Interim Report 2007

Daetwyler Nearly Doubles Group Profit

The Daetwyler Group enjoyed extremely dynamic and profitable growth in the first half of 2007. Underpinned by our strong niche positions, we benefited disproportionately from the favourable economic conditions in all markets. Vigorous growth in our principal geographical markets of Germany and Switzerland was accelerated by successes in newly developed regions. Net revenue increased by 17.9 % to CHF 731.1 million from CHF 620.2 million in the first half of last year. Acquisitions and disposals had a positive net impact of CHF 25.7 million or 4.1 %. With foreign currency translation contributing CHF 12.3 million or 2.0 % to revenue, our organic revenue growth stood at 11.8 %.

Focus on niches fuels surge in earnings

Consistent implementation of our niche strategy, high capacity utilisation and further productivity gains brought another marked improvement in profitability. Earnings at all levels rose at disproportionately high rates. Operating profit (EBIT) climbed by 76.2 % to CHF 80.0 million for the first six months from CHF 45.4 million in the same period last year. This represents an EBIT margin of 10.9 % compared to 7.3 % a year ago. Profit for the period nearly doubled year on year to CHF 60.5 million, up from CHF 32.0 million. This includes a one-off exceptional gain of CHF 3.9 million on the sale of property not required for operations. Our performance was also boosted by acquisitions, disposals and currency movements, having a total impact of CHF 2.6 million.

Cables Division posts sharp increase in profit

The Cables Division, which operates as Daetwyler Cables, has achieved the turnaround and is steering a successful course, with net revenue advancing by 27.6 % to CHF 132.3 million for the first half of 2007 from CHF 103.7 million a year ago. About one-quarter of this growth was due to the higher price of copper raw material. The revenue growth resulted in a sharp increase in operating profit (EBIT) to CHF 8.8 million or 6.7 % of net revenue, up from CHF 1.7 million or 1.6 %. This improvement was largely driven by the healthy construction activity continuing in the principal markets of Germany and Switzerland, larger contributions from exports and the successful implementation of restructuring projects. The further rise in the price of copper since the beginning of the year lifted revenue growth, but at the same time weighed on margins in some areas, like last year. Unsatisfactory results have led to corrective operational measures currently being taken in China (Shanghai plant) and the UK. A productivity enhancement project launched at the Altdorf plant will start to have an increasing impact in the second half of 2007. We expect to see continued growth in the Cables Division during the last six months of the year.

Rubber Division continues to enhance productivity

Against the backdrop of a favourable market environment, the Rubber Division, operating as Daetwyler Rubber, increased its net revenue by 6.0 % to CHF 78.0 million for the first six months of 2007 from CHF 73.6 million a year ago. Excluding acquisitions and disposals, the organic growth was 7.3 %. Fuelled by high capacity utilisation, increased manufacturing at the Czech plant and ongoing productivity improvements, operating profit (EBIT) climbed by 75.7 % year on year to CHF 6.5 million from CHF 3.7 million. In automotive business, high sales in Europe contrasted with weak demand from the American automotive industry. To provide a base for stepping up activities in the NAFTA region, Daetwyler Rubber is evaluating a location for a manufacturing facility in Mexico. Winning the "Bosch Supplier Award" for 2005 and 2006 has demonstrated the division's leading edge in quality and expertise. As part of the focusing strategy, the construction business completed the sale and transfer of its sheet product segment (annual revenue of about CHF 6.0 million) in the first half of the year. The industry business entered into a letter of intent for a major long-term contract. Its expected annual volume is more than CHF 30 million. Signing of the final agreement will lead to considerable capital expenditure during the last six months of the year. Given the high volume of orders in all three businesses, we are confident that Daetwyler Rubber will again deliver sustainable growth in revenue and earnings for the second half of 2007, supported by targeted spending to expand capacity.

