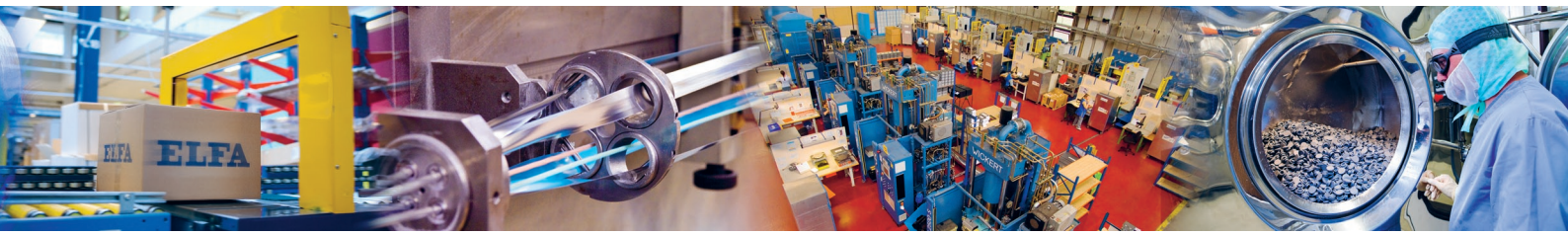


Interim Report 2008



Highlights

Selected ratios and other data

In CHF millions	Six months ended	
	30.06.08	30.06.07
Continuing operations:		
Net revenue	648.1	597.7
Operating profit before depreciation and amortisation (EBITDA)	96.7	88.2
EBITDA as % of net revenue	14.9	14.8
Operating profit before interest and tax (EBIT)	70.8	64.7
EBIT as % of net revenue	10.9	10.8
Profit for the period	62.3	47.6
Profit for the period as % of net revenue	9.6	8.0
Profit for the period as % of equity	6.5	6.1
Cash flow	88.2	71.1
Cash flow as % of net revenue	13.6	14.0
Gross capital expenditure on property, plant and equipment	36.2	30.4
Total assets	1 601.1	1 212.3
Equity	956.8	776.7
Equity ratio (%)	59.8	64.1
Equity per bearer share (in CHF) ⁽¹⁾	62	51
Price per bearer share (high / low) ⁽¹⁾	80 / 58	85 / 62
Number of employees	4 903	4 182

⁽¹⁾ Prior year figures have been restated to reflect the 100-for-1 share split on 6 July 2007.

Variance analysis

Net revenue and EBIT were impacted by:

In CHF millions	Six months ended	30.06.08	% Change
Continuing operations:			
Net revenue:			
Acquisition / disposal of subsidiaries		28.0	4.7
Changes in exchange rates		-10.5	-1.8
Organic growth		32.9	5.5
Total change in net revenue		50.4	8.4
EBIT:			
Acquisition / disposal of subsidiaries		4.0	6.2
Changes in exchange rates		-0.5	-0.8
Organic growth		2.6	4.0
Total change in EBIT		6.1	9.4

Chairman and CEO's Statement

Profitable growth – successful portfolio realignment

The Daetwyler Group continued to grow during the first half of 2008 and increased profit from continuing operations once again, outpacing the record level set in the same period last year. Strategically, the Group resolutely moved ahead with the realignment of its portfolio. Following the sale of the Precision Tubes Division at the end of 2007, Daetwyler acquired the Swedish ELFA Group at the end of April 2008, very promptly and selectively reinvesting the available funds in an attractive business. This successful portfolio realignment has shifted the focus of our operations away from cyclical and capital-intensive industrial manufacturing towards high-margin, less cyclical business-to-business distribution.

Focus on niches fuels strong demand

Bolstered by the Daetwyler companies' consistent focus on attractive market niches, all four divisions again benefited from continuing strong demand in the first half of 2008. Net revenue rose to CHF 648.1 million from CHF 597.7 million in the same period last year, an increase of 8.4 %. Prior year net revenue and all comparatives below have been adjusted to exclude the figures of the discontinued Precision Tubes Division and reflect continuing operations. Organic growth slowed down somewhat due to the base effect of the strong preceding years. 4.7 % or CHF 28 million of the revenue growth came from the two-month consolidation of the ELFA Group. Excluding negative currency effects of CHF 10.5 million, organic growth was 5.5 %.

