consistent pricing policy and systematic streamlining of the cost structure. The company responded successfully to the crisis-related drop in demand in some geographical markets by launching growth initiatives in new market segments. Overall, Helvoet Pharma managed to increase its profitability with an EBIT margin of 13.1 % (previous year 11.1 %). In absolute terms, operating profit (EBIT) rose by 16.6 % to CHF 36.6 million (previous year CHF 31.4 million).

Sustained growth in the target markets

Thanks to the distinctive positioning of individual product lines, Helvoet Pharma achieved sustained growth in clearly defined target markets in 2009. Accordingly, the company gained market share in the vaccines and biopharmaceuticals market segments by carefully identifying and responding to customer needs. A multi-year major contract from Asia confirmed Helvoet Pharma's leading position in the coated elastomer components segment, while the high-quality, ready-to-use packaging components for sterile clean rooms proved a commercial success In the important insulin preparations market. Parallel to this, the company is working with an industrial partner and a major customer to develop novel injection devices for the treatment of diabetes.

Maximising innovation

In the year under review, Helvoet Pharma drove forward the introduction and marketing of new high-purity rubber mixes as the basis for its sophisticated pharmaceutical packaging components. The company has embarked on a new, open innovation model involving close collaboration with international research institutes and industrial partners. As a result, Helvoet Pharma has already made initial advances in research and development, including an innovative and unique procedure for manufacturing packaging components for the diagnostic market.

Strict apparel regulations increase the cleanness of pharmaceutical closures.

Expansion of production facilities

In Belgium Helvoet Pharma put its new FirstLine® production concept, which uses the latest clean room technology, into operation. The time-consuming qualification and validation procedures were successfully concluded in accordance with "Good Manufacturing Practice" standards. Series production is under way, and the promised improvement in product specifications has been achieved thanks to the unique washing process. Parallel to this, Helvoet Pharma further expanded its production facilities in the USA. The commissioning of a modern washing facility has upgraded the US site to a superior pharmaceutical standard.

Raising quality standards

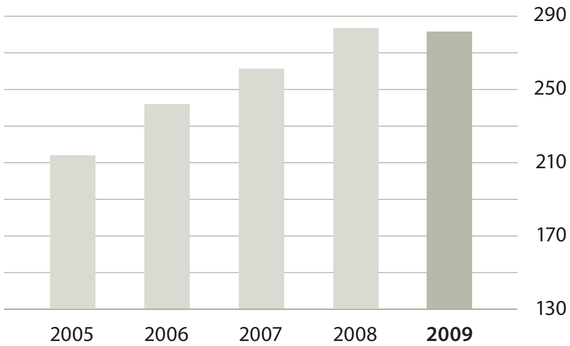
Helvoet Pharma has introduced a system designed to further raise quality standards in all its product and production areas. This will enable the company to satisfy the ever growing demands of the pharmaceutical industry. The standards are being phased in for long-term implementation with the support of experienced industry experts. The programme is guided by the ground rules for pharmaceutical production as outlined in "Right First Time" and "Zero Defects".

Outlook: production site in India

Thanks to our customer focus and innovative drive we are confident that Helvoet Pharma will continue to derive above-average benefits from the cyclically resilient growth trend in its pharmaceutical and diagnostic target markets in 2010 and beyond. Additional potential will emerge from the growing demand for high-purity elastomer components in the expanding world markets. Accordingly, Helvoet Pharma will start work in 2010 on a project to construct a production facility in India. Series production is scheduled to start in 2012. This will enable the company to satisfy growing demand in India while responding to the wishes of many customers for a local production and supply chain organisation.

Pharmaceutical Packaging highlights

Net revenue in CHF millions



Amounts in CHF millions	2008	**2009**
Net revenue	283.2	279.6
EBIT	31.4	36.6
EBIT as % of net revenue	11.1	13.1
Net result	21.7	25.9
Total assets	323.6	299.7
Gross capital expenditure	46.3	29.7
Number of employees (FTEs)	1 353	1 317

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 cleanness
- 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

Helvoet Pharma's manufacturing processes comply with the highest standards.

Enhancing customer benefits with innovative clean room manufacture

Modern, biotechnological medicines place stringent requirements not only on the manufacturing process but, for storage, also on closures. The Daetwyler enterprise Helvoet Pharma has successfully established itself as the world's number two specialist in developing and manufacturing high-quality elastomer components for closures for liquid drugs. In 2009, Helvoet Pharma commissioned FirstLine®, a completely new approach to manufacturing using ultra-modern clean room technology, fully automated camera inspection and a unique washing process. This innovative approach to manufacturing exceeds the most stringent quality standards of the European and US regulatory authorities and is certified to ISO 15378. Helvoet Pharma's FirstLine® products provide a range of enhanced benefits for its international pharmaceuticals customers: shortened production cycles, increased manufacturing efficiency, increased product safety, reduced monitoring and inspection costs and, as a result, reduced capital investment in manufacturing capacity.

Technical Components

Performance

The Technical Components Division, which comprises Maagtechnic (specialist distribution), Distrelec and ELFA (catalogue distribution), experienced a severe slump in demand in 2009 as a result of the economic crisis. Net revenue fell by 16.0 % to CHF 491.7 million (previous year CHF 585.3 million). 2009 was the first full year in which the ELFA Group was consolidated, having been consolidated for only eight months in 2008. The reduced revenue combined with the effects of restructuring charges, extraordinary costs and impairments at Maagtechnic totalling CHF 19.5 million to produce a negative operating profit (EBIT) of CHF –4.0 million.

Maagtechnic: business model adapted

As a supplier to the export-centred manufacturing industry, Maagtechnic was hit by a substantial drop in sales and profit. To maintain competitiveness, Maagtechnic has adapted its workforce and cost structures to the changed market environment. By adopting a combination of operational and strategic measures, the company has succeeded in reducing its cost base by around CHF 20 million and realigning its business model to customers' future needs. This entailed closing the local distribution centres in Switzerland and Germany and centralising storage at the existing modern logistics centre in Dübendorf. The company has also relocated another production area from Switzerland to France. In 2009 Maagtechnic created an organisational and structural framework that will enable it to remain successful in a difficult market environment. The focus is now on project business with medium-sized and larger companies and is based on a redefined product range strategy.

Distrelec / ELFA: cost reductions and growth projects

The catalogue distribution activities of Distrelec and ELFA were also unable to escape the effects of the general economic crisis. The newer markets in Eastern Europe were worse affected than the more mature core markets in Central Europe. In response to the decline in sales, Distrelec and ELFA continued to optimise internal processes and slim down their cost structures – substantially in some cases. One of the consequences of this was a headcount reduction in the storage and logistics areas.

The Maagtechnic customer service centre: the link between customers and specialists.

The integration of ELFA and Nordic Power, which were acquired in 2008 and 2009 respectively, into the Distrelec Group proceeded as planned. The synergy projects were successfully implemented and are already having a positive impact on procurement activities. The first joint catalogue will be published in nine languages during the first quarter of 2010. The resulting 25 % expansion in the product range to over 100 000 articles should ensure that sales continue to grow this year in all markets. The two new growth projects – the procurement service for top customers (KatalogPlus) and the distribution of sophisticated technical equipment and instruments – proved successful and will be further expanded in future.

Reichelt acquisition delivers strategic surge in growth

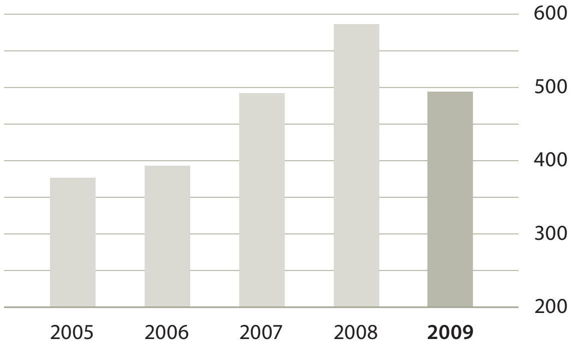
At the strategic level, Daetwyler systematically continued to expand its distribution activities. The acquisition of the German company Reichelt Elektronik, which generates annual sales of around CHF 150 million, at the start of 2010 marks a further surge in growth in catalogue distribution for industrial electronics, automation and computer accessories. The economies of volume and scale and strategic synergies generated by the acquisition of the high-margin Reichelt will increase the value of previous takeovers and the existing core business. Daetwyler intends to continue to capitalise on the consolidation that is taking place in catalogue distribution to make further strategic acquisitions.

Outlook: significant improvement in profitability

As a specialist distributor, Maagtechnic will probably have to continue to contend with a challenging market environment in 2010 because the manufacturing industry was still living off orders from the past in 2009. We are rather more confident about the more broadly-based catalogue distribution business operated by Distrelec, ELFA and the newcomer Reichelt. Demand in this sector has been recovering slightly in most countries since autumn 2009. Thanks to our strong market positions, the growth projects that have been initiated and the substantially revamped cost structure, profitability should improve substantially in 2010 despite the challenging environment.

Technical Components highlights

Net revenue in CHF millions



Amounts in CHF millions	2008	**2009**
Net revenue	585.3	491.7
EBIT	53.5	–4.0
EBIT as % of net revenue	9.1	–0.8
Net result	34.1	–20.7
Total assets	723.4	676.5
Gross capital expenditure	8.7	4.8
Number of employees (FTEs)	1 576	1 339

Strategy

The Technical Components Division supplies engineering and electronic components based on solid expertise in specialist and catalogue 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

Catalogue distribution:

Distrelec

ELFA

reichelt.de elektronik

Products and services

The Technical Components Division, comprising the Maagtechnic, Distrelec, ELFA and Reichelt Groups, is a leading business-to-business supplier of engineering and electronic components across Central Northern and Eastern Europe. Its wide range, encompassing 500 000 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

Catalogue distribution: Distrelec / ELFA / Reichelt

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

Maxxtro is Distrelec's strong brand in the computer accessories segment.

Custom seal for OC Oerlikon Solar

A winning combination of materials and engineering expertise coupled with excellent service explains why Maagtechnic is highly sought after by industry and commerce as a development partner. An up-to-the-minute example is the pneumatic seal that Maagtechnic has developed for OC Oerlikon Solar. Completion of the "KAI 1200" thin-film coating installation takes OC Oerlikon Solar a significant step further along the path towards cost-efficient production of coated glass panels for generating solar energy. To ensure that the coating process goes without a hitch, one of the techniques employed by OC Oerlikon Solar involves a pneumatic seal with a lifting rather than the usual sealing function. The elastomer profile used for the seal has to be absolutely leakproof even under high pressures and temperatures, while at the same time withstanding over fifty thousand cycles. Maagtechnic's specialists undertook elaborate trials to develop a customised seal. One particular challenge was closing both sides of the profile cavities cleanly. The solution proved to be vulcanisation of the sealing profiles with mouldings produced in-house by Maagtechnic. Each seal undergoes extensive pre-delivery quality control on test rigs developed especially for OC Oerlikon Solar.

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. We adopted the voluntary standards of the Global Reporting Initiative (GRI) for the sustainability section of our 2008 Annual Report, and on 9 November 2009 we joined the UN Global Compact. This is an initiative launched by the United Nations which espouses ten principles in the areas of human rights, labour, the environment and combating corruption. As a UN Global Compact participant, Daetwyler undertakes to follow the ten principles and to accept its responsibility within society. This endeavour is based on the Code of Conduct introduced in 2008 that lays down binding rules for all Daetwyler Group employees worldwide. During 2009 all Daetwyler Group employees underwent training in the significance and implementation of the Code of Conduct in their day-to-day work. The systematic surveys of customers and employees that we also introduced in 2008 were continued and refined in 2009 despite the economic crisis. In this way we live up to our social responsibility every day as a reliable partner to our stakeholders.

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)*. This has been checked and confirmed by GRI.

Careful use of resources: from raw material to production and sales.

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.*

Sustaining success with strong customer relations

Highlighting technological trends, offering a forum for pooling technical expertise and providing a beneficial experience – these were the aims of the first ever "Daetwyler Cables Convention" which took place in 2009. More than 80 Daetwyler Cables customers took the opportunity to spend two days learning about the latest trends in the world of electrical building infrastructure. Several top-flight speakers gave a glimpse of the future of intelligent building technology, not only outlining their vision of the future but also highlighting specific trends. Whether for office buildings, sports stadiums or tunnels or for fibre-to-the-home or internet TV – all applications that are intended to make life more entertaining, simpler and safer in future – high performance and reliable cabling systems are the cornerstone. The delegates, who had travelled from all over Europe, were delighted by the mix of papers from independent experts and the experience of being in the heart of the Swiss Alps. Daetwyler Cables was able to make good use of this convention to demonstrate its successful track record as a systems supplier and to strengthen customer relations in the long term.

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 that customers value in their working relationship with Daetwyler.

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 2009, 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 Malyn/Ukraine 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	

Demanding test procedures ensure the outstanding quality of Daetwyler products.

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 catalogue 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 and Technical Components Divisions. In the Cables Division, for example, over 1 500 people in Switzerland, Germany and Austria alone enhanced their specialist skills by attending courses in 2009. The companies in the Technical Components Division passed on their knowledge to 1 844 customer representatives at no less than 166 courses during the year, and in so doing strengthened customer loyalty. 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. Most of the Daetwyler Group companies score about the same as the external 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 Daetwyler Group companies, 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 or for technologies to reduce nitrogen-oxide emissions from diesel-powered vehicles in the automotive industry.

Environmental initiatives and expanding 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. Despite the difficult business climate, the Group spent around CHF 1.1 million on environmental activities in 2009. This included some CHF 0.5 million on investments, CHF 0.5 million on staff and CHF 0.1 million on certification. Examples of the activities undertaken include the purchase of modern hazardous materials cabinets and the optimization of the fire testing cabins' gas warning system in the Cables Division, and a preliminary study involving detailed exhaust air measurements intended to ensure compliance with the Swiss Ordinance on Air Pollution Control in the Rubber Division.

The Daetwyler Group used 2009 to systematise its sustainability reporting and to harmonise the way it records environmental data. As part of this process, the company increased the number of locations covered from 17 to 26 production and sales facilities. These now all report their key environmental data in the same format and using comparable measuring methods. Accordingly, environmental reporting covers 4 062 employees out of a total Group headcount of 4 332 (full-time equivalents at the year end). The Group plans to integrate the remaining 13 sales branches into its reporting in 2010.


Daetwyler Rubber recycles unvulcanised rubber waste.

Environmental performance at a glance (1)
As is to be expected, the Cables, Rubber and Pharmaceutical Packaging Divisions consume more resources than the trade- and distribution-centred Technical Components Division. A comparison with 2008 reveals markedly different trends. The declining per capita consumption figures for electricity and water in the Cables and Rubber Divisions, for example, reflect the decline in demand and associated short-time working in 2009. By contrast, the Pharmaceutical Packaging Division achieved currency-adjusted sales growth once more, and this had an impact on its resource consumption. CO_2 emissions, which are now reported as direct and indirect emissions, fell in the Rubber Division, primarily as a result of the wood-fired electricity generating plant having been on stream for the entire year, but increased in the Pharmaceutical Packaging Division, mainly as a consequence of increased electricity consumption.

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.

With the exception of the Rubber Division, per capita waste production remained virtually constant. Some two thirds of the waste produced by the Daetwyler Group companies go for recycling.

Summary of environmental data by division[1]

	Cables [2]		Rubber [3]		Pharmaceutical Packaging [4]		Technical Components [5]	
	2009	2008	2009	2008	2009	2008	2009	2008
Energy consumption and CO_2								
Electricity (MWh)	16 650	19 355	33 519	34 511	56 744	41 248	7 428	7 024
Per capita electricity (MWh / employee)	22	28	37	52	43	40	7	5
District heating (MWh)	–	–	292	–	–	–	2395	2 113
Natural gas (MWh)	415	–	1 260	1 082	20 724	15 906	2 785	3 198
Butane, propane, ethane (MWh)	5	5	300	398	–	–	5	–
Extra light fuel oil (MWh)	6 375	6 217	510	4 135	–	–	1 773	1 943
Renewable energy (MWh)	–	–	4 035	1 567	–	–	–	–
CO_2 emissions [6] (tonnes)	3 632	3 543	8 137	10 066	26 094	17 254	1 936	2 882
Direct (Scope 1) (tonnes) [6]	1 965	1 763	470	1 412	4 185	3 212	1 092	1 164
Indirect (Scope 2) (tonnes) [6]	1 666	1 781	7 667	8 654	21 909	14 042	844	1 718
Per capita CO_2 emissions (tonnes / employee)	5	5	9	15	20	17	2	2
Water consumption								
Drinking/industrial water (m^3)	724 104	791 436	1 375 096	1 556 623	297 871	195 644	14 482	16 761
Per capita water consumption (m^3 / employee)	954	1162	1 530	2348	226	192	14	13
Waste								
Total waste (tonnes)	2 264	2 170	1 895	2 476	5 789	5 429	1 064	1 393
Of which regular waste (tonnes)	2 193	2 107	1 780	2 386	5 377	5 093	1 054	1 384
Of which special waste (tonnes)	71	63	115	90	412	336	10	9
Per capita total waste (tonnes / employee)	3	3	2	4	4	5	1	1

[1] Several figures from the previous year have been recalculated as part of the process of standardising the environmental data system. The greater completeness of the data system (a larger number of facilities reported data in 2009) restricts comparability with the previous year´s data.