Precision Tubes Division improves market position

Compared with the difficult year-ago period, the Precision Tubes Division benefited from a stable market environment during the first half of 2007. The less volatile steel prices spurred demand from customers and improved profitability. Operating as Rothrist, the division increased net revenue by 19.0 % to CHF 133.4 million from CHF 112.1 million in the same period last year. Particularly dynamic growth was seen in industrial applications. Further productivity improvements allowed Rothrist to handle the volume growth with almost the same number of employees. As a result, operating profit (EBIT) jumped to CHF 13.9 million from CHF 3.4 million a year ago, and the EBIT margin rose to 10.4 % from 3.0 %. New projects coming in from the automotive industry reflect Rothrist's success in fortifying its strong market position as a competent development partner for the leading vehicle and component manufacturers. By making precision tubes to replace solid steel, Rothrist helps to reduce vehicle weight and increase fuel efficiency. With new applications emerging all the time, precision tubes are a growth sector even in stagnating automotive markets, as well as in industrial operations. Additional growth potential lies in new processes to extend the further processing capabilities for precision tubes. For the second half of the year, we expect revenue and earnings growth to consolidate at a high level.

Pharmaceutical Packaging Division to invest over several years

The non-cyclical Pharmaceutical Packaging Division, operating as Helvoet Pharma, increased its net revenue again by 6.7 % to CHF 136.6 million for the first six months of 2007 from CHF 128.0 million a year ago, growing in line with the market. Operating profit (EBIT) came in at CHF 18.8 million, 2.6 % below last year's figure of CHF 19.3 million. This still represents an EBIT margin of 13.8 %, compared to 15.1 % a year ago. The decline in profit was triggered by one-off set-up costs not qualifying for capitalisation, higher energy costs and depreciation, and heavy pressure on margins in diagnostic applications business. As the core element of a multi-year capital expenditure programme, Helvoet Pharma started building a new production unit at the main Alken facility in Belgium. State-of-the-art clean room production facilities to the tune of some CHF 35 million will be completed by the beginning of 2009. Through this initiative, Helvoet Pharma is setting the stage to meet the sharply rising demand for high-quality packaging components and simultaneously to escape the pressure on prices of simpler products. Capital expenditure is also focused on sustained expansion at the US manufacturing facility. There the relocation and integration of Hospira's pharmaceutical rubber business acquired in 2006 is going according to plan. Its sales revenue will begin to have a gradual impact from the second half of 2007. For the full year, we are optimistic that planned productivity gains will allow the Pharmaceutical Packaging Division to beat last year's profit levels.

Technical Components Division grows organically and inorganically

The restructuring programmes completed last year took hold in the Technical Components Division. The division was able to fully capitalise on the good economic environment throughout the first six months of 2007, increasing revenue by 23.5 % to CHF 252.7 million from CHF 204.6 million a year ago. Excluding the impact of the Revol and Proditec acquisitions at the beginning of 2007 and the disposal of Daetwyler i / o devices in mid-2006, the division posted organic revenue growth of 10.4 %. Driven by good capacity utilisation and the contributions from Revol and Proditec, operating profit (EBIT) climbed by 77.4 % year on year to CHF 28.2 million from CHF 15.9 million.

The specialist distribution business, operating as Maagtechnic, saw a marked upturn in sales across all markets. At the beginning of 2007, it acquired the French Revol Group, generating annual revenue of some CHF 50 million. Gaining five new locations in Central and Eastern Europe, Maagtechnic has taken a major step forward to becoming a pan-European player. The efficient manufacturing facilities in France and the Czech Republic will open up new vistas in machining of custom rubber and plastic components. Their integration is going according to plan, and the transfer of the present plastics processing centre from Basel to France is underway and will be completed at the beginning of 2008.

The mail order distribution business, operating as Distrelec, enjoyed brisk demand. Activities in the growth markets of Eastern Europe developed particularly well. Despite the strong demand, Distrelec's electronic and computer product segments are faced with constant pressure on prices and margins. This calls for ongoing productivity improvements and initiatives to optimise the product mix. To reinforce its computer equipment operations, Distrelec acquired Proditec, a Swiss company with annual revenue of about CHF 30 million, at the beginning of the year. Its integration is going according to plan and yielded the first synergies.

We believe that the Technical Components Division will continue to benefit from a favourable market environment during the second half of the year, clearly outperforming last year's revenue and earnings levels.