Profits continue to rise

With capacity utilisation remaining good and the ongoing efforts to enhance productivity, the Daetwyler Group was able to improve on the high profit figures posted last year. This performance was achieved even though the rising prices of petroleum-based elastomeric materials and negative one-off effects of strategic projects in specialist distribution weighed on margins. Operating profit (EBIT) increased to CHF 70.8 million, up 9.4 % from CHF 64.7 million in the same period last year and raising the EBIT margin from 10.8 % to 10.9 %. Profit for the period from continuing operations soared 30.9 % year on year to CHF 62.3 million from CHF 47.6 million, due in part to the positive impact of financial items and lower tax expense.

Cables Division improves profitability again

The Cables Division, operating as Daetwyler Cables, continued to advance during the first half of 2008, with net revenue for the first six months up 6.7 % to CHF 141.1 million from CHF 132.3 million a year ago. Local currency growth was 8.8 %. Due to slower construction activity, the rate of growth in the main European markets was slightly lower than last year. In contrast, Daetwyler Cables benefited from the groundwork laid in export markets, in particular the Middle East and Asia, and once more recorded disproportionately high growth in those regions.

The increase in revenue was accompanied by a continued upturn in profitability. Operating profit (EBIT) rose 20.5 % year on year to CHF 10.6 million from CHF 8.8 million, lifting the EBIT margin from 6.7 % to 7.5 %. This was partly a result of the productivity enhancement programmes implemented at the manufacturing facilities in Altdorf (Switzerland) and in Shanghai and Suzhou (China). In addition, a marked improvement in performance was seen in the first half of the year following the restructuring of the Chinese company in Shanghai, coupled with a realignment of the local management, sales force and distribution network.

For the second half of the year, we expect the Cables Division to post another moderate increase in revenue, with sustained improvement in earnings.

Rubber Division sustains performance

The Rubber Division, operating as Daetwyler Rubber, built on last year's performance during the first six months of 2008. Net revenue increased 2.6 % to CHF 80.0 million from CHF 78.0 million a year ago even though

Daetwyler Rubber had to contend with a decline in automotive activity in the USA and weaker construction activity in Europe. Added to that, the same period last year included revenue from the sheet product segment that was sold. Despite adverse currency effects and rising prices for petroleum-based elastomeric materials, operating profit (EBIT) was also up, improving 3.1% year on year to CHF 6.7 million from CHF 6.5 million. The EBIT margin remained constant at 8.4% compared with 8.3% a year ago.

The work to gear up for the major contract from the consumer goods industry, announced a year ago, went ahead on schedule. Full mass production will get underway in the second half of 2008. In its operations with moulded rubber components for the automotive industry, Daetwyler Rubber is grappling with difficult market conditions in the USA. The new factory being set up in Mexico has progressed according to plan and is scheduled to come into operation in the third quarter of 2008. As announced, an expiring third-party manufacturing contract is forcing the division to reduce the workforce at the Czech plant by some 90 people by the end of the year. Daetwyler Rubber won additional attractive contracts for special gaskets and seals for tunnelling projects in Eastern Europe, India and the USA, while demand for construction seals increased again towards mid-year.

With the healthy order book, we are confident that the Rubber Division will be able to grow revenue and profit for the second half of the year. To combat upcoming increases in raw material costs, Daetwyler Rubber will raise its prices, optimise the product mix and implement further efficiency enhancements.

Pharmaceutical Packaging Division grows profitably

The Pharmaceutical Packaging Division, operating as Helvoet Pharma, continued to grow profitably during the first half of 2008. Net revenue was up 8.1%, rising to CHF 147.7 million from CHF 136.6 million in the same period last year. In local currencies, Helvoet Pharma posted organic growth of 13.3%, once again clearly outpacing the general market growth for pharmaceutical products (5% to 6%). Operating profit (EBIT) kept pace with the revenue growth, also increasing 8.5% to CHF 20.4 million from CHF 18.8 million a year ago, even though the steeply rising prices for petroleum-based elastomeric materials and energy weighed noticeably on margins. To maintain profitability, Helvoet Pharma raised prices in all sales markets, launched higher-end products and initiated programmes to enhance efficiency. These measures enabled the division to maintain the EBIT margin at an unchanged 13.8%.