[2] The 2009 figures for the Cables Division include all facilities and 759 employees (in full-time equivalents at the year end). The 2008 figures cover the facilities in Altdorf (Switzerland), Shanghai and Suzhou (China), together accounting for 681 of the total of 773 people employed by the Division in 2008.

[3] The 2009 figures for the Rubber Division include all facilities and 899 employees (in full-time equivalents at the year end). The 2008 figures cover the facilities in Schattdorf (Switzerland), Springe (Germany), Novy Bydzov (Czech Republic) and Marion (USA), together accounting for 663 of the total of 712 people employed by the Division in 2008.

[4] The 2009 figures for the Pharmaceutical Packaging Division include all facilities and 1317 employees (in full-time equivalents at the year end). The 2008 figures cover the facilities in Alken (Belgium), Karlsbad (Germany) and Pregnana and Montegaldella (Italy), together accounting for 1019 of the total of 1 353 people employed by the Division in 2008.

[5] The 2009 figures for the Technical Components Division cover eight facilities: Duebendorf and Naenikon-Uster (Switzerland), Bremen and Goeppingen (Germany), Saint-Marcellin and Vaulx-en-Velin (France), Dobruska (Czech Republic) and Jaerfaella (Sweden), which together account for 1 069 of the total of 1 339 people (in full-time equivalents at the year end) employed by the Division. The 2008 figures cover six facilities and 1 320 of the total of 1 576 people employed by the Division in 2008.

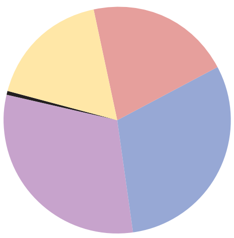
[6] For the first time CO_2 emissions are reported as direct (Scope 1) emissions, resulting for example from the combustion of natural gas at the Group's own facilities, and indirect (Scope 2) emissions, caused for example by the consumption of electricity.

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.

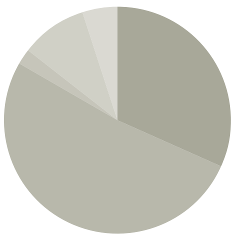
Workforce demographics
At the end of 2009, the Daetwyler Group employed 4 332 people (expressed as full-time equivalents) in 22 countries worldwide, a decrease of 101 people or 2.3 % over a year earlier. This decline is a result of the global economic crisis in the first half of 2009, from which Daetwyler was not immune. The sharp drop in demand made job cuts unavoidable, particularly within Maagtechnic, the Daetwyler specialist distributor. These cuts were implemented in as socially acceptable a manner as possible. Based on the average headcount of 4 410, revenue per full-time equivalent was CHF 252 471, down 10.3 % on the previous year. The Group-wide employee turnover rate in the reporting year was 13.1 % due to job cuts at a few facilities. In total, the Group had 3 938 full-time employees and 394 part-time employees. Women accounted for 31.7 % of the total workforce, while the proportion of women in senior positions was 15.6 %. The human resources indicators are based on full-time equivalents.

Employees (full-time equivalents) by division



- Cables 17.5 %
- Rubber 20.8 %
- Pharmaceutical Packaging 30.4 %
- Technical Components 30.9 %
- Holding and finance companies 0.4 %

Employees (full-time equivalents) by region



- Switzerland 31.9 %
- European Union 51.5 %
- Rest of Europe 2.2 %
- North America 9.6 %
- Far East 4.8 %

Taking decisions close to the market for a high identification level and short response times.

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 326.6 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 2009, 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 2009, there were no fatal accidents. Throughout the Group, occupational injuries resulted in 1 901 lost days, which represents 0.18 % of the total days worked. In total, 49 374 days were lost due to sickness, occupational injuries and non-occupational injuries, representing an absentee rate of 4.67 %.

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 148 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 some CHF 1 million in training and development during 2009.

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 is being conducted annually with the help of an external specialist. This guarantees anonymity for employees. Due to the first-time inclusion of the ELFA Group, the number of languages used for the questionnaire was increased from eight to seventeen. The average response rate increased from 67 % in 2008 to 76 % in the reporting year. 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 18 000 Swiss employees. Most of the Daetwyler facilities score about the same as the external benchmarks. In 2009 the results achieved by all divisions improved in comparison with the previous year. 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. During 2009 all Daetwyler Group employees underwent training in the significance and implementation of the Code of Conduct in their day-to-day work. Once again, no legal actions for anti-competitive behaviour, anti-trust or monopoly practices were brought against Daetwyler during 2009. 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 33.1 % of their purchases locally in 2009. 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 24.5 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 6.5 million in grants. Of the total amount distributed, CHF 5.3 million or about 82 % 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 0.6 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

Daetwyler offers over 60 apprenticeships and a training workshop in the Swiss Canton of Uri.

Corporate Governance at 31 December 2009

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 to Daetwyler or the corresponding situation does not exist at Daetwyler or does not apply to Daetwyler.

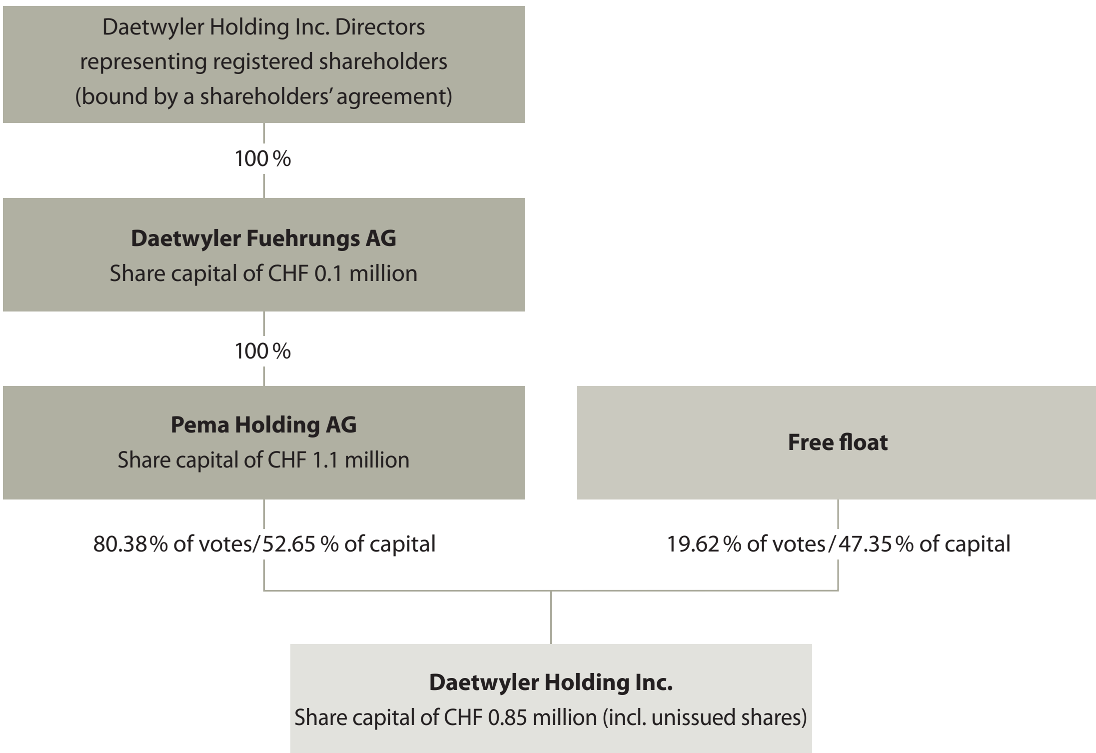
Group structure and shareholders

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

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 80.38 % 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.

Daetwyler Fuehrungs AG wholly owns Pema Holding 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. No disclosure notices were received in the year under review.

Group structure and companies

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

- Page 119 ff: directory of Group operations.
- Page 65 ff: segment reporting in accordance with IFRS.
- Page 102 ff: detailed list of subsidiaries and investments.
- Page 116 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.

Capital structure

Composition of share capital in CHF millions at 31 December 2009:

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 1 570 900 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

All shares are fully paid-up. With the exception of treasury shares (1 570 900 bearer shares, see note 31 (treasury shares) on page 94), all shares are entitled to vote and rank for dividend. Information about changes in equity for 2009 and 2008 is presented in the statement of changes in equity on page 50. Changes in equity for 2008 und 2007 are shown in the statement of changes in equity on page 49 of the Annual Report 2008.

Convertible bonds and share options

Daetwyler had no bonds or convertible bonds outstanding at 31 December 2009.

Daetwyler Rubber produces special seals for building construction and civil engineering.

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 no fewer than five and no more than eleven members. At 31 December 2009, the Board comprised eight Directors. The roles of the Chairman and Chief Executive Officer (CEO) are separate. The Directors or companies and organisations which they influence have no executive functions in the Group, do not have any business relationship with the Daetwyler Group and are all considered to be independent. Directors are deemed to be independent if they have not served on Daetwyler's Executive Management or the management of a Group company 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 63 and their average tenure is eight 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 five 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 five 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 Management 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. Resolutions may also be adopted by circular letter.

During 2009, the Board held six meetings attended by the CEO and CFO. The other members of the Executive Management were present at each meeting for the discussion of items relating to them. In 2009, no external specialists were called in.

Operation of the Committees

The Committees have written terms of reference specifying their responsibilities. 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, but at least once a year. Their meetings usually last half a day. All Directors, Executive Management 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 2009, 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.

Responsibilities of the Audit Committee

- To ensure a comprehensive and effective audit programme for Daetwyler Holding Inc. and the Daetwyler Group.
- To comment on the annual and consolidated financial statements.
- To comment on the audit plan and results of audits.
- To receive recommendations from the external auditors, discuss the recommendations with the Executive Management and provide a summary for the Board of Directors.
- To present the Executive Management's proposal for the appointment of Daetwyler Holding Inc.'s external auditors to the Board of Directors for consideration by the Annual General Meeting of Shareholders.

Human Resources Committee

The Human Resources Committee consists of at least three Directors: the Chairman of the Board and two other members to be appointed by the Board from among its members. Members of the Human Resources Committee are: Ulrich Graf (chairman), Hanspeter Faessler and Werner Inderbitzin. In 2009, the Human Resources Committee held three meetings with the CEO and CFO. During 2009, no external specialists were called in.

Responsibilities of the Human Resources Committee

- To support the Board of Directors on matters of personnel and compensation policy.
- To deal with fundamental human resources issues at the Daetwyler Group.
- Appointment of members of the Board and the Executive Management.
- Conditions of employment for members of the Executive Management.
- To decide performance-related payments for members of the Executive Management.
- To monitor salary structure and development.
- To comply with the regulations concerning the disclosure of emoluments of the members of the Board of Directors and Executive Management.

Standardised test procedures enable Daetwyler Cables to guarantee top quality.

Division of responsibilities between the Board of Directors and Executive Management

The authority and responsibilities delegated to the Board of Directors and Executive Management are laid down in the "Rules of Organisation" 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 duties and responsibilities of the Board of Directors and define the duties and responsibilities of the Executive Management, presided over by the CEO. In addition to the non-delegable functions reserved to the Board of Directors by law, the Rules of Organisation delegate the following duties, among others, to the Board:

- To determine the principles of corporate strategy
- To make decisions on financial policy
- To adopt resolutions on the establishment of new business units and discontinuation of existing ones
- To adopt resolutions on the setting up of new sites and closure of existing ones
- To adopt resolutions on the acquisition and disposal of equity holdings
- To adopt resolutions on the acquisition, encumbrance and disposal of land and buildings
- To review the risk management system

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.

The policies set out in the "Rules of Organisation" are detailed for all business and functional areas in the following written documents: "Division of Responsibilities of the Executive Management" 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.

Information and control systems for monitoring the Executive Management

The Board has an internal control system in place to monitor and control the Executive Management. 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 Management members at Board and Committee meetings.

In addition to these institutionalised information and control systems, the Board can use an internal audit function. 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 Committee and Chairman of the Human Resources Committee. 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. He took office as Deputy Chairman in 2002. He is Chairman of the Audit Committee. 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 made 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).


Clean room technology in the manufacture of pharmaceutical packaging components.

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 of Garaventa Ltd. and a member of the Executive Board of Doppelmayr-Garaventa Group (Ropetrans AG). He took over the 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's 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 Aktiengesellschaft and several family-owned Swiss companies. 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 Chairman of Markus Hofstetter AG, Küssnacht, and a Director of Colibrys (Suisse) 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), member of the advisory board of Siemens Switzerland Ltd. and Director of Neue Zürcher Zeitung AG. 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 Management. 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 Management

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 the Forbo Group'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. and a member of the Board of Directors of Sika Ltd. He is also a member of the Board of Swissmem (Swiss mechanical and electrical engineering association). He studied chemistry at the Swiss Federal Institute of Technology Zurich, graduating with a doctorate (DSc).

Reto Welte (1959, CH)
Chief Financial Officer (CFO)

Reto Welte was appointed Chief Financial Officer and Member of the Daetwyler Executive Management from June 2009. Before joining Daetwyler, he held the same function for two years with the Kardex Remstar Group, also a SIX Swiss Exchange listed Group of companies. Between 2003 and 2006, he was CFO and member of Group Management of the Feintool Group. Prior to this Reto Welte was CFO of the Gretag Imaging Group and of co.don AG in Berlin. From 1991 to 2000, he held various management positions in finance with the Alstom group and was head of the Medium-Voltage Technology unit. Reto Welte holds a degree in business administration from the University of St. Gallen.

Maagtechnic partners industry and the trades in fluid products.

Johannes Mueller (1958, Swiss)
Head of Cables Division

Johannes Mueller has been a member of the Executive Management and Head of 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 is a member of the Board of the German-Swiss Chamber of Commerce. He 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 is a member of the Executive Management. 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 became head of the Pharmaceutical Packaging Division in July 2007, and became a member of the Executive Management at the same time. 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.

Remuneration, shareholdings and loans

Elements and determination of remuneration

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

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 Management 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 % or 150 % (CEO) 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 result and an improvement in the result compared with the previous year. In the case of the Group's divisional heads, the results of the Group divisions are taken as the basis for calculating the bonus; in the case of the CEO and CFO, the result of the business as a whole serves as the basis.

The share award plan established in 2007 gives Directors and Executive Management 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 Management.

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 108

Shareholders' participation rights

The shareholders' participation rights comply with the provisions of Swiss Corporation Law, subject to the one share one vote principle presented below. 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 also 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). The deadline for submitting agenda items is published in advance in the Swiss Official Gazette of Commerce.

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 Management 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. The auditors are appointed by the Annual General Meeting of Shareholders for a period of one year. In accordance with the Swiss Code of Obligations, the normal rate of rotation for the lead auditor is seven years. The last change occurred in 2007. Some of the Group companies are audited by other firms of accountants.

Fees paid in 2009 to the statutory and other auditors

In CHF	Statutory auditors	Other auditors
Auditing services, total	802 000	1 055 000
Additional services, total	171 000	192 000
Tax advice	135 000	34 000
Legal advice	8 000	–
Transaction advice	–	–
Other advisory services	28 000	158 000

Representatives of the external auditors attend all meetings of the Audit Committee for the discussion of certain items. Four meetings were held in 2009. At each meeting, the external auditors present a written 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 overall Board of Directors. It conducts an annual evaluation of the statutory auditors. This is based on the following criteria: competence, scope and quality of their service, their ability to meet deadlines, fees, independence, priority setting, practical implementation of recommendations, as well as transparent and effective communication and coordination. The members of the Board of Directors are assisted in this task by their competencies and the experience they have gained in similar roles with other companies, as well as by the comments made by the Audit Committee and the report from the statutory auditors.

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 118. Official notices concerning Daetwyler are published in the Swiss Official Gazette of Commerce. Notices and invitations to registered shareholders are made in writing.

Daetwyler Rubber – leading-edge quality through standardised and certified processes.

Consolidated Financial Statements

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Group Financial Review

Consolidated income statement Daetwyler Group

In 2009, the Daetwyler Group generated net revenue of CHF 1 113.4 million on a like-for-like basis, down from CHF 1 294.9 million a year earlier. This represents a 14.0 % reduction in comparison with the previous year's growth of 10.3 %. Acquisitions contributed 0.4 % compared to 8.7 % in 2008. Exchange rate movements had a negative impact of 3.4 % (previous year 2.7 %). Adjusted for these two factors, net revenue fell by 11.0 %.

Change in net revenue

In CHF millions	**2009**	%	2008	%
Acquisition of subsidiaries	5.1	0.4	101.8	8.7
Exchange rate movements	–43.4	–3.4	–32.1	–2.7
Organic change	–143.2	–11.0	51.7	4.3
Total change in net revenue	**–181.5**	**–14.0**	**121.4**	**10.3**

The gross profit margin increased to 52.6 % in the year under review (previous year 50.5 %), with some divisions succeeding in securing higher selling prices. On the purchasing side, the easing of commodity prices and the combining of the Distrelec and ELFA product ranges led to lower prices. Personnel expenses and operating expenses were adjusted to the changed operating environment, and the year under review also includes corresponding restructuring costs.