Review of strategic options for Precision Tubes Division

As part of its strategic work, the Executive Board is evaluating strategic options for the Precision Tubes Division for consideration by the Board of Directors. These also include exploring a possible sale of the division. The aim is to find the best possible, sustainable solution for all stakeholders over the long term. From today's perspective, any transaction would not affect the results for 2007.

Outlook: substantial revenue and earnings growth

Looking to the second half of 2007, we are generally optimistic. All the signs currently point to a continuation of the buoyant economic conditions. Given the above-average performance during the first six months, our full year revenue and earnings will be substantially higher than last year. However, there are two factors that could lead to consolidation at a high level. For one, our growth potential is narrower due to the base effect of the already good last six months of 2006. For the other, industrial component suppliers typically tend to see lower revenue in the second half of the year. However, aside from seasonal fluctuations in demand, the Daetwyler Group is in robust shape operationally. This is reflected in our EBIT margin of 10.9 %, which is at the top end of our self-imposed target range for the peak of the business cycle. The challenges ahead will be to consolidate our EBIT margin and maintain further profitable growth at a sustainable level. This we seek to achieve by consistently applying our niche strategy.

Altdorf, 28 August 2007

On behalf of the Board of Directors

Ulrich Graf, Chairman

On behalf of the Executive Board

Dr. Paul J. Haelg, CEO

Condensed Consolidated Income Statement

In CHF millions	Six months ended	**30.06.07**	30.06.06	% Change
Gross revenue		735.2	627.9	17.1
Net revenue		**731.1**	**620.2**	17.9
Raw materials and consumables used		–362.5	–309.2	17.2
Gross profit		**368.6**	**311.0**	18.5
Other operating income	(4)	27.0	36.3	–25.6
Employee costs		–183.9	–166.3	10.6
Operating expenses		–106.6	–108.4	–1.7
Depreciation and amortisation		–29.0	–28.1	3.2
Gain on assets held for sale	(2)	3.9	0.9	333.3
Operating profit before interest and tax (EBIT)		**80.0**	**45.4**	76.2
Net finance costs		–2.3	–2.1	–9.5
Profit before tax		**77.7**	**43.3**	79.4
Income tax expense		–17.2	–11.3	52.2
Profit for the period		**60.5**	**32.0**	89.1
Earnings per bearer share ranking for dividend (in CHF)		392.92	208.70	89.1

There are no circumstances that would have a dilutive effect on earnings per share.

Condensed Consolidated Balance Sheet

Assets in CHF millions		**30.06.07**	31.12.06	30.06.06
Cash and cash equivalents		157.7	206.8	190.0
Receivables		274.8	197.2	229.9
Inventories		244.4	222.1	203.2
Assets held for sale	(2)	5.7	7.5	7.9
Current assets		**682.6**	**633.6**	**631.0**
Property, plant and equipment		393.3	376.3	383.9
Intangible assets / goodwill	(1)	92.2	43.0	40.2
Financial investments		20.4	29.9	19.2
Other non-current assets		9.3	9.7	5.8
Non-current assets		**515.2**	**458.9**	**449.1**
Total assets		**1 197.8**	**1092.5**	**1080.1**

Liabilities and equity in CHF millions			
Short-term borrowings	98.2	111.9	113.3
Other current liabilities	237.6	165.3	183.5
Current liabilities	**335.8**	**277.2**	**296.8**
Long-term borrowings	16.4	21.4	27.3
Other non-current liabilities	67.2	57.0	77.1
Non-current liabilities	**83.6**	**78.4**	**104.4**
Total liabilities	**419.4**	**355.6**	**401.2**
Equity	**778.4**	**736.9**	**678.9**
Total liabilities and equity	**1 197.8**	**1092.5**	**1080.1**

Selected Ratios and Other Data

			30.06.07	30.06.06
Profit as % of net revenue			**8.3**	5.2
Cash flow as % of net revenue			**12.2**	9.7
EBITDA as % of net revenue			**14.9**	11.8
EBIT as % of net revenue			**10.9**	7.3
Profit as % of equity (6 months)			**7.8**	4.3
Equity as % of total assets			**65.0**	62.9
Gross capital expenditure (in CHF millions)		(5)	**30.4**	34.6
Employees	number	(7)	**4 729**	5 073
	full-time equivalents (FTEs)	(7)	**4 690**	5 031
Equity per bearer share (in CHF)			**5 054**	4 408
Price per bearer share (high / low)			**8 450 / 6 200**	5 650 / 4 210