The capital expenditure programme underway at the Belgian facility is going according to plan, with the new production capacities set to come on stream on schedule at the beginning of 2009. The high-tech clean room production concept and envisaged quality standards are being communicated at targeted information events and receiving great attention from customers. At the US manufacturing facility, Helvoet Pharma has started to install a state-of-the-art purification system for pharmaceutical packaging components.

For 2008, we are optimistic that the measures being taken and the strong order book will allow the Pharmaceutical Packaging Division to substantially beat last year's revenue and profit figures.

Technical Components Division makes desired strategic acquisition

During the first half of 2008, operating performance in the Technical Components Division lagged behind the significant strategic progress. While net revenue increased 10.7% to CHF 279.7 million from CHF 252.7 million in the same period last year, operating profit (EBIT) slipped 8.2% year on year to CHF 25.6 million from CHF 27.9 million. As a result, the EBIT margin fell to 9.2% versus 11.0% a year ago.

The decline in profit was due to the specialist distribution business, operating as Maagtechnic, which was in the process of implementing two important strategic projects: installing a new ERP system and transferring the plastics centre from Basel to France. Some problems encountered during project execution caused unex-

pected supply and capacity bottlenecks. Despite the rising demand and high level of orders, the sales revenue stagnated. In addition, the one-off costs of the relocation and migration work and of setting up the new processes and structures were higher than expected. As a result, the profit contribution from the traditionally very profitable Maagtechnic halved in the first six months of 2008. The problems have been identified, and appropriate corrective measures are being taken. We are convinced that Maagtechnic will already return to its previous profitability before the end of the year. Supported by the new, group-wide ERP system and the central plastics centre in France, the company has a strong operational base with a competitive cost structure for further expansion. In mid-August, Maagtechnic took over the distribution of Shell lubricants in Switzerland and Liechtenstein from Shell Lubricants Switzerland AG, continuing to strengthen its position in the Swiss market.

Strategically, Daetwyler was able to make a desired acquisition in its mail order distribution business, taking over the Swedish ELFA Group at the end of April 2008. ELFA is the leading catalogue distributor for industrial electronics and automation in Scandinavia, the Baltic and Eastern Europe, and has successfully focused on high-margin product segments. Employing some 450 people, the group generates annual revenue of approximately CHF 180 million and EBITDA of about CHF 35 million. Geographically, the ELFA Group ideally complements Daetwyler's already existing catalogue distributor, Distrelec. This makes Daetwyler the Number Two catalogue distributor for industrial electronics and automation in Continental Europe and the leading supplier in the rapidly growing East European markets. On the market side, Distrelec and ELFA have an optimum platform for organic growth. And on the cost side, they have substantial potential to realise synergies in purchasing, inventory management, product management, catalogue production and electronic media in the future. The integration work is going according to plan. During the first two months of consolidation, the ELFA Group already contributed CHF 4.0 million to EBIT.

For the full year, we believe that the Technical Components Division will significantly improve on last year's revenue and profit figures.

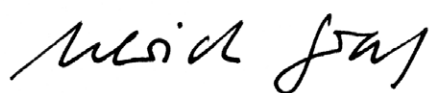
Outlook: marked increase in profit from continuing operations

At Group level, we are confident that profit from continuing operations for the 2008 financial year will be well up on last year (CHF 86.3 million). With the addition of the ELFA Group consolidated since May 2008, we expect profit for the year to increase by approximately 30%.