In 2009, the Group's operating result (EBIT) reached CHF 70.4 million, down from CHF 134.2 million a year earlier. As a result, the EBIT margin fell from 10.4 % to 6.3 %. This reduction is mainly due to the significantly lower group revenues compared with the previous year. The previous year's EBIT was positively impacted by the gain of CHF 5.8 million on disposal of properties held for sale. Net interest and finance costs decreased to CHF 6.9 million from CHF 8.5 million a year earlier, partly due to the positive effect of net foreign exchange gains of CHF 1.2 million (previous year net foreign exchange loss of CHF 4.7 million). Income tax expense declined to CHF 6.3 million from the previous year's CHF 16.1 million, due in part to losses at some subsidiaries. As a result, the tax ratio declined to 9.9 %, down from 12.8 % a year earlier. The group's average income tax rate for 2009 was 19.4 %, down from 21.3 % for 2008. Influenced by these factors, the net result for the year decreased to CHF 57.2 million, (previous year CHF 109.6 million) or to 5.1 % (previous year 8.5 %) of net revenue.

Cables are key to end-to-end solutions for electrical building infrastructure.

Consolidated balance sheet Daetwyler Group

Total assets decreased by CHF 84.8 million during the year to CHF 1 327.1 million (previous year CHF 1 411.9 million). Trade accounts receivable and inventories decreased by around CHF 45 million, primarily as a result of the economic environment, while cash, cash equivalents and money market investments declined by around CHF 38 million. The funds released were used to repay short-term and long-term bank debts.

Equity increased by around CHF 70 million year on year to CHF 899.0 million (previous year 829.1 million), maintaining a solid equity ratio of 67.7 % compared to 58.7 % a year earlier. This increase in equity is a result of the net result of CHF 57.2 million, the recognition of CHF 31.4 million in equity for actuarial gains on defined benefit pension plans in accordance with IAS 19 (previous year losses of CHF –70.3 million) and positive currency translation differences of CHF 8.3 million arising in 2009 (previous year CHF –65.9 million) from net investments in foreign subsidiaries.

Short-term and long-term bank debts were reduced by CHF 106.0 million during the year to CHF 155.7 million (previous year CHF 261.7 million). The group's liquidity position remains good, with cash, cash equivalents and money market investments of CHF 195.3 million at the year end compared to CHF 233.0 million in the previous year. This means that the previous year's net debt of CHF 28.7 million has become a positive net cash position of CHF 39.6 million.

Current assets declined by 13 % to CHF 555.4 million from CHF 638.5 million in 2008. At CHF 771.7 million (previous year CHF 773.4 million), non-current assets remained at a comparable level.

Consolidated cash flow statement Daetwyler Group

At CHF 63.5 million, earnings before tax were down significantly on the previous year's figure of CHF 125.7 million. As a result, operating cash flows before changes in working capital also decreased to CHF 114.6 million, from CHF 171.1 million in 2008. Active management resulted in a positive change in working capital by CHF 48.4 million compared to a negative CHF 28.2 million in 2008. Net cash from operating activities thus improved to CHF 141.0 million net from CHF 125.3 million a year earlier.

These cash flows were used to pay for investments in property, plant and equipment totalling CHF 47.4 million, as against CHF 69.6 million the previous year. This represents a capital expenditure ratio (capital expenditure as a percentage of net revenue) of 4.3 % versus 5.4 % a year earlier. In addition, the operating cash flows were mainly used to repay bank debts in the amount of CHF 113.2 million (previous year CHF 19.8 million). The cash outflows and inflows produced a net change in cash and cash equivalents of CHF 56.2 million, as against CHF 20.7 million in 2008. This resulted in a cash and cash equivalents balance of CHF 172.3 million, as compared with CHF 115.2 million in 2008.

Consolidated Income Statement

For the year ended 31 December in CHF millions	Note	2009	2008
Net revenue	4/5	**1 113.4**	**1 294.9**
Material costs		–527.8	–641.4
Gross profit		**585.6**	**653.5**
Other operating income	6	41.8	50.9
Personnel expenses	7	–326.6	–340.1
Operating expenses	9	–174.4	–184.8
Depreciation and amortisation	10	–52.7	–52.1
Impairment charges, net	10	–3.3	1.0
Gain on assets held for sale	16	–	5.8
Operating result before interest and tax (EBIT)	4	**70.4**	**134.2**
Interest and finance costs	11	–12.8	–22.7
Interest and finance income	11	5.9	14.2
Earnings before tax		**63.5**	**125.7**
Income tax expenses	12	–6.3	–16.1
Net result		**57.2**	**109.6**

in CHF			
Basic earnings per bearer share ranking for dividend	30	**3.71**	**7.12**
Diluted earnings per bearer share ranking for dividend	30	**3.71**	**7.12**

The accompanying notes on pages 51 to 103 are an integral part of these consolidated financial statements.

Consolidated Balance Sheet

Assets at 31 December in CHF millions	Note	**2009**	2008
Cash and cash equivalents	13	172.3	115.2
Money market investments	13	23.0	117.8
Trade accounts receivable	14	137.0	147.4
Inventories	15	183.6	218.7
Current income tax assets		4.0	2.4
Assets held for sale	16	4.4	–
Other receivables, prepayments and accrued income	17	31.1	37.0
Current assets		**555.4**	**638.5**
Property, plant and equipment	18	318.9	323.5
Investment property	19	3.8	4.9
Intangible assets	20	173.9	176.3
Goodwill	20	216.5	205.0
Deferred income tax assets	21	19.2	19.6
Financial investments and other non-current assets	22	39.4	44.1
Non-current assets		**771.7**	**773.4**
Total assets		**1 327.1**	**1 411.9**

Liabilities and equity at 31 December in CHF millions	Note	**2009**	2008
Trade accounts payable	23	53.8	59.5
Short-term bank debt	24	155.2	187.1
Current income tax liabilities		6.7	9.0
Other current liabilities, accrued expenses and deferred income	25	36.2	41.5
Current provisions	28	33.4	31.4
Current liabilities		**285.3**	**328.5**
Long-term bank debt	24	0.5	74.6
Deferred income tax liabilities	21	76.5	73.2
Long-term provisions	28	11.1	14.0
Pension liabilities	8	53.0	91.6
Other long-term liabilities	26	1.7	0.9
Long-term liabilities		**142.8**	**254.3**
Total liabilities		**428.1**	**582.8**
Share capital	29	0.9	0.9
Less treasury shares	*31*	*–0.1*	*–0.1*
Group reserves	33	898.2	828.3
Equity		**899.0**	**829.1**
Total liabilities and equity		**1 327.1**	**1 411.9**

The accompanying notes on pages 51 to 103 are an integral part of these consolidated financial statements.

Consolidated Cash Flow Statement

For the year ended 31 December in CHF millions	Note	2009	2008
Earnings before tax		**63.5**	**125.7**
Depreciation and amortisation	10	52.7	52.1
Impairment charges (reversal of impairment charges), net	10	3.3	–1.0
Share award plan	31	0.3	1.0
Gain on disposal of investments		0.0	–
Exchange differences		–0.1	2.8
Gain on sale of property, plant and equipment and investment property	6	–3.3	–5.7
Gain on assets held for sale	16	–	–5.8
(Gain on sale of securities) / impairment charges on securities	11	–1.3	4.5
Change in long-term provisions		–7.3	–3.3
Interest income	11	–3.2	–10.6
Interest expense	11	10.0	11.4
Operating cash flows before changes in working capital		**114.6**	**171.1**
Change in current receivables		19.9	8.0
Change in inventories		38.6	–12.9
Change in current liabilities and provisions		–10.1	–23.3
Interest received		3.6	10.1
Interest paid		–9.9	–10.9
Income tax paid		–15.7	–16.8
Net cash from operating activities		**141.0**	**125.3**
Purchases of			
Property, plant and equipment		–47.4	–69.6
Intangible assets	20	–2.0	–4.6
Financial investments		–0.2	–
Lease receivables		–7.5	–33.5
Subsidiaries (excluding cash and cash equivalents)	39	–3.9	–358.0
Money market investments		–185.5	–117.8
Proceeds from sale of			
Property, plant and equipment		3.7	3.5
Investment property		3.7	12.5
Intangible assets		0.0	0.5
Assets held for sale	16	–	9.9
Financial investments		8.0	0.9
Lease receivables		7.3	4.0
Money market investments		280.3	341.5
Proceeds from disposal of discontinued operation		–	5.7
Net cash from (used in) investing activities		**56.5**	**–205.0**
Proceeds from bank debt		0.0	155.6
Repayment of short-term bank debt		–86.5	–19.8
Early repayment of long-term bank debt	24	–26.7	–
Decrease in other long-term liabilities		–0.4	–0.5
Dividend (previous year par value reduction) paid to shareholders		–27.7	–76.3
Net cash (used in) from financing activities		**–141.3**	**59.0**
Net change in cash and cash equivalents		**56.2**	**–20.7**
Cash and cash equivalents at 1 January	13	115.2	146.7
Effect of exchange rate changes on cash and cash equivalents		0.9	–10.8
Cash and cash equivalents at 31 December	13	**172.3**	**115.2**

The accompanying notes on pages 51 to 103 are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 December in CHF millions	Note	2009	2008
Net result as per income statement		**57.2**	**109.6**
Other comprehensive income recognised directly in equity:			
Changes in the fair value of available-for-sale financial assets:	11, 22		
Gross amount, before income taxes[1]		0.4	–0.7
Income taxes		0.0	0.0
Net amount, after income taxes		0.4	–0.7
Actuarial gains, losses and adjustments according to IAS 19.58b:	8		
Gross amount, before income taxes		37.1	–83.9
Income taxes		–5.7	13.6
Net amount, after income taxes		31.4	–70.3
Currency translation differences:			
Gross amount, before income taxes		8.3	–67.7
Income taxes charged to income		0.0	1.8
Net amount, after income taxes		8.3	–65.9
Total other comprehensive income recognised directly in equity:			
Gross amount, before income taxes		45.8	–152.3
Income taxes		–5.7	15.4
Net amount, after income taxes		**40.1**	**–136.9**
Total comprehensive income		**97.3**	**–27.3**
Attributable to shareholders		97.3	–27.3
Attributable to minorities		–	–

(1) *Changes in the fair value of CHF 1.1 million (previous year CHF –0.7 million) recognised directly in equity, less reclassification to the income statement on sale of available-for-sale financial assets of CHF 0.7 million (previous year CHF 0.0 million).*

The accompanying notes on pages 51 to 103 are an integral part of these consolidated financial statements.

Consolidated 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 2008	**77.0**	**853.3**	**1.4**	**0.0**	**854.7**	**931.7**
Total comprehensive income	–	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**
Total comprehensive income	–	88.6	0.4	8.3	97.3	97.3
Share award plan	0.0	0.3	–	–	0.3	0.3
Dividends	–	–27.7	–	–	–27.7	–27.7
At 31 December 2009	**0.8**	**954.7**	**1.1**	**–57.6**	**898.2**	**899.0**

(1) *Holding company's share capital of CHF 850 000 (previous year CHF 850 000), less CHF 78 545 (previous year CHF 79 485) par value of treasury 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) *Changes in the fair value of available-for-sale financial assets.*

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

The accompanying notes on pages 51 to 103 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 18 March 2010 for submission to the Annual General Meeting on 27 April 2010.

Some previous year comparatives have been reclassified to conform to the presentation for the current financial year to ensure comparability.

Adoption of new and revised accounting standards

Changes in accounting standards from 2009

The following new and revised standards and interpretations became effective for the 2009 reporting year:

IFRS 8 "Operating Segments":
From 1 January 2009 the new standard IFRS 8 "Operating Segments" has been applied replacing the former standard IAS 14 "Segment Reporting". Except for additional disclosures, the change from the previous to the new standard has no effect on segment information figures. IFRS 8 requires the definition of operating segments and information about their performance based on internal reporting to the Executive Board which according to IFRS 8 assumes the "Chief Operating Decision Maker" function. Within the framework of the strategy determined by the Board of Directors, the Executive Board takes all operational decisions which in particular include the management and periodic review of business performance as well as the allocation of resources.

IAS 23 "Borrowing Costs":
The new version of IAS 23 "Borrowing Costs" effective from 1 January 2009 requires capitalisation of borrowing costs directly attributable to the construction of qualifying assets that take a substantial period to complete. As the Group has already applied this principle, the adoption of the new standard had no impact on the consolidated financial statements.

IAS 1 "Presentation of Financial Statements":
The changes to IAS 1 "Presentation of Financial Statements" effective from 1 January 2009 include, among others, extended disclosures for other comprehensive income recognised directly in equity as well as extended disclosure requirements for reclassification adjustments.

IFRS 7 "Improving Disclosures about Financial Instruments (Amendments to IFRS 7)":
In March 2009 amendments to IFRS 7 were issued as a clarification and enhancement of disclosures about fair values and liquidity risks of financial instruments. These amendments included the introduction of a three level hierarchy (level 1 to 3) for disclosing fair values. Verifiable and publicly observable input factors used for valuation of financial instruments represent the relevant classification criteria of this hierarchy.

Other new and revised standards and interpretations which became effective from 1 January 2009 have no or no material impact on the consolidated financial statements.

Changes in accounting standards from 2010

The following new and revised standards and interpretations will be applicable from 2010 or later and could potentially affect the consolidated financial statements:

IFRS 3 "Business Combinations":
The amendments to IFRS 3 "Business Combinations" are effective for financial years beginning on or after 1 July 2009. For the Daetwyler Group they are therefore only relevant for the business year beginning on 1 January 2010. These amendments will adjust the recognition and measurement of goodwill (including adjustments of pur-

chase consideration contingent on future results to be charged to income), the treatment of a business combination achieved in stages (remeasurement of previously held equity interests as profit or loss), the determination of the cost of an acquisition (acquisition related costs to be expensed as incurred) and also include certain changes in recognition and valuation of identifiable assets and liabilities.

IFRS 9 "Financial Instruments":
This new standard must be adopted only from 2013 and will considerably change the classification and valuation of financial instruments. The potential impact for the Daetwyler Group will be evaluated in good time.

Other amendments to standards and interpretations becoming effective from 2010 or later are currently not expected to have a material impact on the consolidated financial statements.

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 income tax assets
Deferred income tax assets are recognised in respect of tax loss carry-forwards when it is probable that sufficient taxable profits will be available to allow all or part of the deferred income tax asset to be recovered. The assessment of the amount and recoverability of such deferred income 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 28, 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 employee 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 the subsidiaries included in the consolidation is presented in note 42.

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 2009 and 2008, 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:

	2009		2008	
	Closing rate at 31 Dec.	Average rate for the year	Closing rate at 31 Dec.	Average rate for the year
1 EUR	1.49	1.51	1.49	1.59
100 SEK	14.36	14.23	13.62	16.62
1 USD	1.04	1.09	1.06	1.08

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 an original maturity of 91 to 360 days are stated at amortised cost.

Trade accounts receivable and other current receivables
Trade accounts receivable 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 according to IAS 23, 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 earlier if the operation meets the criteria to be classified as held for sale.

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. 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 2008 and 2009, 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 accounts receivable 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.

According to the amendments to IFRS 7 published in 2009, fair values of financial assets are to be classified into a three level hierarchy based on the factors used for their valuation. Level 1 of this hierarchy includes quoted unadjusted prices in active markets. Level 2 includes other valuation factors than quoted prices that are directly or indirectly observable and usually derived from publicly available market data. Level 3 finally includes valuation factors which are not based on publicly observable market data. Fair values of financial assets classified into level 3 are established using adequate valuation techniques. As the Daetwyler Group does not hold any significant financial instruments belonging to level 3, 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 2008 or 2009.

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 accounts payable
Trade accounts payable 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 debt
Bank debt is recognised initially at fair value, being the issue proceeds net of transaction costs incurred. Bank debt is 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 debt using the effective interest method. In addition, the fair value of bank debt 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 debt is 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 employee 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 31. 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 17 August 2009, the Board of Directors acknowledged management's report on group-wide risk management and approved the proposed actions included therein.