Statement of Recognised Income and Expense

In CHF millions	30.06.07	30.06.06
Revaluation of available-for-sale financial assets	1.2	0.1
Actuarial gains, losses and adjustments under IAS 19b	0	0.4
Currency translation differences	5.1	1.5
Net income recognised directly in equity	**6.3**	**2.0**
Profit for the period	60.5	32.0
Total recognised income and expense for the period	**66.8**	**34.0**
Attributable to equity holders	66.8	34.0
Attributable to minority interests	–	–

Consolidated Statement of Changes in Equity

In CHF millions	Holding company's share capital	Group reserves	Fair value reserve	Currency translation reserve	Total Group reserves	Total equity
At 1 January 2006	**76.8**	**548.9**	**–1.1**	**34.1**	**581.9**	**658.7**
Total recognised income and expense for the period	–	32.4	0.1	1.5	34.0	34.0
Change in treasury shares	–	–	–	–	–	–
Dividends	–	–13.8	–	–	–13.8	–13.8
At 30 June 2006	**76.8**	**567.5**	**–1.0**	**35.6**	**602.1**	**678.9**
At 1 January 2007	**76.8**	**616.2**	**0.8**	**43.1**	**660.1**	**736.9**
Total recognised income and expense for the period	–	60.5	1.2	5.1	66.8	66.8
Change in treasury shares	0.1	1.5	–	–	1.5	1.6
Dividends	–	–26.9	–	–	–26.9	–26.9
At 30 June 2007	**76.9**	**651.3**	**2.0**	**48.2**	**701.5**	**778.4**

Condensed Consolidated Cash Flow Statement

In CHF millions Six months ended	30.06.07	30.06.06
Profit before tax	**77.7**	**43.3**
Non-cash items and changes in working capital	–10.9	19.0
Net cash inflow from operating activities	**66.8**	**62.3**
Net purchases of property, plant and equipment	–44.5	–42.9
Net proceeds from sale of financial investments	9.5	2.8
Net purchases of other non-current assets	–50.7	–1.0
Net cash used in investing activities	**–85.7**	**–41.1**
Change in long-term borrowings	–5.0	–0.3
Dividends paid	–26.9	–13.9
Change in other non-current liabilities	1.5	2.2
Net cash used in financing activities	**–30.4**	**–12.0**
Net change in cash and cash equivalents	**–49.3**	**9.2**
Cash and cash equivalents at 1 January	**206.8**	**180.7**
Effect of exchange rate changes on cash and cash equivalents	0.2	0.1
Cash and cash equivalents at 30 June	**157.7**	**190.0**

Segment Information: Primary Reporting Format – Divisions

In CHF millions	Cables	Rubber	Precision Tubes	Pharma-ceutical Packaging	Technical Com-ponents	Financial and service companies	Elimina-tions	Group total
Six months ended 30 June 2007								
Revenue from external customers	132.1	77.9	133.4	136.6	251.1	–	–	731.1
Inter-segment revenue	0.2	0.1	–	–	1.6	–	–1.9	–
Total net revenue	**132.3**	**78.0**	**133.4**	**136.6**	**252.7**	**–**	**–1.9**	**731.1**
EBIT	**8.8**	**6.5**	**13.9**	**18.8**	**28.2**	**3.8**	**–**	**80.0**
EBIT margin	6.7 %	8.3 %	10.4 %	13.8 %	11.2 %	n / a	n / a	10.9 %
Net finance costs								–2.3
Profit before tax								**77.7**
Income tax expense								–17.2
Profit for the period								**60.5**
Six months ended 30 June 2006								
Revenue from external customers	103.4	73.4	112.1	128.0	203.3	–	–	620.2
Inter-segment revenue	0.3	0.2	–	–	1.3	–	–1.8	–
Total net revenue	**103.7**	**73.6**	**112.1**	**128.0**	**204.6**	**–**	**–1.8**	**620.2**
EBIT	**1.7**	**3.7**	**3.4**	**19.3**	**15.9**	**1.4**	**–**	**45.4**
EBIT margin	1.6 %	5.0 %	3.0 %	15.1 %	7.8 %	n / a	n / a	7.3 %
Net finance costs								–2.1
Profit before tax								**43.3**
Income tax expense								–11.3
Profit for the period								**32.0**