So far, a drop in demand has hardly been felt in the market niches served by Daetwyler. However, in most of our businesses, the foreseeable horizon only extends to a few months. The pace of organic expansion will be dampened somewhat by the base effect of the already very good preceding years and the impact of foreign exchange rates. While the rising raw material costs will also continue to weigh on profitability, the Daetwyler Group's portfolio offers distinctly higher margins than a year ago following the sale of the Precision Tubes Division and the acquisition of the ELFA Group. We are now targeting an EBIT margin of between 8% and 12% over the economic cycle, compared with the previous 6% to 10%. We are convinced that, with the new portfolio, Daetwyler has the right strategic focus to sustain continued profitable growth.

Altdorf, 29 August 2008

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	Note	Six months ended		% Change
		30.06.08	30.06.07	
Continuing operations:				
Gross revenue		657.8	602.8	9.1
Net revenue	1	648.1	597.7	8.4
Material costs		-315.1	-290.8	8.4
Gross profit		333.0	306.9	8.5
Other operating income		21.9	22.3	-2.0
Employee costs	7	-169.4	-155.4	9.0
Operating expenses	2	-94.4	-89.5	5.5
Depreciation and amortisation	7	-25.9	-23.5	10.2
Gain on assets held for sale	5	5.6	3.9	43.6
Operating profit before interest and tax (EBIT)	1	70.8	64.7	9.4
Net finance income / (costs)	7	3.8	-2.4	n/a
Profit before tax from continuing operations		74.6	62.3	19.7
Income tax expense	2	-12.3	-14.7	-16.3
Profit for the period from continuing operations		62.3	47.6	30.9
Profit for the period from discontinued operation	4	-	12.7	
Profit for the period		62.3	60.3	3.3
In CHF				
Earnings per bearer share ranking for dividend: ⁽¹⁾				
Continuing operations		4.05	3.10	30.6
Discontinued operation		-	0.82	n/a
Total earnings per bearer share ranking for dividend		4.05	3.92	3.3

The accompanying notes on pages 10 to 18 are an integral part of these interim consolidated financial statements.

⁽¹⁾ Prior year figures have been restated to reflect the 100-for-1 share split on 6 July 2007. There are no circumstances that would have a dilutive effect on earnings per bearer share.

Condensed Consolidated Balance Sheet

In CHF millions	Note	30.06.08	31.12.07	30.06.07
Assets				
Cash and cash equivalents	2, 6	226.3	146.7	154.2
Money market investments	6	43.3	341.5	3.5
Trade receivables		197.3	154.4	235.7
Inventories		228.9	189.4	244.4
Assets held for sale	5	–	4.1	5.7
Other current assets	2, 11	45.0	31.1	38.8
Current assets		740.8	867.2	682.3
Property, plant and equipment, including investment property		336.7	322.6	393.3
Intangible assets, including goodwill	3	468.1	96.0	92.2
Deferred tax assets		11.8	4.3	9.8
Financial investments and other non-current assets	2	43.7	41.5	34.7
Non-current assets		860.3	464.4	530.0
Total assets		1 601.1	1 331.6	1 212.3
Liabilities and equity				
Short-term bank borrowings		128.0	165.7	98.2
Other current liabilities	2	214.3	156.6	237.6
Current liabilities		342.3	322.3	335.8
Long-term bank borrowings	6	155.1	7.1	16.4
Deferred tax liabilities	3	82.9	28.7	31.5
Other long-term liabilities	2	64.0	41.8	51.9
Non-current liabilities		302.0	77.6	99.8
Total liabilities		644.3	399.9	435.6
Equity	2, 6	956.8	931.7	776.7
Total liabilities and equity		1 601.1	1 331.6	1 212.3

The accompanying notes on pages 10 to 18 are an integral part of these interim consolidated financial statements.