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 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 2009, 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 0.6 million (previous year CHF 1.2 million) lower/higher. A 10 % decrease/increase in the value of the Swedish krona against the Swiss franc at the end of 2009 would have decreased / increased profit for the year by CHF 0.0 million (previous year CHF 0.7 million). Similarly, a 10 % decrease / increase in the value of the US dollar against the Swiss franc at the end of 2009 would have decreased / increased profit for the year by CHF 0.4 million (previous year CHF 0.5 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

At year-end 2009, 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. Most of the bank overdrafts are at variable interest rates whereas long-term bank debt, including its current portion, is generally at fixed rates. Some short-term bank debt, together with corresponding bank deposits, is 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. On the asset side, interest rate risk on cash and cash equivalents and money market investments is insignificant due to the very low level of interest rates. On the liability side, bank debt at variable interest rates fluctuates around approximately CHF 100 million. Accordingly, a change in interest rates of 1 % would result in a profit or loss of about CHF 1 million. Therefore the overall exposure to interest rate risk is not considered material, so no further 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 accounts receivable. 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 accounts receivable 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 38.5 million (previous year 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 accounts receivable presented in note 14). 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. For this purpose, the Group's CFO discusses on a monthly basis the detailed liquidity status of the financing companies and carries out a groupwide review of the balance sheets focusing on management of net working capital. Furthermore, the Group 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 shows the maturity profile of the Group's financial liabilities based on contractual cash flows, including interest:

In CHF millions	**2009**	2008
Cash outflows from borrowings, payables and other liabilities:		
Less than 6 months	223.0	250.0
Between 6 and 12 months	35.1	52.6
Total from current borrowings, payables and other liabilities	*258.1*	*302.6*
Within 2 years	3.6	54.2
Within 3 years	0.3	25.3
Within 4 years	0.0	0.2
Within 5 years	0.0	0.2
Over 5 years	–	0.1
Total from long-term borrowings and other liabilities	*3.9*	*80.0*
Total cash outflows from financial liabilities: borrowings, payables and other liabilities	**262.0**	**382.6**
Cash outflows from finance leases:		
Less than 6 months	0.2	0.3
Between 6 and 12 months	0.1	0.2
Total from current finance leases	*0.3*	*0.5*
Within 2 years	0.1	0.3
Within 3 years	0.1	0.2
Total from long-term finance leases	*0.2*	*0.5*
Total cash outflows from financial liabilities: finance leases	**0.5**	**1.0**
Summary of cash outflows from financial liabilities for:		
Borrowings, payables and other liabilities	262.0	382.6
Finance leases	0.5	1.0
Total cash outflows from financial liabilities	**262.5**	**383.6**

The forward exchange contracts presented in note 35 will generate further cash outflows in foreign currencies totalling approximately CHF 45 million (previous year CHF 50 million) between January and June 2010, 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	2009	2008
Cash and cash equivalents	172.3	115.2
Money market investments	23.0	117.8
Undrawn borrowing facilities	184.6	118.3
Total liquidity reserves	**379.9**	**351.3**

Net cash surplus

In CHF millions	2009	2008
Cash and cash equivalents	172.3	115.2
Money market investments	23.0	117.8
Less short-term bank debt	–155.2	–187.1
Net cash surplus	**40.1**	**45.9**

Some short-term bank debt, together with corresponding bank deposits, is 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, a significant portion of the copper price risk is continuously passed on to 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 2009 and 2008 are shown below. The percentages in brackets indicate the percentage voting rights held in each company.

Transactions in 2009

Acquisitions

Engineering business of SymbioTec AG, Niederurnen, Switzerland

Nordic Power Group:
Nordic P Consulting AB, Stroemstad, Sweden (100 %)
Nordic Power i Stroemstad AB, Stroemstad, Sweden (100 %)
Nordic Power Norge AS, Fredrikstad, Norway (100 %)

Company established

Teco Immobilien AG, Altdorf, Switzerland (100 %)

Disposals

Mader Technic AG, Dübendorf, Switzerland (100 %)

Liquidations

CLL Connectros & Cables AB, Jaerfaella, Sweden (100 %)

Mergers

In November 2009 the following subsidiaries were merged with Daetwyler Pharma Pack Holding AG, Altdorf, Switzerland:
Helvoet Pharma International SA, Luxembourg (100 %)
Helvoet Pharma NV, Alken, Belgium (100 %)

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 note 42.

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

4 Segment Information

The Daetwyler Group is an international multi-niche player organised into four divisions and a Corporate unit which includes the holding, financing and management functions at Group level and a central real estate entity. The divisions are managed independently and their business performance is measured separately.

The Cables division produces and sells products in the areas data networks, safety cabling systems, elevator cabling systems and cable harnessing. There are manufacturing and distribution facilities in Switzerland, Germany, Austria, the UK and Asia.

The Rubber division manufactures products and distributes them primarily in the industrial, construction and automotive sectors. Its manufacturing and distribution companies are located in Switzerland, Germany, the Czech Republic, the Ukraine, Mexico and the USA.

The Pharmaceutical Packaging division focuses on manufacturing rubber and aluminium / plastic components for pharmaceutical packaging as well as rubber components for diagnostics and drug delivery systems. 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 catalogue distribution. Its distribution and service companies are located in Switzerland, Germany, Austria, Italy, France, Scandinavia, Poland, the Czech Republic, the Baltic States and the Ukraine.

For segment reporting no segments were aggregated. The four divisions as operating segments therefore represent the reportable segments as defined by IFRS 8. Revenues, rental and interest income between divisions are measured at market prices, other charges are executed at actual costs incurred. The reporting by division is identical to the Daetwyler Group reporting. Accordingly, no reconciliations are presented.

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

Segment Information

Primary reporting format by division at 31 December 2009

Amounts in CHF millions	Cables	Rubber	Pharma-ceutical Packaging	Technical Components	Corporate	Eliminations	**Group total**
Revenue from external customers	221.0	123.3	279.6	489.5	–	–	1 113.4
Inter-segment revenue	0.4	1.4	–	2.2	–	–4.0	–
Total net revenue	**221.4**	**124.7**	**279.6**	**491.7**	**–**	**–4.0**	**1 113.4**
Material costs	–125.1	–39.4	–71.7	–295.6	–	4.0	–527.8
Gross profit	**96.3**	**85.3**	**207.9**	**196.1**	**–**	**–0.0**	**585.6**
Other operating income	9.8	5.0	5.6	17.5	25.0	–21.1	41.8
Personnel expenses	–50.4	–49.1	–102.8	–117.3	–7.0	–	–326.6
Operating expenses	–33.9	–28.3	–53.4	–76.3	–3.6	21.1	–174.4
Depreciation and amortisation	–4.7	–5.0	–20.7	–21.2	–1.1	–	–52.7
Impairment charges	–	–0.5	–	–2.8	–	–	–3.3
Gain on assets held for sale	–	–	–	–	–	–	–
EBIT	**17.1**	**7.4**	**36.6**	**–4.0**	**13.3**	**–0.0**	**70.4**
EBIT as % of net revenue	7.7 %	5.9 %	13.1 %	–0.8 %	–	–	6.3 %
Interest expenses	–1.8	–2.6	–2.7	–23.6	–0.8	21.5	–10.0
Interest income	0.1	1.5	0.4	1.3	21.2	–21.5	3.0
Other finance income / (expenses), net	0.2	0.4	–1.1	–1.0	77.6	–76.0	0.1
Earnings before tax	**15.6**	**6.7**	**33.2**	**–27.3**	**111.3**	**–76.0**	**63.5**
Income tax expenses	–2.7	–0.8	–7.3	6.6	–2.1	0.0	–6.3
Net result	**12.9**	**5.9**	**25.9**	**–20.7**	**109.2**	**–76.0**	**57.2**
Total assets	118.4	128.0	299.7	676.5	748.2	–643.7	1 327.1
Total liabilities	67.2	82.5	164.8	607.9	80.3	–574.6	428.1
Capital expenditure on property, plant and equipment	4.9	5.9	29.7	4.8	0.3	–	45.6
Capital expenditure on investment property	–	–	–	–	–	–	–
Acquisitions of property, plant and equipment	–	–	–	0.0	–	–	0.0
Capital expenditure on intangible assets	0.0	–	0.6	1.4	–	–	2.0
Acquisitions of intangible assets	2.6	–	–	2.3	–	–	4.9
Number of employees	791	908	1 301	1 463	20	–	4 483
Full-time equivalents	759	899	1 317	1 339	18	–	4 332

Reversals of previous inventory write-downs of CHF 0.2 million (see note 15) are attributable to the Technical Components division. Other non-cash items affecting the Technical Components division include the restructuring provisions of CHF 6.9 million (see note 28) and one-time charges of about CHF 9.8 million which, besides operating expenses, mainly include additional inventory write-downs.

Segment Information

Segment information 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**
Material costs	–174.6	–51.2	–77.9	–339.6	–	1.9	–641.4
Gross profit	**98.7**	**103.7**	**205.3**	**245.7**	**–**	**0.1**	**653.5**
Other operating income	11.6	5.4	7.1	20.6	26.3	–20.1	50.9
Personnel expenses	–54.3	–55.8	–103.1	–119.9	–7.0	–	–340.1
Operating expenses	–38.2	–31.6	–57.0	–74.0	–4.3	20.3	–184.8
Depreciation and amortisation	–5.2	–5.9	–20.9	–18.9	–1.2	–	–52.1
Reversal of impairment charges	1.0	–	–	–	–	–	1.0
Gain 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 %
Interest expenses	–2.6	–2.2	–5.8	–16.1	–1.5	16.8	–11.4
Interest income	0.2	1.0	2.5	2.4	20.9	–16.8	10.2
Other finance income / (expenses), net	–0.3	–1.0	–1.3	–2.0	68.3	–71.0	–7.3
Earnings before tax	**10.9**	**13.6**	**26.8**	**37.8**	**107.3**	**–70.7**	**125.7**
Income tax expenses	–2.1	–2.4	–5.1	–3.7	–2.8	–0.0	–16.1
Net result	**8.8**	**11.2**	**21.7**	**34.1**	**104.5**	**–70.7**	**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	–	–	–	380.5	–	–	380.5
Number of employees	814	901	1 288	1 689	20	–	4 712
Full-time equivalents	774	712	1 353	1 576	18	–	4 433

Segment Information

Segment information by geographical region at 31 December 2009

Amounts in CHF millions	Net revenue by region [1]	Net revenue by origin [2]	Total assets [3]	Capital expenditure on property, plant and equipment	Capital expenditure on intangible assets	Number of employees	Full-time equivalents
Switzerland	356.5	346.8	495.8	8.2	1.0	1 446	1 382
European Union	540.0	554.8	739.1	26.0	1.0	2 320	2 229
Rest of Europe	42.4	7.5	7.0	1.2	–	104	97
North America and Mexico	75.8	100.8	67.0	9.8	–	421	414
Far East	54.1	102.8	18.2	0.5	–	192	210
Other markets	44.6	0.7	–	–	–	–	–
Group total	**1 113.4**	**1 113.4**	**1 327.1**	**45.7**	**2.0**	**4 483**	**4 332**
Canton of Uri	–	257.5	359.3 [4]	6.3	0.0	977	926

Segment information by geographical region at 31 December 2008

Amounts in CHF millions	Net revenue by region [1]	Net revenue by origin [2]	Total assets [3]	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 and Mexico	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	389.5 [4]	7.0	–	1 012	884

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

(2) *Revenue from external customers generated by Group companies domiciled in the respective region.*

(3) *Assets by location.*

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

5 Net revenue

An analysis of revenue by division and geographical region is presented in the segment information in note 4.

Net revenue consists of the following:

In CHF millions	**2009**	%	2008	%
Gross revenue from sales of goods	1 127.0	100.0	1 314.9	100.0
Revenue deductions	–13.6	–1.2	–20.0	–1.5
Net revenue	**1 113.4**	**98.8**	**1 294.9**	**98.5**

For Daetwyler Group overall no meaningful order intake or backlog data can be presented because the business in the Technical Components division is mostly executed on a daily basis with no significant order intake and backlog existing.

6 Other operating income

Other operating income includes revenue from services, scrap sales, net gains on sales of property, plant and equipment and investment property of CHF 3.3 million (previous year CHF 5.7 million) as well as packaging and freight costs invoiced to customers.

7 Personnel expenses

Personnel expenses

In CHF millions	**2009**	2008
Wages and salaries	245.5	262.8
Benefit costs	68.3	64.4
State social security contributions	29.6	30.3
Pension costs (see note 8)	13.2	9.4
Other benefit costs	25.5	24.7
Other employee costs	12.8	12.9
Total personnel expenses	**326.6**	**340.1**

In 2007, a share award plan for Directors and senior executives was established, see note 31.

Number of employees

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

8 Pensions and other employee 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 and Germany are of the defined benefit type. At 30 September 2009 a defined benefit plan in Norway was converted to a defined contribution plan. Additionally, a defined benefit plan in Belgium was included in 2009.

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, Belgium and Norway (until 30 September 2009) are recognised directly in the balance sheets of the individual Group companies (unfunded or partially funded plans).

Employee pension costs were as follows:

Total pension costs

In CHF millions	**2009**	2008
Defined contribution pension costs	0.7	0.9
Defined benefit pension costs	12.5	8.5
Total pension costs	**13.2**	**9.4**

Defined benefit pension costs

In CHF millions	**2009**	2008
Current service cost	18.6	17.4
Interest cost	16.7	16.0
Expected return on plan assets	–16.6	–19.2
Employee contributions	–5.6	–5.7
Gain on conversion of benefit plan in Norway	–0.6	–
Pension costs under IAS 19	**12.5**	**8.5**

The Group expects to make contributions of approximately CHF 14.8 million for 2010.

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

Benefit obligation

In CHF millions	**2009**	2008
Benefit obligation at 1 January	477.6	455.5
Acquisition of subsidiaries	0.3	2.2
Current service cost	18.6	17.4
Interest cost	16.7	16.0
Actuarial (gains) / losses	–12.6	7.7
Benefits paid	–29.5	–20.5
Exchange differences	0.1	–0.7
Conversion of benefit plan	–2.1	0.0
Benefit obligation at 31 December	469.1	477.6
Of which funded pension plans	461.7	468.8
Of which unfunded or partially funded pension plans	7.4	8.8

Fair value of plan assets

In CHF millions	**2009**	2008
Fair value of plan assets at 1 January	386.1	445.0
Acquisition of subsidiaries	0.0	2.0
Expected return on plan assets	16.6	19.2
Employee contributions	5.6	5.7
Employer contributions	16.1	10.9
Benefits paid	–28.9	–19.9
Actuarial gains / (losses)	24.7	–76.9
Conversion of benefit plan	–2.1	0.0
Exchange differences	0.1	0.1
Fair value of plan assets at 31 December	418.2	386.1

The pension plan asset was as follows:

In CHF millions	**2009**	2008
Pension plan asset in funded pension plans	1.9	–
Less asset ceiling (IFRIC 14)	0.0	–
Total pension plan asset	**1.9**	**–**

IFRIC 14 limits, among other things, a defined benefit asset to the present value of economic benefits actually available. At 31 December 2008, no pension plan asset existed.

Pension liabilities consist of:

In CHF millions	2009	2008
Adjustments recognised in equity (employees' share of welfare funds)	–0.2	–0.1
Long-term unfunded obligations	–7.2	–6.8
Long-term funded obligations	–45.6	–84.7
Total pension liabilities	**–53.0**	**–91.6**

The funded pension plan assets of CHF 418.0 million (previous year CHF 384.1 million) comprise the plan assets of three (previous year four) legally independent pension funds and one (previous year one) voluntary employer-sponsored welfare fund. Only that portion of the asset 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 0.2 million (previous year CHF 2.0 million) relate to a partially funded pension plan in France.

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

In CHF millions	2009	2008	2007	2006	2005
Benefit obligation	469.1	477.6	455.5	524.5	488.9
Fair value of plan assets	418.2	386.1	445.0	510.3	478.0
Deficit	**–50.9**	**–91.5**	**–10.5**	**–14.2**	**–10.9**

In CHF millions	2009	2008	2007	2006	2005
Cumulative amount recognised in equity at 1 January	–99.8	–15.2	–18.2	–19.4	–21.4
Actuarial gains / (losses) on benefit obligation:					
Arising from changes in actuarial assumptions	–	–	–	–	–
Arising from experience adjustments	12.6	–7.7	5.7	–14.1	–30.3
Experience adjustments on plan assets	24.7	–76.9	–11.4	15.6	32.2
Total actuarial gains / (losses)	37.3	–84.6	–5.7	1.2	2.0
Conversion of plan / disposal of discontinued operation	–0.2		8.7		
Cumulative amount recognised in equity at 31 December	–62.7	–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:	**2009**	2008
Bonds	36.0 %	33.9 %
Property	30.0 %	32.1 %
Equities	29.0 %	24.3 %
Mixed investment funds	0.1 %	2.4 %
Other investments	4.9 %	7.3 %
Total	**100.0 %**	**100.0 %**

The actual rate of return on plan assets was 10.3% (CHF 41.3 million) in 2009 and –14.1% (CHF -57.7 million) in the previous year.

Pension plan assets do not include any equity instruments issued by Daetwyler Holding Inc. or properties occupied by Group companies. In 2009 and in the previous year, pension plan assets did not include any loans to the employer.

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

Actuarial assumptions

	2009	2008
Discount rate (weighted by benefit obligation)	3.5 %	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	19.0 years
Average life expectancy of females after retirement (at age 64)	23.2 years	23.2 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 2009, the underlying expected returns of each asset class were: 7.0 % for equities, 2.75 % for bonds, 4.0 % for property, 4.0 % for mixed investment funds and 1.0 % for other investments. Weighted by asset class at 1 January 2010, the expected return for 2009 was 4.3 % (previous year 4.3 %).