Accounting Policies

Basis of preparation of interim consolidated financial statements

The accompanying consolidated financial statements (hereinafter referred to as the "interim consolidated financial statements") comprise the unaudited interim financial statements for the six months ended 30 June 2007 (hereinafter referred to as the "first half of 2007"). The interim consolidated financial statements have been prepared in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting". They do not contain all the information and disclosures presented in the annual consolidated financial statements and should therefore be read in conjunction with the consolidated financial statements for the year ended 31 December 2006. The interim financial statements include all companies over which the Group had the power to govern the financial and operating policies so as to obtain benefits from their activities during the period. In the Daetwyler Group, this is achieved when more than 50 % of a Group company's share capital is unconditionally owned directly or indirectly by Daetwyler Holding Inc., based in Altdorf.

The interim consolidated financial statements were authorised for issue by the Board of Directors on 16 August 2007.

The accounting policies and presentation applied to the interim consolidated financial statements are consistent with those applied in preparing the annual consolidated financial statements for 2006, except for the changes mentioned below. Where necessary, comparative information has been reclassified or expanded from the previous year's interim consolidated financial statements to take into account any presentational changes made in the annual consolidated financial statements or in these interim financial statements.

The preparation of interim consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the 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.

The operations of the Daetwyler Group are not subject to any significant seasonal or cyclical variations, although the second half of the year tends to be weaker than the first.

Income tax expense is calculated based on the best estimate of the average annual income tax rate expected for the full financial year.

Changes in accounting standards

The following new and revised standards and interpretations became effective for the 2007 reporting year:

IAS 1
Amendment – Presentation of Financial Statements: Capital Disclosures

IFRS 7
Financial Instruments: Disclosures

IFRIC 8
Scope of IFRS 2

IFRIC 9
Reassessment of Embedded Derivatives

IFRIC 10
Interim Financial Reporting and Impairment

IFRIC 11
IFRS 2: Group and Treasury Share Transactions

The changes have no material impact on these interim consolidated financial statements.

Notes to the interim consolidated financial statements

1. Acquisitions

IFRS 3 – Business Combinations

Maagtechnic, a company in the Technical Components Division and a unit of Daetwyler Switzerland Inc., acquired all the shares in the Revol Group (France) on 1 January 2007. The Revol Group is engaged in polymer and fluid technology and consists of four operating companies domiciled in France and the Czech Republic.

Distrelec, a company in the Technical Components Division and a unit of Daetwyler Switzerland Inc., acquired all the shares in Proditec AG (Switzerland) on 1 January 2007. Proditec AG is a specialist distributor of computer accessory products.

In the first half of 2007, the acquired businesses contributed net revenue of CHF 40.4 million and operating profit (EBIT) of CHF 2.9 million to the Daetwyler Group's consolidated net revenue and operating profit.

The following table gives details of net assets acquired and intangible assets resulting from the transactions:

In CHF millions	
Cash consideration	57.4
Direct costs relating to the acquisition	0.5
Total purchase consideration	**57.9**
Fair value of net assets acquired	27.3
Goodwill	**30.6**

The goodwill is attributable to the synergies expected to arise from the acquisitions, the workforce and other intangible assets that cannot be measured separately.

The acquisitions have been accounted for using the purchase method of accounting. As the final allocation of the purchase price had not yet been completed at the time of reporting, adjustments may still be made.