Condensed Consolidated Cash Flow Statement

In CHF millions	Note	Six months ended	
		30.06.08	30.06.07
Profit before tax from continuing operations		74.6	62.3
Profit before tax from discontinued operation	4	–	15.1
Total profit before tax		74.6	77.4
Non-cash items and changes in working capital		–3.7	–10.6
Net cash from operating activities		70.9	66.8
Net purchases of property, plant and equipment		–37.9	–44.5
Acquisition of subsidiaries	3	–358.0	–46.0
Proceeds from repayment of money market investments	2	298.2	65.0
Net (purchases)/proceeds from sale of other non-current assets		–7.5	4.8
Net cash used in investing activities	2	–105.2	–20.7
Change in bank overdrafts		–31.3	–5.0
Proceeds from bank loans	6	148.1	–
Change in other long-term liabilities		–0.2	1.5
Dividends paid to shareholders	8	–	–26.9
Net cash from/(used) in financing activities		116.6	–30.4
Net change in cash and cash equivalents		82.3	15.7
Cash and cash equivalents at 1 January	2	146.7	138.3
Effect of exchange rate changes on cash and cash equivalents		–2.7	0.2
Cash and cash equivalents at 30 June	2	226.3	154.2

The accompanying notes on pages 10 to 18 are an integral part of these interim consolidated financial statements.

Consolidated Statement of Changes in Equity

Statement of recognised income and expense

In CHF millions	30.06.08	30.06.07
Revaluation of available-for-sale financial assets	-2.1	1.2
Actuarial gains, losses and adjustments (IAS 19.58b / IFRIC 14, see note 2)	-26.1	-1.5
Currency translation differences	-9.7	5.1
Net (expense) income recognised directly in equity	-37.9	4.8
Profit for the period	62.3	60.3
Total recognised income and expense for the period	24.4	65.1
Attributable to equity holders	24.4	65.1
Attributable to minority interests	-	-

Statement of changes in equity

In CHF millions	Holding company's share capital ⁽¹⁾	Group reserves	Fair value reserve	Currency translation reserve	Total Group reserves	Total equity
At 1 January 2007	76.8	663.0	0.8	-3.7	660.1	736.9
Total recognised income and expense for the period		58.8	1.2	5.1	65.1	65.1
Share award plan	0.1	1.5	-	-	1.5	1.6
Dividends	-	-26.9	-	-	-26.9	-26.9
At 30 June 2007	76.9	696.4	2.0	1.4	699.8	776.7
At 1 January 2008	77.0	853.3	1.4	0.0	854.7	931.7
Total recognised income and expense for the period		36.2	-2.1	-9.7	24.4	24.4
Share award plan	0.1	0.6	-	-	0.6	0.7
Dividends	-	-	-	-	-	-
At 30 June 2008	77.1	890.1	-0.7	-9.7	879.7	956.8

The accompanying notes on pages 10 to 18 are an integral part of these interim consolidated financial statements.

⁽¹⁾ Holding company's share capital of CHF 85 million less CHF 7 948 500 for the par value of 1 589 700 bearer shares held in treasury gives a net balance of CHF 77 051 500 at 30 June 2008.

Notes to the Consolidated Financial Statements

1 Segment information

Primary reporting format by division – continuing operations

	Cables	Rubber	Pharmaceutical Packaging	Technical Components	Corporate	Eliminations	Group total
Amounts in CHF millions							
Six months ended							
30 June 2008							
Revenue from external customers	140.8	79.9	147.7	279.7	–	–	648.1
Inter-segment revenue	0.3	0.1	–	–	–	–0.4	–
Total net revenue	141.1	80.0	147.7	279.7	–	–0.4	648.1
EBIT	10.6	6.7	20.4	25.6	7.5	–	70.8
EBIT as % of net revenue	7.5 %	8.4 %	13.8 %	9.2 %	–	–	10.9 %
Net finance income							3.8
Income tax expense							–12.3
Profit for the period from continuing operations							62.3
Six months ended							
30 June 2007							
Revenue from external customers	132.1	77.9	136.6	251.1	–	–	597.7
Inter-segment revenue	0.2	0.1	–	1.6	–	–1.9	–
Total net revenue	132.3	78.0	136.6	252.7	–	–1.9	597.7
EBIT	8.8	6.5	18.8	27.9	2.7	–	64.7
EBIT as % of net revenue	6.7 %	8.3 %	13.8 %	11.0 %	–	–	10.8 %
Net finance costs							–2.4
Income tax expense							–14.7
Profit for the period from continuing operations							47.6

2 Summary of significant accounting policies and basis of preparation

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 2008 (hereinafter referred to as the “first half of 2008”). The consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS), which include financial reporting standards adopted by the International Accounting Standards Board (IASB), International Accounting Standards (IAS) adopted by the former International Accounting Standards

Committee (IASC), and the Interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and Standing Interpretations Committee (SIC). The interim consolidated financial statements have been prepared in accordance with International Accounting Standard (IAS) 34 “Interim Financial Reporting”. They do not include 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 2007.