9. Operating expenses

In CHF millions	**2009**	2008
Supplies, packaging materials, freight and storage costs	50.4	59.3
Repairs and maintenance	24.5	25.5
Energy	21.2	22.1
Operating lease and rental expense	14.6	12.4
Capital tax, administrative and selling expenses	44.1	46.8
Other operating expenses	19.6	18.7
Total operating expenses	**174.4**	**184.8**

10 Depreciation, amortisation and impairment charges

In CHF millions	2009	2008
Depreciation		
Buildings	8.4	8.8
Machinery and production equipment	24.3	25.4
Other plant and equipment	7.5	6.5
Total depreciation of property, plant and equipment	**40.2**	**40.7**
Depreciation of investment property	**0.0**	**0.2**
Acquired customer lists	8.3	7.0
Acquired trademarks	1.1	0.9
Software	3.1	3.3
Other intangible assets	0.0	0.0
Total amortisation of intangible assets	**12.5**	**11.2**
Total depreciation and amortisation of non-current assets	**52.7**	**52.1**
Impairment charges (see notes 4, 18 and 20)		
Buildings	1.7	–
Machinery and production equipment	0.1	–
Software	1.5	–
Reversal of impairment charges	–	–1.0
Total (reversal of) impairment charges on non-current assets, net	**3.3**	**–1.0**
Total depreciation, amortisation and impairment charges	**56.0**	**51.1**

11 Interest and finance costs / (income)

In CHF millions	2009	2008
Interest expense on bank and other loans	9.9	11.4
Interest expense on finance leases	0.1	0.0
Impairment charges on available-for-sale equity fund units (see note 22)	–	4.5
Fair value loss on forward exchange contracts	1.2	–
Fair value loss on interest rate swap	0.9	1.2
Net foreign exchange loss on financing activities	–	4.7
Finance charges	0.7	0.9
Total interest and finance costs	**12.8**	**22.7**
Interest income on bank deposits and loans	–1.6	–9.3
Interest income on lease receivables	–1.4	–0.9
Income from securities	–0.2	–0.4
Gain on sale of available-for-sale securities	–1.3	–
Fair value gain on forward exchange contracts	–0.2	–3.6
Net foreign exchange gain on financing activities	–1.2	–
Total interest and finance income	**–5.9**	**–14.2**
Net interest and finance costs	**6.9**	**8.5**

Foreign exchange gains and losses

In CHF millions	2009	2008
Net foreign exchange (gains) / losses on financing activities	–1.2	4.7
Net foreign exchange losses on sale of goods and other	1.4	4.3
Net foreign exchange losses	**0.2**	**9.0**

12 Income tax expenses

In CHF millions	2009	2008
Current income tax expense	11.3	15.8
Deferred income tax (credit) expense	–5.0	0.3
Total income tax expenses	**6.3**	**16.1**

The effective tax charge on earnings before tax using the 15.89 % (previous year 16.32 %) tax rate applicable in Altdorf, Switzerland, where Daetwyler Holding Inc. is domiciled, can be analysed as follows:

In CHF millions	2009	2008
Earnings before tax	63.5	125.7
Income tax expense calculated at a tax rate of 15.89 % (previous year 16.32 %)	10.1	20.5
Effect of different tax rates within the Group [1]	–3.0	3.5
Effect of current year tax losses not recognised and allowances for deferred income tax assets	2.4	1.2
Effect of previously unrecognised tax loss carryforwards used against taxable profits	–1.6	–1.1
Expenses not deductible or only partially deductible for tax purposes	1.2	0.4
Income not subject or only partially subject to tax	–4.0	–4.1
Non-refundable taxes on intra-group dividend payments	0.7	0.9
Change in tax rates for deferred tax	–0.1	–4.4
Prior year tax adjustments	0.6	–0.8
Total (current and deferred) income tax expenses	**6.3**	**16.1**

(1) *This includes positive and negative deviations resulting from higher or, as the case may be, lower income tax rates at Group companies. The negative total amount in 2009 results from the significant impact of negative results before taxes at certain group Companies.*

13 Cash, cash equivalents and money market investments

In CHF millions	2009	2008
Cash in hand and at bank	78.3	86.2
Money market investments <90 days	94.0	29.0
Total cash and cash equivalents	**172.3**	**115.2**
Money market investments <360 days	23.0	117.8
Total cash, cash equivalents and money market investments	**195.3**	**233.0**

Money market investments earned interest at an average rate of 0.2 % per annum (previous year 1.8 %). 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 64.4 %, 11.1 %, 3.8 %, 2.6 % and 2.3 % (previous year 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	2009	2008
CHF	145.1	151.7
EUR	30.1	49.0
SEK	9.7	15.5
USD	5.5	4.0
Other currencies	4.9	12.8
Total cash, cash equivalents and money market investments	**195.3**	**233.0**

14 Trade accounts receivable

In CHF millions	2009	2008
Trade accounts receivable, gross	141.8	152.4
Provision for impairment	–4.8	–5.0
Total trade accounts receivable, net	**137.0**	**147.4**

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

Ageing analysis of gross trade accounts receivable

In CHF millions	2009	2008
Not yet due	107.4	113.1
Past due 1 – 30 days	18.6	20.7
Past due 31 – 60 days	5.6	5.6
Past due 61 – 90 days	4.2	5.4
Past due 91 – 180 days	1.5	4.2
Past due more than 181 days	4.5	3.4
Total trade accounts receivable, gross	**141.8**	**152.4**

Movements in provision for impairment

In CHF millions	**2009**	2008
At 1 January	5.0	7.2
Charge for the year	2.5	2.0
Unused amounts reversed	–1.5	–3.1
Receivables written off as uncollectible	–1.2	–1.2
Acquisition / disposal of subsidiaries	0.0	0.6
Exchange differences	–0.0	–0.5
At 31 December	**4.8**	**5.0**
Of which specific provisions for impairment	4.4	4.4

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 expenses of CHF 1.5 million (previous year net income of CHF 0.8 million) recognised in operating expenses in the income statement. The fair value of collateral held as security for past due receivables was CHF 0.0 million (previous year CHF 0.5 million).

Analysis of trade accounts receivable by currency

In CHF millions	**2009**	2008
CHF	32.6	34.0
EUR	78.5	85.6
SEK	5.5	5.0
USD	10.4	14.5
Other currencies	10.0	8.3
Total trade accounts receivable, net	**137.0**	**147.4**

15 Inventories

In CHF millions	**2009**	2008
Raw materials and consumables	34.1	36.6
Work in progress	25.7	27.0
Finished goods	74.2	68.7
Goods for resale	49.6	86.4
Total inventories	**183.6**	**218.7**

Material costs as per income statement of CHF 527.8 million (previous year CHF 641.4 million) result after deduction of inventory increases of CHF 0.6 million (previous year CHF 12.6 million).

Write-downs of inventories to net realisable value amount to CHF 35.5 million (previous year CHF 35.8 million) of which in the current year CHF 2.7 million (previous year CHF 8.8 million) were charged to income. The carrying amount of inventories stated at net realisable value was CHF 103.2 million (previous year CHF 87.8 million). Previous inventory write-downs of CHF 0.2 million (previous year CHF 0.8 million) were reversed during the year as a result of changes in market conditions.

16 Assets held for sale

In CHF millions	2009	2008
Movements in assets		
Total assets at 1 January	–	4.1
Disposals	–	–4.1
Transfers	4.4	–
Total assets at 31 December	**4.4**	**–**
Gain on assets held for sale	–	5.8

In the Technical Components division, land and buildings with a carrying amount of CHF 4.4 million were reclassified as held for sale at the end of 2009. The sale of these assets is expected within the next 12 months.

During the previous year, all assets previously classified as held for sale had been sold: a non-operating property in the USA with a carrying amount of CHF 0.3 million was sold at a gain of CHF 0.1 million, and plots of non-operating land with a total carrying amount of CHF 3.8 million were sold at a gain of CHF 5.7 million.

17 Other receivables, prepayments and accrued income

In CHF millions	2009	2008
Withholding, capital and value added tax receivable	7.7	9.2
Prepayments made, advances given and deposits made	1.5	5.1
Accrued interest receivable	0.0	0.2
Other prepayments made and accrued income	8.6	10.0
Derivative assets: forward exchange contracts (see note 35)	0.6	2.8
Current lease receivables (see note 22)	8.7	7.4
Other receivables	4.3	2.3
Provision for impairment of other receivables	–0.3	–
Total other receivables, prepayments and accrued income	**31.1**	**37.0**

Current lease receivables include CHF 1.5 million (previous year CHF 1.4 million) in discounted interest receivable. The carrying amounts of other receivables, prepayments and accrued income approximate their fair values.

18 Property, plant and equipment

An analysis of capital expenditure on property, plant and equipment by division 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**
Property, plant and equipment 2009:						
At cost						
At 1 January 2009	27.8	314.4	488.7	69.2	40.9	941.0
Additions	–	3.5	16.2	4.6	21.3	45.6
Acquisition / disposal of subsidiaries	–	–	–	–0.1	–	–0.1
Disposals	–0.5	–4.5	–16.2	–7.7	–	–28.9
Transfers	0.7	2.0	7.5	0.4	–10.6	–
Transfers to assets held for sale	–2.6	–11.4	–	–	–	–14.0
Exchange differences	–0.0	–0.7	–1.1	0.1	–0.4	–2.1
At 31 December 2009	**25.4**	**303.3**	**495.1**	**66.5**	**51.2**	**941.5**
Accumulated depreciation						
At 1 January 2009	–0.0	–194.5	–370.2	–52.8	–	–617.5
Depreciation expense	–	–8.4	–24.3	–7.5	–	–40.2
Impairment charges	–	–1.7	–0.1	–	–	–1.8
Acquisition / disposal of subsidiaries	–	–	–	0.1	–	0.1
Disposals	–	3.0	15.8	7.2	–	26.0
Transfers to assets held for sale	–	9.6	–	–	–	9.6
Exchange differences	–0.1	0.3	1.0	0.0	–	1.2
At 31 December 2009	**–0.1**	**–191.7**	**–377.8**	**–53.0**	**–**	**–622.6**
Net book values						
At 1 January 2009	27.8	119.9	118.5	16.4	40.9	323.5
At 31 December 2009	**25.3**	**111.6**	**117.3**	**13.5**	**51.2**	**318.9**

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**
Property, plant and equipment 2008:						
At cost						
At 1 January 2008	29.3	313.2	519.5	72.6	16.4	951.0
Additions	0.3	8.1	18.3	5.5	37.7	69.9
Acquisition / disposal of subsidiaries	0.2	1.5	1.0	3.5	0.0	6.2
Disposals	–1.5	–1.8	–31.1	–5.6	–	–40.0
Transfers	–	3.2	6.8	–	–10.0	–
Exchange differences	–0.5	–9.8	–25.8	–6.8	–3.2	–46.1
At 31 December 2008	**27.8**	**314.4**	**488.7**	**69.2**	**40.9**	**941.0**
Accumulated depreciation						
At 1 January 2008	–0.0	–191.5	–392.0	–56.5	–0.3	–640.3
Depreciation expense	–	–8.8	–25.4	–6.5	–0.0	–40.7
Reversal of impairment charges	–	–	1.0	–	–	1.0
Disposals	–	1.8	30.2	4.7	–	36.7
Exchange differences	–	4.0	16.0	5.5	0.3	25.8
At 31 December 2008	**–0.0**	**–194.5**	**–370.2**	**–52.8**	**–**	**–617.5**
Net book values						
At 1 January 2008	29.3	121.7	127.5	16.1	16.1	310.7
At 31 December 2008	**27.8**	**119.9**	**118.5**	**16.4**	**40.9**	**323.5**

In 2009, impairment charges of CHF 1.8 million were recognised. In the previous year, impairment charges of CHF 1.0 million previously recognised for property, plant and equipment had been reversed. 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:
At a manufacturing facility engaged in the automotive business in the USA whose closure is planned for 2010, property, plant and equipment had to be reviewed for impairment in 2009. The net realisable value determined led to the recognition of an impairment charge of CHF 0.5 million on property and manufacturing facilities.

Technical Components division

Due to the continuing difficult market environment certain property held by specialist distribution facilities in Switzerland and Germany was reviewed for impairment resulting in impairment charges of CHF 1.3 million.

Other details of property, plant and equipment

The carrying amount of property, plant and equipment includes a manufacturing building leased to a company in the Technical Components division. In the previous year, assets held under finance leases also included a warehouse in Italy in the Pharmaceutical Packaging division which was acquired at the end of 2009 on termination of the lease term.

In CHF millions	2009	2008
Leased property, plant and equipment, at cost	3.6	5.2
Accumulated depreciation	–0.7	–0.8
Net book value of property, plant and equipment under finance leases	**2.9**	**4.4**

Assets pledged or assigned to secure own liabilities:

In CHF millions	2009	2008
Land and buildings, at book value	5.3	11.8

At the balance sheet date, the Group's commitments for capital expenditure on property, plant and equipment amounted to CHF 0.6 million (previous year CHF 4.0 million). Additions to property, plant and equipment include capitalised borrowing costs of CHF 0.6 million (previous year CHF 0.7 million).

Fire insurance value of property, plant and equipment:

In CHF millions	2009	2008
Buildings	553.9	526.7
Machinery, equipment and vehicles	853.2	837.6
Total fire insurance value of property, plant and equipment	**1 407.1**	**1 364.3**

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

19 Investment property

In CHF millions	Land	Buildings	Total investment property
At cost			
At 1 January 2008	4.3	9.9	14.2
Disposals	–	–9.3	–9.3
At 31 December 2008	4.3	0.6	4.9
Disposals	–0.5	–0.6	–1.1
At 31 December 2009	**3.8**	**–**	**3.8**
Accumulated depreciation			
At 1 January 2008	–	–2.3	–2.3
Depreciation expense	–	–0.2	–0.2
Disposals	–	2.5	2.5
At 31 December 2008	–	0.0	0.0
Depreciation expense	–	–0.0	–0.0
Disposals	–	0.0	0.0
At 31 December 2009	**–**	**–**	**–**
Net book values			
At 1 January 2008	4.3	7.6	11.9
At 31 December 2008	4.3	0.6	4.9
At 31 December 2009	**3.8**	**–**	**3.8**
Additional information			
Fair values at year-end 2008	11.8	0.6	12.4
Fair values at year-end 2009	11.1	–	11.1
Rental income 2008	–	0.5	0.5
Rental income 2009	–	–	–
Repair and maintenance costs 2008	–	–	–
Repair and maintenance costs 2009	–	–	–

At year-end 2009 investment property only included land. The fair value of land is determined using market prices of comparable transactions. There are no restrictions on a sale of the investment properties recorded in the balance sheet. Neither does the Group have any significant contractual obligations to purchase or construct investment property or to carry out repairs, maintenance or improvements.

20 Intangible assets

In CHF millions	Goodwill	Acquired customer lists	Acquired trade-marks	Software	Other intangible assets	**Total intangible assets**
Intangible assets 2009:						
At cost						
At 1 January 2009	205.0	168.7	10.8	22.3	0.2	407.0
Additions	–	–	–	2.0	–	2.0
Acquisition/disposal of subsidiaries	3.5	1.4	–	–	–	4.9
Disposals	–	–	–	–0.6	–0.0	–0.6
Exchange differences	8.0	7.9	0.6	0.0	–0.0	16.5
At 31 December 2009	**216.5**	**178.0**	**11.4**	**23.7**	**0.2**	**429.8**
Accumulated amortisation						
At 1 January 2009	–	–10.5	–0.8	–14.4	–0.0	–25.7
Amortisation expense	–	–8.3	–1.1	–3.1	–0.0	–12.5
Impairment charge	–	–	–	–1.5	–	–1.5
Disposals	–	–	–	0.6	0.0	0.6
Exchange differences	–	–0.1	–0.1	0.0	–0.1	–0.3
At 31 December 2009	**–**	**–18.9**	**–2.0**	**–18.4**	**–0.1**	**–39.4**
Net book values						
At 1 January 2009	205.0	158.2	10.0	7.9	0.2	381.3
At 31 December 2009	**216.5**	**159.1**	**9.4**	**5.3**	**0.1**	**390.4**
Intangible assets 2008:						
At cost						
At 1 January 2008	65.8	27.8	0.5	18.1	2.9	115.1
Additions	–	–	–	4.6	–	4.6
Acquisition/disposal of subsidiaries	185.1	181.7	13.2	0.5	–	380.5
Disposals	–0.9	–	–	–	–2.7	–3.6
Exchange differences	–45.0	–40.8	–2.9	–0.9	–0.0	–89.6
At 31 December 2008	**205.0**	**168.7**	**10.8**	**22.3**	**0.2**	**407.0**
Accumulated amortisation						
At 1 January 2008	–	–4.8	–0.1	–11.5	–2.7	–19.1
Amortisation expense	–	–7.0	–0.9	–3.3	–0.0	–11.2
Disposals	–	–	–	–	2.7	2.7
Exchange differences	–	1.3	0.2	0.4	0.0	1.9
At 31 December 2008	**–**	**–10.5**	**–0.8**	**–14.4**	**–0.0**	**–25.7**
Net book values						
At 1 January 2008	65.8	23.0	0.4	6.6	0.2	96.0
At 31 December 2008	**205.0**	**158.2**	**10.0**	**7.9**	**0.2**	**381.3**

Impairment charge Technical Components division

The continuing difficult market environment in the specialist distribution area necessitated a restructuring of the organisation in 2009. In this connection capitalised software in the amount of CHF 1.5 million was impaired.