In CHF millions	Carrying amount before acquisition	Fair value adjustments	Fair value
Cash and cash equivalents	0.4	0.0	0.4
Receivables	18.7	0.1	18.8
Inventories	9.7	0.8	10.5
Other receivables	2.2	0	2.2
Property, plant and equipment	3.3	3.8	7.1
Intangible assets	0.1	18.0	18.1
Other non-current assets	0.2	–	0.2
Current liabilities	–20.3	–0.1	–20.4
Non-current liabilities	–1.4	–8.2	–9.6
Fair value of net assets acquired			**27.3**
Goodwill			30.6
Total purchase consideration			**57.9**
Cash and cash equivalents acquired			0.4
Net cash outflow arising on acquisitions			**57.5**

2. Assets held for sale – IFRS 5

In CHF millions	30.06.07	31.12.06
Assets held for sale	**5.7**	7.5

At 31 December 2006, the Daetwyler Group classified assets valued at CHF 7.5 million as held for sale. In the first half of 2007, properties with a carrying amount of CHF 1.8 million were sold for CHF 5.7 million. This resulted in a gain of CHF 3.9 million on assets held for sale.

On 1 January 2007, the Daetwyler Group sold its fibre glass manufacturing facility, Daetwyler Fiber Optics SA (Switzerland). The company, which was part of the Cables Division, was classified as a disposal group and included in assets held for sale at 31 December 2006. No gain or loss was realised on the sale.

As a result, assets carried at CHF 5.7 million were still classified as held for sale at the end of June 2007. They are stated at the lower of carrying amount and fair value less costs to sell and presented separately in the balance sheet. They are expected to be sold in the second half of 2007.

3. Financial position

Total assets grew by CHF 105.3 million or 9.6 % compared with the end of 2006. The increase is primarily due to the growth in receivables (up CHF 77.6 million) resulting from higher revenue and seasonal factors. In addition, intangible assets rose by CHF 49.2 million to CHF 92.2 million as a result of acquisitions. Cash and cash equivalents decreased to CHF 157.7 million, mainly due to acquisitions. On the liabilities side, borrowings were reduced by CHF 18.7 million. Consequently, the Daetwyler Group had net cash and liquid resources of CHF 43.1 million (year-end 2006: CHF 70.2 million) despite the decrease in cash and cash equivalents. After dividends of CHF 26.9 million, consolidated equity grew by CHF 41.5 million to CHF 778.4 million, representing a solid equity ratio of 65 %.

4. Results of operations

The Group's profitability increased significantly over the same period last year. EBITDA rose by CHF 35.5 million to CHF 108.9 million. This represents an EBITDA margin of 14.9 %, up 3.1 percentage points year on year. Operating profit (EBIT) improved by 76.2 % to CHF 80.0 million, raising the EBIT margin to 10.9 % from 7.3 % a year ago. The marked improvement in earnings performance is largely the result of organic revenue growth and efficient cost management in all areas, aided by gains (CHF 3.9 million) on the sale of properties classified as assets held for sale. Other operating income was down 25.6 % year on year to CHF 27.0 million. The main reason for the decline is that the year-ago figure still included insurance recoveries for losses caused by flood and fire damage in 2005 / 2006. Profit for the year climbed by 89.1 % to CHF 60.5 million.

5. Capital expenditure

Capital expenditure for the first half of 2007 was CHF 30.4 million (H1 2006: CHF 34.6 million). As several capital expenditure projects have been approved, such as the expansion of manufacturing facilities at Helvoet Pharma USA, the construction of a new production unit at Helvoet Pharma in Belgium and the expansion of production capacities in the Rubber Division, capital expenditure will increase disproportionately in the second half of 2007.

6. Treasury shares and IFRS 2 – Share-Based Payment

Unissued shares

At 30 June 2007, 26 000 unissued bearer shares were still held by the Company. The par value of these shares totalling CHF 13.0 million (26 000 unissued shares at CHF 500 each) is deducted from the share capital of Daetwyler Holding Inc.

Share option plan

Following the expiry of the exercise period on 9 January 2006, the Daetwyler Group still held 300 bearer shares of Daetwyler Holding Inc. on 31 December 2006. Of these, 208 bearer shares of Daetwyler Holding Inc. were used for the share award plan described below during the first half of 2007. Like unissued shares, the remaining 92 bearer shares are deducted from share capital at par value of CHF 500 (totalling CHF 46 000).