The Precision Tubes Division sold on 28 December 2007 qualifies as a “discontinued operation” and is reported as such in the interim consolidated financial statements (see note 4). The presentation of the income statement, in particular for the prior year period, is consequently focused on continuing operations.

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 2007, except for the changes described below. Prior year figures have been restated to conform to the presentation for the current financial period to ensure comparability.

In the Interim Report 2007, the amounts of cash and cash equivalents reported in the balance sheet and cash flow statement also included money market investments of CHF 3.5 million at 30 June 2007 and CHF 68.5 million at 31 December 2006 and 1 January 2007 respectively. This error has been corrected in accordance with IAS 8 by a transfer in the balance sheet and a corresponding reduction in the amount of cash and cash equivalents reported in the cash flow statement. In the cash flow statement for the six months ended 30 June 2007, this correction changes the amount of net cash used in investing activities by CHF 65.0 million to CHF –20.7 million (Interim Report 2007: CHF –85.7 million).

The interim consolidated financial statements were authorised for issue by the Board of Directors on 18 August 2008.

The interim consolidated financial statements include all companies which belonged to the Group during the reporting period 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. domiciled in Altdorf.

The preparation of interim consolidated financial statements requires management to make esti-

mates 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 2008 reporting year:

IFRIC 11: IFRS 2 – Group and Treasury Share Transactions

IFRIC 12: Service Concession Arrangements

IFRIC 13: Customer Loyalty Programmes

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

The changes do not have a material impact on these interim consolidated financial statements with the exception of IFRIC 14. IFRIC 14 provides guidance on issues such as the limit on the measurement of a defined benefit asset to the present value of economic benefits available. Due to the adoption of IFRIC 14, it was found that certain pension plans had previously been reported on a net rather than gross basis. This error was corrected on adoption of IFRIC 14. As a result, both assets and liabilities increased by CHF 16.2 million at 30 June 2007 and 31 December 2007. The adoption of IFRIC 14 has no impact on the presentation of the income

statement for the six months ended 30 June 2007. The balance sheets at 30 June 2007 and 31 December 2007 (figure in brackets) have been restated as follows due to the adoption of IFRIC 14: a decrease of CHF 1.9 million (CHF 1.7 million) in other non-current assets and an increase of CHF 0.4 million (CHF 0.4 million) in deferred tax assets. These changes reduce equity by CHF 1.5 million (CHF 1.3 million).

The following revised standards and new interpretations have been issued since the Annual Report 2007 was published:

“Improvements to IFRSs” published in May 2008

IAS 32 and IAS 1: “Puttable Financial Instruments and Obligations Arising on Liquidation”, effective from 1 January 2009

IFRS 1 and IAS 27: “Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate”, effective from 1 January 2009

IAS 39: “Eligible Hedged Items”, effective from 1 July 2009

IFRIC 15: “Agreements for the Construction of Real Estate”, effective from 1 January 2009

IFRIC 16: “Hedges of a Net Investment in a Foreign Operation”, effective from 1 October 2008

From 1 January 2008, the Daetwyler Group has early adopted the revised IAS 38 issued in May 2008 as part of the “Improvements to IFRSs”. The revised IAS 38 requires that catalogue costs incurred in mail order distribution are expensed fully in the income statement when a new catalogue is published. This affects the Technical Components Division where catalogue costs used to be deferred and recognised evenly over the whole year in the income statement. As a significant number of new catalogues are published annually at the beginning of the year, the new policy results in an increase in costs for the first half of the year compared with the accounting treatment applied in the past. The comparatives for the first half of 2007 have been adjusted as follows: an increase in operating expenses and decrease in other current assets of CHF 0.3 million, with a corresponding reduction in EBIT, and a decrease in income tax expense and increase in deferred tax assets of CHF 0.1 million, resulting in a reduction of CHF 0.2 million in profit for the period from continuing operations.