Goodwill

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 equivalent to the expected inflation. The growth rates used were in a range between 1.5 % and 2.5 %. 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. The WACC rates used in 2009 were determined by external specialists.

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 **2009**	Carrying amount of goodwill 2008	WACC before taxes **2009**	WACC before taxes 2008
Cables division:				
Symbiotec in the Cables unit of Daetwyler Switzerland Inc.	2.4	–	9.8 %	–
Rubber division:				
Daetwyler Rubber (CZ) Production sro (Czech Republic)	1.5	1.5	9.1 %	10.1 %
Pharmaceutical Packaging division:				
Helvoet Pharma Deutschland GmbH (Germany)	4.5	4.5	7.2 %	10.8 %
Helvoet Pharma Italia srl (Italy)	4.4	4.4	7.3 %	12.5 %
Technical Components division:				
Specialist distribution	22.6	22.7	7.3 %	9.8 %
Catalogue distribution	181.1	171.9	7.4 %	9.6 %
Daetwyler Group	**216.5**	**205.0**		

In 2008, individual cash-generating units of the specialist distribution and catalogue distribution businesses that share significant synergies were grouped together. This grouping was triggered by both the acquisition of the ELFA Group in 2008 and the launch of new synergy projects.

The 2009 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.

21 Deferred income tax assets and liabilities

Composition of deferred income tax assets and liabilities

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

In CHF millions	**2009**	2008
Deferred income tax assets	19.2	19.6
Deferred income tax liabilities	–76.5	–73.2
Deferred income tax liabilities (net)	**–57.3**	**–53.6**

Analysis of deferred income 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 2008								
Temporary differences – assets	0.4	1.1	1.1	0.4	6.8	1.4	2.1	13.3
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**
Movements in 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	–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	3.9	13.6	2.0	22.2
Temporary differences – liabilities	–1.1	–5.7	–17.8	–49.3	–	–0.3	–1.6	–75.8
Net	**–0.9**	**–4.9**	**–16.5**	**–48.9**	**3.9**	**13.3**	**0.4**	**–53.6**

In CHF millions	Receiv-ables	Inventories	Property, plant and equipment	Intangible assets	Tax loss carry-forwards	Pension assets/liabilities	Other balance sheet items	**Total**
Movements in 2009								
At 1 January	–0.9	–4.9	–16.5	–48.9	3.9	13.3	0.4	–53.6
Exchange differences	–	–	0.1	–2.1	–	–0.3	–0.1	–2.4
(Charged) / credited to the income statement	0.3	3.6	–2.9	2.3	2.1	–0.5	0.1	5.0
(Charged) / credited to equity	–	–	–	–	–	–5.7	–	–5.7
Acquisition/disposal of subsidiaries	–	0.0	–	–0.3	–	–	–0.3	–0.6
At 31 December	–0.6	–1.3	–19.3	–49.0	6.0	6.8	0.1	–57.3
At 31 December 2009								
Temporary differences – assets	0.3	2.4	1.5	0.6	6.0	7.0	2.4	20.2
Temporary differences – liabilities	–0.9	–3.7	–20.8	–49.6	–	–0.2	–2.3	–77.5
Net	**–0.6**	**–1.3**	**–19.3**	**–49.0**	**6.0**	**6.8**	**0.1**	**–57.3**

At 31 December 2009, the aggregate amount of temporary differences associated with investments in Group companies for which deferred tax liabilities have not been recognised was CHF 239.1 million (previous year CHF 258.5 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 2009, the Daetwyler Group did not recognise tax losses totalling CHF 58.0 million (previous year CHF 47.8 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	**2009**	2008
Expiring in:		
1 year	0.2	–
2 years	0.1	0.4
3 years	0.2	0.1
4 years	0.5	0.3
5 years or more	57.0	47.0
Total unrecognised tax losses carried forward	**58.0**	**47.8**

22 Financial investments and other non-current assets

In CHF millions	2009	2008
Long-term loans to third parties	2.4	2.8
Investments in third parties, net	0.0	0.0
Long-term lease receivables	29.8	30.9
Securities	4.1	9.9
Pension plan asset (see note 8)	1.9	–
Other financial investments	1.2	0.5
Total financial investments and other non-current assets	**39.4**	**44.1**

The securities included in financial investments comprise equity funds held as long-term investments. They are classified as available-for-sale financial assets and measured at fair value. Otherwise, the carrying amounts of financial investments approximate their fair values. The unrealised gain on securities of CHF 0.4 million for the period (previous year loss of CHF 0.7 million) and the resulting cumulative net gain of CHF 1.1 million (previous year CHF 0.7 million) are recognised in equity and not in the income statement until the securities are sold. In 2009, no impairment charges (previous year CHF 4.5 million) were recognised in the income statement for declines in value of equity funds that were considered to be prolonged, see note 11.

Composition of lease receivables

In CHF millions	Gross lease receivables	Discounted interest receivable	Net lease receivables
Current portion (see note 17)	10.2	1.5	8.7
Non-current portion	32.4	2.6	29.8
Total lease receivables	**42.6**	**4.1**	**38.5**

Maturity profile of lease receivables

In CHF millions	Gross lease receivables	Discounted interest receivable	Net lease receivables
End of 2009	42.6	4.1	38.5
End of 2010	32.4	2.6	29.8
End of 2011	22.9	1.5	21.4
End of 2012	13.8	0.7	13.1
End of 2013	5.5	0.2	5.3
End of 2014	1.1	0.1	1.0
After 2014	–	–	–

23 Trade accounts payable

Analysis by currency

In CHF millions	**2009**	2008
CHF	9.0	9.3
EUR	32.6	40.7
SEK	3.4	2.6
USD	3.8	3.8
Other currencies	5.0	3.1
Total trade accounts payable	**53.8**	**59.5**

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

24 Bank debt

In CHF millions	**2009**	2008
Bank overdrafts	83.6	108.7
Current portion of long-term bank loans	71.6	78.4
Total short-term bank debt	**155.2**	**187.1**
Long-term bank loans	0.5	74.6
Total long-term bank debt	**0.5**	**74.6**
Total bank debt	**155.7**	**261.7**
Secured portion of short-term and long-term bank debt	*0.7*	*5.9*

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

In the previous year a new SEK 900 million bank loan bearing interest at 4.97 % and maturing on 30 June 2011 had been raised. Scheduled repayments in 2009 amounted to CHF 50.9 million. In addition, the portion of CHF 26.7 million due on 30 June 2011 was repaid early. The fair value of the remaining portion of this bank loan carried at CHF 51.7 million (previous year CHF 122.5 million) and now repayable by the end of 2010 was CHF 53.1 million (previous year CHF 126.1 million) at the end of 2009. Given the current interest rate environment and the short-term maturities, the carrying amounts of other borrowings approximate their fair values.

Bank debt by currency	CHF million 2009	% 2009	Ø interest rate 2009	CHF million 2008	% 2008	Ø interest rate 2008
CHF	–	–	–	5.0	1.9	3.2
EUR	84.3	54.1	1.6	111.1	42.4	4.4
SEK	51.7	33.2	5.0	122.5	46.8	5.0
USD	19.7	12.7	1.4	22.7	8.7	3.3
Other currencies	–	–	–	0.4	0.2	2.4
Total bank debt	**155.7**	**100.0**	**3.0**	**261.7**	**100.0**	**4.6**

Bank debt by region						
Switzerland	51.7	66.8		127.5	48.7	
Other countries	104.0	33.2		134.2	51.3	
Total bank debt	**155.7**	**100.0**		**261.7**	**100.0**	

Maturity of long-term bank debt

In CHF millions	2009	2008
Within 2 years	0.2	49.6
Within 3 years	0.2	24.7
Within 4 years	0.1	0.2
Within 5 years	–	0.1
Within 5 years	–	–
Total long-term bank debt	**0.5**	**74.6**

25 Other current liabilities, accrued expenses and deferred income

In CHF millions	2009	2008
Customer advances received	3.5	3.9
Social security liabilities	3.7	5.1
Capital and value added tax liabilities	3.4	2.6
Accrued expenses and deferred income	18.3	24.6
Current finance lease liabilities (see notes 2 and 18)	0.3	0.5
Other short-term loans payable and financial liabilities	5.6	3.7
Derivative liabilities: forward exchange contracts (see note 35)	0.2	–
Derivative liabilities: interest rate swap (see note 35)	1.2	1.1
Other current liabilities	0.0	0.0
Total other current liabilities, accrued expenses and deferred income	**36.2**	**41.5**

26 Other long-term liabilities

In CHF millions	2009	2008
Long-term finance lease liabilities (see notes 2 and 18)	0.2	0.5
Miscellaneous long-term liabilities	1.5	0.4
Total other long-term liabilities	**1.7**	**0.9**

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

27 Financial instruments

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

Financial assets

In CHF millions	**2009**	2008
Cash, cash equivalents and money market investments:		
Cash and cash equivalents	172.3	115.2
Money market investments	23.0	117.8
Total cash, cash equivalents and money market investments	*195.3*	*233.0*
Loans and receivables:		
Trade accounts receivable	137.0	147.4
Current income tax assets	4.0	2.4
Withholding, capital and value added tax receivable	7.7	9.2
Prepayments made, advances given and deposits made	1.5	5.1
Other current receivables, net	4.0	2.3
Current lease receivables	8.7	7.4
Long-term lease receivables	29.8	30.9
Long-term loans to third parties	2.4	2.8
Total loans and receivables	*195.1*	*207.5*
Available-for-sale financial assets:		
Securities: equities	–	0.7
Securities: bonds	–	3.3
Securities: equity investment funds	4.1	6.2
Other financial investments	1.2	0.2
Total available-for-sale financial assets	*5.3*	*10.4*
Financial assets at fair value through profit or loss:		
Derivative assets: forward exchange contracts	0.6	2.8
Total financial assets at fair value through profit or loss	*0.6*	*2.8*
Total financial assets	**396.3**	**453.7**

Financial liabilities

In CHF millions	2009	2008
Financial liabilities at amortised cost:		
Trade accounts payable	53.8	59.5
Short-term bank debt	155.2	187.1
Current income tax liabilities	6.7	9.0
Other short-term loans payable and financial liabilities	5.6	3.7
Social security liabilities	3.7	5.1
Capital and value added tax liabilities	3.4	2.6
Accrued expenses and deferred income	18.3	24.6
Other current liabilities	0.0	0.0
Total current financial liabilities at amortised cost	*246.7*	*291.6*
Long-term bank debt	0.5	74.6
Miscellaneous long-term liabilities	1.5	0.4
Total long-term financial liabilities at amortised cost	*2.0*	*75.0*
Total financial liabilities at amortised cost	*248.7*	*366.6*
Financial liabilities at fair value through profit or loss:		
Derivative liabilities: forward exchange contracts	0.2	–
Derivative liabilities: interest rate swap	1.2	1.1
Total financial liabilities at fair value through profit or loss	*1.4*	*1.1*
Total financial liabilities	**250.1**	**367.7**

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 bank debt (see note 24), the carrying amounts of financial instruments approximate their fair values. The available-for-sale financial assets held at the end of 2009, the money market investments and the derivative financial instruments are assigned to level 2 of the valuation hierarchy as defined by IFRS 7.

28 Provisions

In CHF millions	Employees and social security	Restruc-turing	Warranty and liability claims	Environ-ment and infrastruc-ture	Other	**Total**
Current provisions:						
At 1 January 2009	23.8	–	1.0	3.1	3.5	31.4
Exchange differences	0.2	–0.1	0.0	–	0.1	0.2
Charge for the year	16.3	6.9	1.5	0.0	2.1	26.8
Used during year	–20.8	–0.0	–0.6	–0.0	–2.9	–24.3
Unused amounts reversed	–0.2	–	–0.2	–0.1	–0.0	–0.5
Acquisition / disposal of subsidiaries	0.2	–	–	–	–	0.2
Transfers	–0.1	–	0.1	–0.4	–0.0	–0.4
At 31 December 2009	**19.4**	**6.8**	**1.8**	**2.6**	**2.8**	**33.4**
Long-term provisions:						
At 1 January 2009	0.7	–	9.3	3.7	0.3	14.0
Exchange differences	–0.2	0.0	0.1	–	0.0	–0.1
Charge for the year	0.2	0.0	0.4	–	–	0.6
Charge for the year	–0.3	–	–	–	–0.0	–0.3
Unused amounts reversed	–	–	–3.5	–	–0.0	–3.5
Effects of discounting	–	–	–	–	–	–
Transfers	0.1	–	–0.1	0.4	0.0	0.4
At 31 December 2009	**0.5**	**0.0**	**6.2**	**4.1**	**0.3**	**11.1**
Total provisions at year-end 2009	**19.9**	**6.8**	**8.0**	**6.7**	**3.1**	**44.5**
Total provisions at year-end 2008	24.5	–	10.3	6.8	3.8	45.4

Discounting

Discounting effects are not material for the long-term 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.

Restructuring

The restructuring provisions charged to income in 2009 in the Technical Components division include obligations relating to headcount reductions and to non-cancellable rental commitments of redundant locations.

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 long-term 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.

29 Share capital

Composition

In CHF	2009	2008
22 million registered shares of CHF 0.01 each	220 000	220 000
12.6 million bearer shares of CHF 0.05 each	630 000	630 000
Total share capital	**850 000**	**850 000**

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. Since then the share capital has consisted of 12.6 million bearer shares of CHF 0.05 each and 22 million registered shares of CHF 0.01 each.

Per share data

	2009	2008
Bearer shares		
Par value (CHF)	0.05	0.05
Number issued	12 600 000	12 600 000
Number with voting rights and ranking for dividend	11 029 100	11 010 300
Proposed / approved dividend per bearer share (CHF)	1.20	1.80
Registered shares		
Par value (CHF)	0.01	0.01
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)	0.24	0.36
Total par value of shares ranking for dividend (CHF)	**771 455**	**770 515**
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

30 Earnings per share

Earnings per share is calculated by dividing net result 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 31).

	2009	2008
Net result reported in the income statement (CHF millions)	57.2	109.6
Weighted average number of shares	15 419 700	15 401 100
Basic earnings per bearer share ranking for dividend (CHF)	3.71	7.12
Diluted number of shares	15 419 700	15 401 100
Diluted earnings per bearer share ranking for dividend (CHF)	3.71	7.12

There were no dilutive effects in 2009 and 2008.

31 Treasury shares and share-based payments

At the end of 2009, the Group held 1 570 900 (previous year 1 589 700) treasury shares with a par value of CHF 0.05 each (previous year CHF 0.05). 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 in June 2009, and the par value reduction from CHF 5.00 to CHF 0.05 on 14 July 2008, the Group held 1 570 900 unissued bearer shares of CHF 0.05 each at the end of 2009. The par value of these shares totalling CHF 78 454 (previous year CHF 79 485) has been deducted from the CHF 850 000 (previous year CHF 850 000) 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 (2009: 10 500; 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 27 600 (2009: 8 300; 2008: 7 900; 2007: 11 400) bearer shares in Daetwyler Holding Inc. for the same period. The total number of shares awarded to senior executives has increased since the end of 2008 because of a slight change in the composition of the executives eligible. The expense recognised as personnel expenses in 2009 for the 2007 to 2009 share award plan amounts to CHF 0.3 million (previous year CHF 1.0 million). The shares awarded have a vesting period of 5 years.

32 Shareholders

After having acquired 150 000 bearer shares in 2008, Pema Holding AG holds all 22 000 000 registered shares as in previous years, plus 4 550 000 (end of previous year 4 550 000) of the total of 12 600 000 bearer shares of Daetwyler Holding Inc. This represents 80.38 % (previous year 80.43 %) of the voting rights and 52.65 % (previous year 52.65 %) 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.

33 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.

34 Minority interests

In 2009 and 2008, no subsidiaries of the Daetwyler Group had minority shareholders.

35 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

In CHF millions	31.12.2009	31.12.2008
Positive fair value	0.6	2.8
Notional amounts	9.5	49.8
Negative fair value	0.2	–
Notional amounts	35.3	–

Forward exchange contracts by currency

In CHF millions	31.12.2009	31.12.2008
EUR	18.2	9.7
USD	20.3	10.0
CZK	6.3	7.9
GBP	–	0.3
SEK: sale of PLN	–	5.4
SEK: sale of NOK	–	16.5
Total forward exchange contracts	**44.8**	**49.8**

These forward exchange contracts have maturities until June 2010. Positive fair values are recorded as other receivables, prepayments and accrued income (note 17), while negative fair values are included in other current liabilities, accrued expenses and deferred income (note 25).

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 1.2 million (previous year CHF 1.1 million) at the end of 2009 has been recognised in other current liabilities, accrued expenses and deferred income (note 25).

36 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.