Share award plan

For 2007, the composition of remuneration for Directors and Executive Board members was changed. Directors and Executive Board members now receive a portion of their variable remuneration in the form of bearer shares in Daetwyler Holding Inc. Share-based payments to Directors and Executive Board members are measured at fair value at the date of grant and recognised as employee costs over the term of the agreement. Directors have been awarded a total of 315 (2007: 105) bearer shares of CHF 500 each in Daetwyler Holding Inc. for the financial years 2007 – 2009, and Executive Board members have been awarded a total of 286 (2007: 114) bearer shares of CHF 500 each in Daetwyler Holding Inc. for the same period. The expense to be recognised in employee costs in 2007 for the 2007 – 2009 share award plan amounts to CHF 3.6 million. The shares awarded have a vesting period of 5 years.

7. Number of employees

The year-on-year decrease of 344 in the number of employees to 4 729 is mainly the result of the sale of Daetwyler i / o devices AG (624 employees) and the 2007 acquisitions of the Revol Group (229 employees) and Proditec AG (20 employees).

8. Post balance sheet events

Reduction in share capital

On the Board's proposal, the Annual General Meeting of Shareholders of Daetwyler Holding Inc. held on 24 April 2007 passed a resolution to cancel 10 000 unissued bearer shares of CHF 500 each, thereby reducing the Company's share capital by CHF 5.0 million from CHF 90.0 million to CHF 85.0 million. This has reduced the proportion of treasury shares to 9.41 %, i.e. below the 10 % threshold stipulated in Art. 659 par. 1 of the Swiss Code of Obligations.

Share split

The Annual General Meeting on 24 April 2007 also passed a resolution to split the shares on 6 July 2007. The remaining 126 000 bearer shares of CHF 500 each have now been split into 12 600 000 bearer shares of CHF 5 each and the 220 000 registered shares of CHF 100 each into 22 000 000 registered shares of CHF 1 each.

The reduction in share capital and share split were registered in the Commercial Register on 2 July 2007.

9. Currency translation rates

First half average rates

	2007	2006
1 EUR	1.63	1.56
1 USD	1.23	1.28

Closing rates

	30.06.07	30.06.06
1 EUR	1.65	1.56
1 USD	1.23	1.25

Important Dates

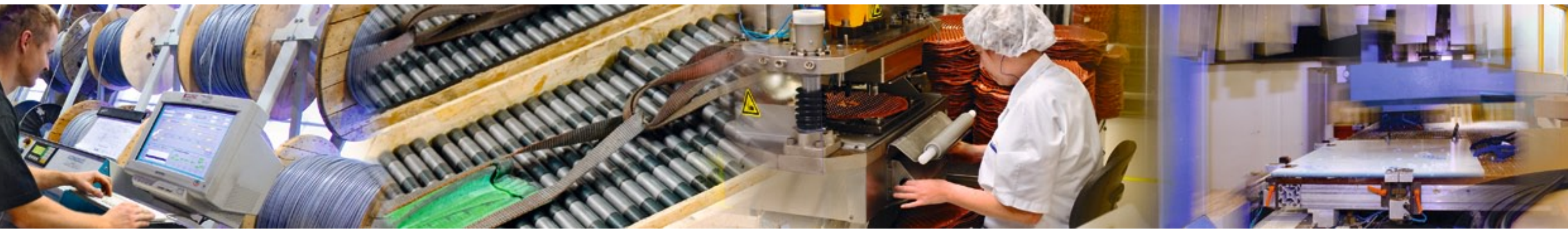
Annual Press Conference	31 March 2008
Analyst Conference	31 March 2008
Annual General Meeting	22 April 2008 (to be held at 5.00 p.m. at the theater (uri) Tellspielhaus Altdorf)
Interim Report	27 August 2008

Daetwyler Group – 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 focus on attractive markets and niches that offer opportunities to increase value added and create profitable growth. The core markets we serve through our five divisions – Cables, Rubber, Precision Tubes, Pharmaceutical Packaging and Technical Components – are the automotive, pharmaceutical, telecom, construction and machine industries. Our strategy is built on delivering innovative solutions and positioning ourselves as a competent development partner for our customers. Employing some 4 700 people, the Daetwyler Group based in Altdorf (Switzerland) generates over CHF 1 400 million in sales revenue, with more than two-thirds coming from outside Switzerland. Daetwyler has been listed on the main board of the SWX Swiss Exchange since 1986 (security number 3048677). www.daetwyler.ch

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

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



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