At year-end 2009, a guarantee of CHF 1.5 million (previous year none) in favour of third parties existed. The Daetwyler Group has not given any other 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.

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.

37 Commitments

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

In CHF millions	**2009**	2008
Less than one year	8.4	8.9
Between 2 and 5 years	26.9	27.2
Over 5 years	11.1	10.2
Total commitments	**46.4**	**46.3**

Operating lease payments recognised as an expense in the income statement amounted to CHF 9.4 million (previous year CHF 7.1 million). There are no individually significant operating leases. Details of finance lease liabilities are presented in notes 25 and 26. Additional commitments of CHF 44.0 million in total relate to an IT outsourcing contract concluded in December 2009 for the five years from 2010 to 2014.

38 Research and development expenses

In CHF millions	**2009**	2008
Personnel expenses	7.5	6.9
Depreciation and amortisation	0.2	0.2
Other operating expenses	1.9	1.6
Total research and development expenses	**9.6**	**8.7**

39 Acquisition and sale of subsidiaries

Acquisitions and disposals of subsidiaries had the following effect on the Group's assets and liabilities:

Acquisitions in 2009

At the beginning of April 2009, in the Cables division, Daetwyler Cables, a unit of Daetwyler Switzerland Inc., acquired the engineering business of SymbioTec Inc., Niederurnen, Switzerland, a start-up enterprise in the area of data networks.

At the beginning of March 2009, in the Technical Components, ELFA AB division acquired all the shares of the Nordic Power Group with head office in Stroemstad, Sweden. The three acquired companies in Sweden and Norway specialise in the product segment power and energy supply and reinforce the catalogue distribution business of the ELFA Group.

In the period from 1 March to 31 December 2009, the acquired businesses employing 10 people generated net revenue of CHF 5.1 million and a net result of CHF –2.5 million. Had these acquisitions been included for the full year 2009, the estimated hypothetical impact on the Group would have been an increase of approximately CHF 5.6 million in revenue and a net result of approximately CHF –2.5 million for the year 2009.

The following table shows the fair value of assets and liabilities acquired at 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	0.3	–	0.3
Trade accounts receivable	1.3	–	1.3
Inventories	2.1	0.1	2.2
Other current assets	0.1	–	0.1
Property, plant and equipment	0.0	–	0.0
Intangible assets	–	1.4	1.4
Current liabilities	1.7	–	1.7
Long-term liabilities	0.2	0.4	0.6
Net assets acquired at fair value			**3.0**
Goodwill			3.5
Total purchase consideration, including transaction costs			6.5
Less cash and cash equivalents acquired			–0.3
Less deferred purchase consideration			–2.3
Net cash outflow on acquisition			**3.9**

Fair value adjustments of intangible assets relate to acquired customer lists. The goodwill is attributable to the profitability of the acquired companies and the synergies expected to arise from their integration in the Cables division and the Technical Components division. Part of the purchase consideration is contingent on future performance and has therefore been estimated.

Sales in 2009

In the Technical Components division the Daetwyler Group sold 100 % of the shares of Mader Technic AG in November 2009. No gain or loss resulted from the sale of this inactive company without significant net assets.

Acquisitions in 2008

In the Technical Components division, Distrelec, 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 a net result 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 the net result.

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.

In CHF millions	Carrying amount	Fair value adjustments	Fair value on acquisition
Cash and cash equivalents	14.2	–	14.2
Trade accounts receivable	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
Long-term 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
Less 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 long-term 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.

40 Events after balance sheet date

At the beginning of January 2010 Reichelt Elektronik GmbH & Co. KG and Reichelt Elektronik Verwaltungsgesellschaft mbH, both domiciled in Sande, Germany, were fully acquired in the Technical Components division. Reichelt Elektronik is a leading catalogue distributor for industrial electronics, automation and computer accessories in Germany generating annual revenue of about CHF 150 million with approximately 200 employees.

The following table shows the fair value of assets and liabilities acquired at 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 fair values and the final determination of the purchase price are subject to adjustment.

In CHF millions	Carrying amount	Fair value adjustments	Fair value on acquisition
Cash and cash equivalents	6.5	–	6.5
Trade accounts receivable	3.0	–	3.0
Inventories	8.0	–0.5	7.5
Other current assets	0.6	–	0.6
Property, plant and equipment	7.3	2.7	10.0
Intangible assets	0.0	46.0	46.0
Current liabilities	7.5	0.1	7.6
Long-term liabilities	–	0.6	0.6
Net assets acquired at fair value			**65.4**
Goodwill			53.1
Total			118.5

Fair value adjustments of intangible assets relate to acquired customer lists and trademarks. The goodwill is attributable to the profitability of the acquired companies and the synergies expected to arise from their integration in the Technical Components division.

In February 2010 the Daetwyler Group announced that starting in autumn 2010 the Pharmaceutical Packaging division will set up a new manufacturing plant in India. The volume of capital expenditures is approximately CHF 20 million and beginning of operation is scheduled for 2012.

The Board of Directors and Executive Board are not aware of any other significant events occurring up to the date of approval of the consolidated financial statements on 18 March 2010 that would cause an adjustment of the carrying amounts of the Group's assets and liabilities.

41 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 20 000 charged in 2009 (previous year CHF 21 520) for administration and accounting services provided by Alvest AG. At the end of 2009 and 2008, there were no mutual receivables and payables.

Pension schemes

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

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 31) 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. For this reason, expense incurred in remuneration of Directors in the consolidated financial statements is CHF 0.290 million (previous year CHF 0.177 million) lower than in the financial statements of Daetwyler Holding Inc., and expense incurred in remuneration of Executive Board members is CHF 0.166 million (previous year CHF 0.109 million) lower in the consolidated financial statements.

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 0.710 million (previous year CHF 1.175 million), of which shares accounted for CHF 0.150 million (previous year CHF 0.617 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. Termination benefits of CHF 0.678 million (previous year none) were paid in 2009. The total remuneration of Executive Board members for the year was CHF 4.327 million (previous year CHF 5.170 million). This amount includes pension fund contributions of CHF 0.500 million (previous year CHF 0.570 million). Of the total remuneration, CHF 2.778 million (previous year CHF 2.964 million) was paid as fixed salary, CHF 0.126 million (previous year CHF 0.382 million) as equity-settled payments in the form of shares valued in accordance with IFRS 2 and CHF 1.423 million (previous year CHF 1.824 million) as cash bonuses and termination benefits.

42 Subsidiaries and Investments

Daetwyler Holding Inc. directly or indirectly owned the following companies at 31 December 2009:

		Registered office	Original currency	Capital in original 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	K*					■
	Daetwyler Inc.	Altdorf	CHF	0.100	100	K*					■
	Daetwyler Pharma Pack Holding AG	Altdorf	CHF	39.000	100	K*			■		
	Daetwyler Switzerland Inc	Altdorf	CHF	32.000	100	K*	□	□		░	■
	Daetwyler Teco Holding AG	Altdorf	CHF	9.900	100	K*				■	
	Distrelec Inc.	Altdorf	CHF	0.050	100	K*					■
	Gummi Maag AG	Duebendorf	CHF	0.050	100	K					■
	Kaved Inc.	Altdorf	CHF	0.100	100	K*					■
	Maag Technic Inc.	Altdorf	CHF	0.090	100	K*					■
	MTD-Immobilien AG	Duebendorf	CHF	2.000	100	K				■	
	Pohl Immobilien AG	Altdorf	CHF	1.600	100	K			■		
	Proditec Ltd.	Naenikon	CHF	0.300	100	K*				░	
	Teco Immobilien AG	Altdorf	CHF	0.500	100	K				■	
	Wachendorf AG	Duebendorf	CHF	0.100	100	K					■
Belgium	Helvoet Pharma Belgium NV	Alken	EUR	15.778	100	K			□		
	Pharma Packaging International Services NV	Alken	EUR	107.330	100	K			■		
China	Daetwyler (Suzhou) Cabling Syst.Co.Ltd.	Suzhou	USD	1.700	100	K	□				
	Daetwyler Cables+Systems (Shanghai) Co.Ltd.	Shanghai	USD	10.000	100	K	□				
Denmark	ELFA Elektronik A/S	Aarhus	DKK	1.000	100	K				░	
Germany	Daetwyler Rubber Deutschland GmbH	Springe	EUR	0.256	100	K		□			
	Daetwyler Kabel+Systeme GmbH	Neufahrn	EUR	1.600	100	K	░				
	Daetwyler Teco Holding (DE) GmbH	Goeppingen	EUR	3.100	100	K				■	
	Helvoet Pharma Deutschland GmbH	Karlsbad	EUR	2.600	100	K			□		
	Maag Technic GmbH	Goeppingen	EUR	2.600	100	K				░	
	Distrelec Schuricht GmbH	Bremen	EUR	0.800	100	K				░	
	Wachendorf GmbH	Loerrach	EUR	0.030	100	K					■
UK	Daetwyler (UK) Ltd	Chandler's Ford	GBP	0.500	100	K	░				
Estonia	ELFA Elektroonika AS	Tallinn	EEK	1.229	100	K				░	
Finland	ELFA Elektroniikka Oy	Helsinki	EUR	0.020	100	K				░	
France	Maagtechnic Holding France SAS	Vaulx-en-Velin	EUR	16.050	100	K				■	
	Maagtechnic SAS	Vaulx-en-Velin	EUR	2.166	100	K				□	
	Maagtechnic Soded SAS	Saint-Marcellin	EUR	0.400	100	K				□	
Italy	CIF srl	Veggiano	EUR	0.014	8	B			□		
	Distrelec Italia srl	Milano	EUR	1.275	100	K				░	
	Helvoet Pharma Italia srl	Pregnana	EUR	2.000	100	K			□		
Latvia	ELFA Elektronika SIA	Riga	LVL	0.006	100	K				░	
Lithuania	ELFA Elektronika UAB	Vilnius	LTL	0.010	100	K				░	
Mexico	Daetwyler Rubber Mexico S de RL de CV	Silao	MXN	82.000	100	K		□			
Netherlands	Maro BV	Roosendaal	EUR	0.005	100	K			□		

		Registered office	Original currency	Capital in original currency (in millions)	Group's percentage interest	Footnote	Cables	Rubber	Pharmaceutical Packaging	Technical Components	Service and financial companies
Norway	ELFA Elektronikk AS	Oslo	NOK	0.200	100	K				▒	
	Nordic Power Norge AS	Fredrikstad	NOK	0.100	100	K				▒	
Austria	Distrelec Gesellschaft mbH	Vienna	EUR	0.145	100	K				▒	
Poland	ELFA Elektronika Spz oo	Warsaw	PLZ	0.100	100	K				▒	
Sweden	Distrelec Sweden AB	Jaerfaella	SEK	0.100	100	K				■	
	ELFA Intressenter AB	Jaerfaella	SEK	1.355	100	K				■	
	ELFA AB	Jaerfaella	SEK	5.000	100	K				▒	
	Nordic P Consulting AB	Stroemstad	SEK	0.100	100	K				■	
	Nordic Power i Strömstad AB	Stroemstad	SEK	0.500	100	K				▒	
Singapore	Daetwyler (Thelma) Cables+Systems Pte Ltd	Singapore	SGD	0.300	100	K	▒				
Czech Republic	Daetwyler Rubber (CZ) sro	Novy Bydzov	CZK	20.000	100	K		□			
	Maagtechnic sro	Nove Mesto Metuji	CZK	2.000	100	K				□	
Ukraine	CJSC Daetwyler Rubber Ukraine	Malyn	UAH	12.500	100	K		□			
	DP ELFA Electronics	Kiev	UAH	0.000	100	K				▒	
USA	Daetwyler Rubber & Plastics Inc.	Marion, SC	USD	0.500	100	K		□			
	Helvoet Pharma Inc.	Pennsauken,NJ	USD	9.130	100	K			□		

□ 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 comprehensive income, statement of changes in equity and notes (pages 46 to 103), for the year ended December 31, 2009.

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, 2009 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 18, 2010
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	2009	2008
Investment income		**55 020 000**	**46 000 882**
Gain on disposal of investment		17 084	–
Gain on liquidation of investment		–	5 235 413
Finance income		21 928 137	20 789 652
Finance costs		–16 984	–
Net finance income	**1**	**21 928 237**	**26 025 065**
Employee costs	2	–999 664	–1 351 724
Administrative expenses	3	–75 734	–97 748
Profit before tax		**75 872 839**	**70 576 475**
Income tax expense		–1 650 352	–1 043 775
Profit for the year		**74 222 487**	**69 532 700**

Notes 1 to 3, see pages 108 to 110.

Balance Sheet

Assets at 31 December in CHF	Notes	2009	2008
Investments	4	189 890 973	189 892 969
Loans to Group companies	5	524 542 055	468 494 360
Non-current assets		**714 433 028**	**658 387 329**
Other receivables from Group companies		18 500 000	28 000 000
Other receivables from third parties		8 366	49 191
Current assets		**18 508 366**	**28 049 191**
Total assets		**732 941 394**	**686 436 520**

Equity and liabilities at 31 December in CHF	Notes	2009	2008
Share capital	6	850 000	850 000
Statutory reserves	7	87 078 545	87 079 485
General reserve		87 000 000	87 000 000
Reserve for treasury shares	8	78 545	79 485
Special reserve	9	305 184 773	305 183 833
Retained earnings		338 154 083	291 670 136
Equity		**731 267 401**	**684 783 454**
Other current liabilities	10	1 673 993	1 653 066
Liabilities		**1 673 993**	**1 653 066**
Total equity and liabilities		**732 941 394**	**686 436 520**

Notes 4 to 10, see pages 110 to 112.

Notes to the Financial Statements

1 Net finance income

Amounts owed by Group companies bear interest in accordance with Group policies. In the previous year Ilgenhof AG 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 new Transparency Act in respect of remuneration, loans / credits and interests granted to current and former key management personnel (Directors and Executive Management members) and persons connected with key management personnel are presented below:

Remuneration in 2009

The figures in brackets show the remuneration for 2008.

in CHF	Base remuneration				Variable remuneration	Pension and other benefit expense	Total remuneration
	Cash payment	Number of shares	Fair value of shares	Total fixed component			
Directors							
Graf Ulrich *	143 000	2 200	92 400	235 400	–	16 141	251 541
Chairman	*(143 000)*	*(2 200)*	*(166 320)*	*(309 320)*	*(–)*	*(14 829)*	*(324 149)*
Rueegg Hans R.	63 000	1 700	71 400	134 400	–	9 394	143 794
Deputy Chairman	*(63 000)*	*(1 700)*	*(128 520)*	*(191 520)*	*(–)*	*(9 313)*	*(200 833)*
Faessler Hanspeter	43 000	1 100	46 200	89 200	–	6 242	95 442
Director	*(43 000)*	*(1 100)*	*(83 160)*	*(126 160)*	*(–)*	*(6 409)*	*(132 569)*
Inderbitzin Werner	43 000	1 100	46 200	89 200	–	6 161	95 361
Director	*(43 000)*	*(1 100)*	*(83 160)*	*(126 160)*	*(–)*	*(6 348)*	*(132 058)*
Lienhard Ernst	76 000	1 100	46 200	122 200	–	8 818	131 018
Director	(76 000)	(1 100)	(83 160)	(159 160)	(–)	(8 248)	(167 408)
Odermatt Ernst	43 000	1 100	46 200	89 200	–	6 161	95 361
Director	*(43 000)*	*(1 100)*	*(83 160)*	*(126 160)*	*(–)*	*(6 348)*	*(132 508)*
Steinegger Franz	43 000	1 100	46 200	89 200	–	4 212	93 412
Director	*(43 000)*	*(1 100)*	*(83 160)*	*(126 160)*	*(–)*	*(4 925)*	*(131 085)*
Wuerth Franz Josef	43 000	1 100	46 200	89 200	–	4 282	93 482
Director	*(43 000)*	*(1 100)*	*(83 160)*	*(126 160)*	*(–)*	*(4502)*	*(130 662)*
Total for Directors	**497 000**	**10 500**	**441 000**	**938 000**	**–**	**61 411**	**999 411**
	(497 000)	*(10 500)*	*(793 800)*	*(1 290 800)*	*(–)*	*(60 922)*	*(1 351 722)*
Executive Management members							
Haelg Paul J. *	650 000	3 300	138 600	788 600	219 648	255 618	1 263 866
CEO	*(650 000)*	*(3 300)*	*(249 480)*	*(899 480)*	*(826 500)*	*(273 630)*	*(1 999 610)*
Total for Executive Management members	**1 938 614**	**6 958**	**292 236**	**2 230 850**	**1 423 270**	**839 301**	**4 493 421**
	(2 016 787)	*(6500)*	*(491 400)*	*(2 508 187)*	*(1 824 000)*	*(946 934)*	*(5 279 121)*

** Highest remuneration*

Explanatory notes:

1. Directors and Executive Management members receive a base remuneration in the form of a cash payment and shares. The share awards for 2009 were determined by the HR Committee and approved by the Board of Directors. The shares awarded on 2 June 2009 at the then market value of CHF 42.00 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 2009, which will be paid in March 2010. In addition, in the year under review a severance payment awarded to a member of the Executive Management in the amount of CHF 678 000 was included.
3. The heading Pension and other benefit expense includes all costs of pension plans, social security contributions 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.

In addition to the severance payment awarded to a member of the Executive Management as mentioned under Variable remuneration (section 2) no other payments were made to former Directors or Executive Management members. Nor was any non-arm's length remuneration paid to persons connected with current or former Directors or Executive Management members.

Loans and credits

No loans and/or credits were granted to individual current or former Directors or Executive Management 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 Management or persons connected with them.

At 31 December 2009, individual Directors and Executive Management members including persons connected with them held the following interests in the Company's shares:

Directors' interests in shares in 2009

The figures in brackets show the interests in shares at 31 December 2008.

		Number of shares	Percentage voting rights	Of which vesting over 5 years				
			2009	2012	2013	2014	2015	2016
Graf Ulrich	Chairman	8 350	0.025281	2 200	2 200	2 200		
		(6 150)	*(0.018631)*	*(2 200)*	*(2 200)*			
Rueegg Hans R.	Deputy Chairman	5 900	0.017863	1 700	1 700	1 700		
		(4 200)	*(0.012723)*	*(1 700)*	*(1 700)*			
Faessler Hanspeter	Director	3 300	0.009991	1 100	1 100	1 100		
		(2 200)	*(0.006665)*	*(1 100)*	*(1 100)*			
Inderbitzin Werner	Director	3 300	0.009991	1 100	1 100	1 100		
		(2 200)	*(0.006665)*	*(1 100)*	*(1 100)*			
Lienhard Ernst	Director	3 300	0.009991	1 100	1 100	1 100		
		(2 200)	*(0.006665)*	*(1 100)*	*(1 100)*			
Odermatt Ernst	Director	3 700	0.011202	1 100	1 100	1 100		
		(2 600)	*(0.007876)*	*(1 100)*	*(1 100)*			
Steinegger Franz	Director	5 300	0.016046	1 100	1 100	1 100		
		(4 200)	*(0.012723)*	*(1 100)*	*(1 100)*			
Wuerth Franz Josef	Director	3 300	0.009991	1 100	1 100	1 100		
		(2 200)	*(0.006665)*	*(1 100)*	*(1 100)*			

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

Executive Management members' interests in shares in 2009

The figures in brackets show the interests in shares at 31 December 2008.

		Number of shares	Percentage voting rights	Of which vesting over 5 years				
			2009	2012	2013	2014	2015	2016
Haelg Paul J.	CEO	14200	0.042992	5 000	3 300	3 300		
		(10 900)	*(0.033020)*	*(5 000)*	*(3 300)*			
Welte Reto	CFO (ab 1.6.2009)	1100	0.003330			1 100		
Magagna Silvio A.	CFO (bis 31.5.2009)							
		(13 800)	*(0.041805)*	*(1 700)*	*(1 100)*			
Lambrecht Dirk	Division Head	2 300	0.006964	900	700	700		
		(1 600)	*(0.004847)*	*(900)*	*(700)*			
Mueller Johannes	Division Head	2 400	0.007266	1000	700	700		
		(1 700)	*(0.005150)*	*(1000)*	*(700)*			
Wallraff Guido	Division Head	1 400	0.004239	–	700	700		
		(700)	*(0.002121)*	*(0)*	*(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

As of 31 December 2009, Daetwyler Holding Inc. held the following direct investments:

Company	Company activity	Share capital
Switzerland		In CHF
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.

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.

6 Share capital

In CHF	31.12.2009	31.12.2008
22 000 000 registered shares of CHF 0.01 each	220 000	220 000
12 600 000 bearer shares of CHF 0.05 each	630 000	630 000
Share capital	**850 000**	**850 000**

Per share data	**31.12.2009**	**31.12.2008**
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	11 029 100	11 010 300
Total par value of shares ranking for dividend (CHF)	**771 455**	**770 515**
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 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 80.38 % 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	31.12.2009	31.12.2008
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	78 545	79 485
Reserve for treasury shares: others	–	–
Reserve for treasury shares (according to Art. 659a par. 2 CO)	**78 545**	**79 485**
Total	**87 078 545**	**87 079 485**

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 issuing of employee shares, the necessary reserve for treasury shares was also reduced accordingly.

8 Treasury 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 in 2008 and awards under the employee share award plan between 2007 and 2009, 1 570 900 unissued bearer shares were still held at 31 December 2009 and are recorded in the balance sheet of Alvest AG at a par value of CHF 0.05 each, making a total of CHF 78 545. In total, 18 800 treasury bearer shares were used for the employee share award plan in 2009.

These bearer shares created before the new Swiss Corporation Law was enacted on 4 October 1991 now correspond to a nominal holding of CHF 78 545, representing 9.24 % 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.

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 2009, an amount of CHF 940 was transferred to the special reserve. As a result, the special reserve amounted to CHF 305 184 773 at 31 December 2009.

10 Other current liabilities

In CHF	**31.12.2009**	31.12.2008
Accruals and deferred income	1 651 972	1 619 038
Uncashed dividend coupons	22 021	34 028
Total	1 673 993	1 653 066

Accruals and deferred income comprise accrued tax and audit expense.

11 Bonds, guarantees and pledges in favour of third parties

Borrowing facilities of CHF 153.2 million (2008: CHF 213.0 million) backed by joint and several guarantees were extended to various Group companies, of which CHF 53.9 million (2008: CHF 125.1 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.

Since 1 January 2009, the company has been a member of the VAT group under number 705666; the group parent is Daetwyler Switzerland Inc., Altdorf. For the period of this group membership the company is jointly and severally liable in accordance with Art. 32 par.1 e of the VAT Act.

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 its meeting of 17 August 2009, the Board of Directors acknowledged management's report on Group-wide risk management and approved the proposed measures contained in it.

Proposed Appropriation of Retained Earnings

In CHF	2009	2008
The Board of Directors proposes to the Annual General Meeting that retained earnings consisting of		
Profit for the year	74 222 487	69 532 700
Retained earnings brought forward	263 931 595	222 137 435
Retained earnings	**338 154 082**	**291 670 135**
be appropriated as follows:		
Payment of a 2 400 % dividend (2008: 3 600 %) on share capital of CHF 771 455 (2008: CHF 770 515) eligible for dividend [1]	18 514 920	27 738 540
Balance to be carried forward	319 639 162	263 931 595
Total	**338 154 082**	**291 670 135**

[1] *1 570 900 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 106 to 112), for the year ended December 31, 2009.

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 association. 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, 2009 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 18, 2010
PricewaterhouseCoopers AG

Patrick Balkanyi	Josef Stadelmann
Audit expert	Audit expert
Auditor in charge	

Five Year Summary

Daetwyler Group (amounts in CHF millions)[1]	**2009**	2008	2007	2006	2005
Net revenue	**1 113.4**	**1 294.9**	**1 173.5**	**1 214.8**	**1 091.8**
Year-on-year change (%)	–14.0	10.3	–3.4	11.3	4.1
EBITDA	**126.4**	**185.3**	**164.1**	**157.5**	**141.4**
Depreciation and amortisation	**56.0**	**51.1**	**53.0**	**67.6**	**70.5**
As % of net revenue	5.0	3.9	4.5	5.6	7.2
Year-on-year change (%)	9.6	–3.6	–21.6	–13.4	18.2
Operating result before interest and tax (EBIT)	**70.4**	**134.2**	**111.2**	**90.0**	**64.7**
As % of net revenue	6.3	10.4	9.5	7.4	5.9
Year-on-year change (%)	–47.5	20.7	23.6	39.1	62.2
Net result	**57.2**	**109.6**	**86.3**	**76.5**	**40.4**
As % of net revenue	5.1	8.5	7.4	6.3	3.7
Year-on-year change (%)	–47.8	27.0	12.8	89.4	66.9
Net cash from operating activities	**141.0**	**125.3**	**144.7**	**111.4**	**119.8**
As % of net revenue	11.9	9.7	12.3	9.2	11.0
Year-on-year change (%)	12.5	–13.4	29.9	–7.0	51.3
Free cash flow (based on consolidated cash flow statement)	**197.5**	**–79.7**	**–5.1**	**–39.6**	**58.6**
Non-current assets	**771.7**	**773.4**	**464.4**	**458.9**	**437.4**
Year-on-year change (%)	–0.2	66.5	1.2	4.9	–5.3
Current assets	**555.4**	**638.5**	**867.2**	**633.5**	**576.0**
Year-on-year change (%)	–13.0	–26.4	36.9	10.0	8.0
Total assets	**1 327.1**	**1 411.9**	**1 331.6**	**1 092.4**	**1 013.4**
Equity	**899.0**	**829.1**	**931.7**	**736.9**	**659.9**
Year-on-year change (%)	8.4	–11.0	26.4	11.7	4.1
As % of total assets	67.7	58.7	70.0	67.5	65.1
Total liabilities	**428.1**	**582.8**	**399.7**	**355.5**	**353.5**
Year-on-year change (%)	–26.5	45.7	12.5	0.6	–2.2
Current liabilities	285.3	328.5	322.3	277.2	253.1
Long-term liabilities	142.8	254.3	77.6	78.3	100.4
Capital expenditure on property, plant and equipment	**45.7**	**69.9**	**66.7**	**73.5**	**61.2**
Year-on-year change (%)	–34.6	4.8	–9.3	20.1	12.9
Personnel expenses	**326.6**	**340.1**	**309.3**	**331.5**	**314.6**
Year-on-year change (%)	–4.0	10.0	–6.7	5.4	0.4
Number of employees	**4 483**	**4 712**	**4 340**	**4 510**	**4 626**
Year-on-year change (%)	–4.9	8.6	–3.8	–2.5	3.3

Daetwyler Holding Inc. (amounts in CHF millions)	**2009**	2008	2007	2006	2005
Finance and investment income	76.9	72.0	224.1	45.9	45.3
Net result	74.2	69.5	221.8	44.8	43.3
Equity	731.3	684.8	699.4	509.5	478.7
Equity ratio (%)	99.8	99.8	99.8	99.8	99.7
Share capital	0.9	0.9	85.0	90.0	90.0
Distribution	18.5 [2]	27.7	84.2	27.0	13.9

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

Share Information

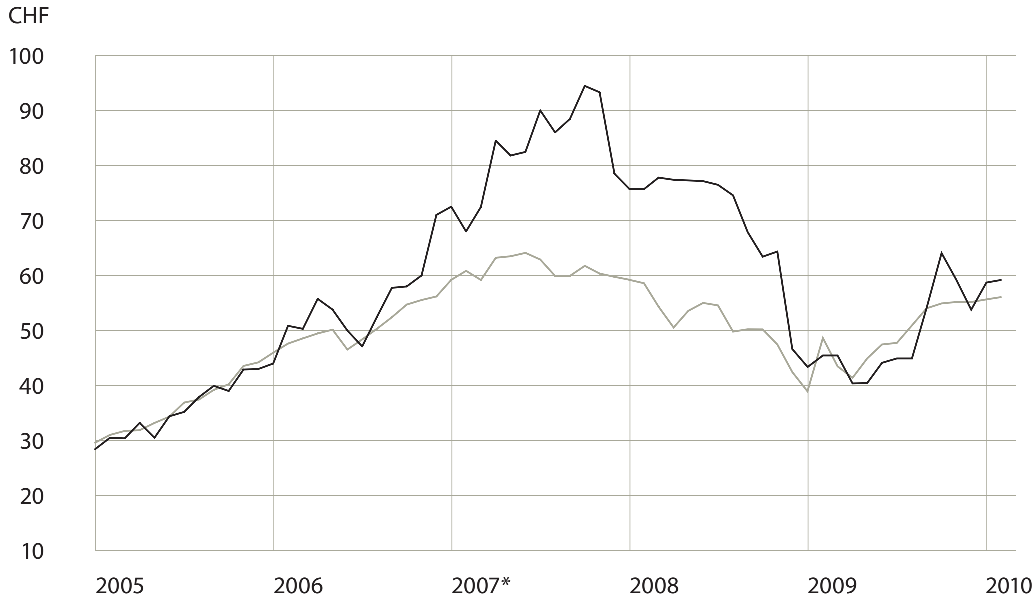
Year ended 31 December			2009	2008 [5]	2007	2006	2005
Share capital	CHF millions		**0.85**	**0.85**	**85**	**90**	**90**
Eligible for a dividend	CHF millions		0.77	0.77	77	77	77
Number of shares							
Bearer shares of CHF 0.05 each			12 600 000	12 600 000	12 600 000	136 000	136 000
Unissued shares			1 570 900	1 589 700	1 600 000	26 000	26 000
Bearer shares in issue			11 029 100	11 010 300	11 000 000	110 000	110 000
Registered shares of CHF 0.01 each			22 000 000	22 000 000	22 000 000	220 000	220 000
Market price (high/low)		(1)					
Bearer share - high	CHF	(2)	66.00	77.95	94.45	7 100	4 300
Bearer share - low	CHF	(2)	36.00	39.50	62.00	4 210	2 500
Trading volume							
Number of shares			2 093 440	1 683 634	1 845 789	22 310	38 819
Value	CHF millions		97	106	144	104	135
Gross dividend							
Bearer share	CHF		1.20 [3]	1.80	4.95	175	90
Registered share	CHF		0.24 [3]	0.36	0.99	35	18
Net result per share		(4)					
Bearer share	CHF		3.71	7.12	14.27	498	263
Bearer share - diluted	CHF		3.71	7.12	14.27	498	262
Registered share	CHF		0.74	1.42	2.85	100	53
Net cash from operating activities per share			(4)				
Bearer share	CHF		9.14	8.13	9.40	723	778
Registered share	CHF		1.83	1.63	1.88	145	156
Price / earnings ratio (average)			13.8	8.3	5.5	11	13
Equity per share		(4)					
Bearer share	CHF		58	54	66	4 785	4 378
Registered share	CHF		12	11	13	957	876
Market capitalisation							
Average for the year	CHF millions		787	905	1 204	871	524
As % of equity			87.5	109	119	118	78
At 31 December	CHF millions		895	662	1 175	1 063	647
As % of equity			99.5	80	116	144	96

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. 100-for-1 share split on 6 July 2007.* (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

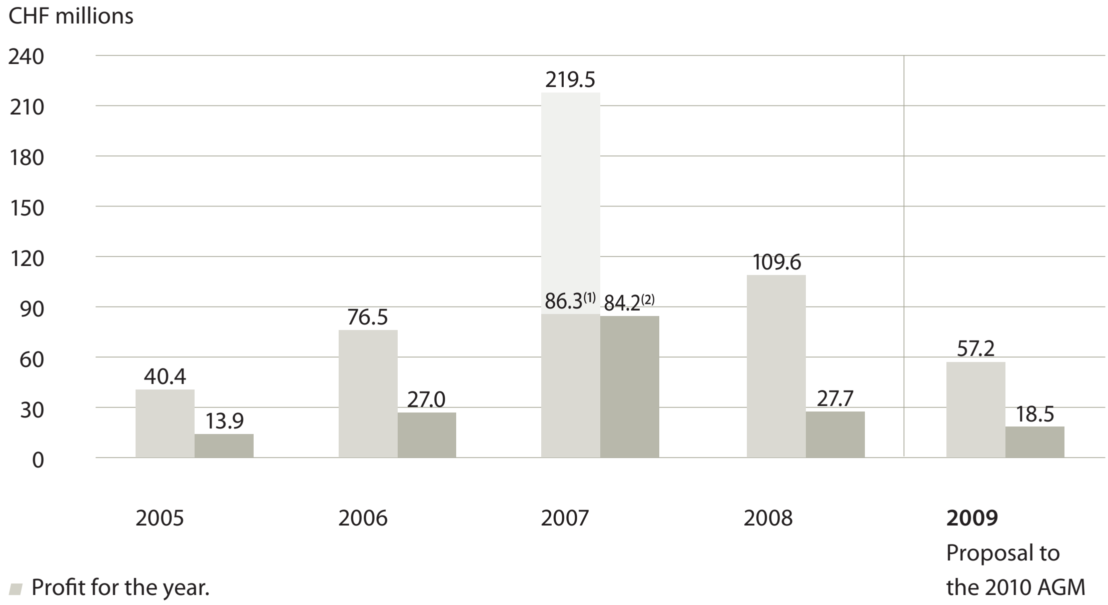
Daetwyler bearer share price (compared with the SPI index; basis: monthly highs)



■ 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 2009
Bearer share: CHF 58.00

Important dates

2010

Annual General Meeting	27 April 2010
Interim Report	20 August 2010

2011

Annual Press Conference and Analyst Conference	22 March 2011
Annual General Meeting	19 April 2011
Interim Report	19 August 2011

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

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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 2010

Chief Executive Officer: Paul J. Haelg
Chief Financial Officer: Reto Welte

Cables

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Johannes Mueller

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Paul J. Haelg

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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 40 operating companies, sales in over 80 countries and some 4 500 employees, the Daetwyler Group generates approximately CHF 1 200 million in revenue. Daetwyler has been listed on the main board of the SIX Swiss Exchange since 1986 (security number 3048677). www.daetwyler.ch

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

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