3 Acquisitions and disposals

In addition to the discontinued Precision Tubes Division reported separately in note 4, acquisitions and the disposal of a subsidiary had the following effect on the Group’s assets and liabilities at 30 June 2008 and 30 June 2007.

Acquisitions in the first half of 2008

Distrelec, a company in the Technical Components Division and 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 the Baltic States and comprises a total of 13 companies, including the head office in Sweden.

In the period from 1 May to 30 June 2008, the acquired businesses employing 451 people generated net revenue of CHF 28.0 million and profit of CHF 2.0 million for the period, which is included in the figures for the Technical Components Division.

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

In CHF millions	Carrying amount	Fair value adjustments	Fair value on acquisition
Cash and cash equivalents	14.2	–	14.2
Trade receivables	20.5	–0.4	20.1
Inventories	30.1	–0.1	30.0
Other current assets	2.8	–0.3	2.5
Property, plant and equipment	5.8	0.4	6.2
Intangible assets	2.1	193.3	195.4
Other non-current assets	0.6	0.1	0.7
Current liabilities	26.6	–0.3	26.3
Non-current liabilities	1.1	54.5	55.7
Net assets acquired at fair value			187.1
Goodwill			185.1
Total purchase consideration, including transaction costs			372.2
Cash and cash equivalents acquired			–14.2
Net cash outflow on acquisition			358.0

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

Acquisitions in the first half of 2007

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

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

In the first half of 2007, the acquired businesses employing 248 people generated net revenue of CHF 38.4 million and profit of CHF 1.7 million for the period, which is included in the figures for the Technical Components Division. The following table shows the fair value of the assets and liabilities acquired at the acquisition date, including identifiable intangible assets and goodwill arising from the transactions:

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

The table above shows the final audited amounts, as disclosed in the Annual Report 2007. The figures in the Interim Report 2007 were unaudited provisional amounts which have been restated to conform to the final amounts at the year end. This has reduced goodwill by CHF 2.1 million compared with the figures published in the Interim Report 2007.

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

Disposal in 2007

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

4 Discontinued operation

The agreement to sell all Group companies in the Precision Tubes Division to German-based Benteler Stahl/Rohr GmbH in Paderborn was signed on 23 November 2007. As the Precision Tubes Division

qualifies as a "discontinued operation", it is reported as such below for the first half of 2007. Following completion of the transaction on 28 December 2007, the division was deconsolidated at the end of 2007.

Details of the discontinued operation

In CHF millions		30.06.07
Results:		
Net revenue		133.4
Operating expenses		-118.4
Operating profit before interest and tax (EBIT)		15.0
Net finance income		0.1
Profit before tax		15.1
Income tax expense		-2.4
Profit from discontinued operation, after income tax		12.7
Cash flows:		
Net cash from operating activities		7.5
Net cash used in investing activities		-3.7
Net cash used in financing activities		-4.8
Net change in cash and cash equivalents		-1.0
Cash and cash equivalents at 1 January		10.7
Effect of exchange rate changes on cash and cash equivalents		0.0
Cash and cash equivalents at 30 June		9.7

5 Assets held for sale

In CHF millions	30.06.08	31.12.07
Total assets held for sale	-	4.1
	30.06.08	30.06.07
Gain on assets held for sale (see details below)	5.6	3.9

Pharmaceutical Packaging Division

A non-operating property in the USA with a carrying amount of CHF 0.3 million was sold in the first half of 2008 at a book gain of CHF 0.1 million.

Corporate

Parcels of non-operating land having a total carrying amount of CHF 3.8 million were classified as held for sale at the end of 2007 and sold in the first half of 2008 at a total book gain of CHF 5.5 million.

6 Financial position

Total assets were CHF 269.5 million or 20.2% higher than at year-end 2007. Intangible assets including goodwill were up by CHF 374.8 million and deferred tax liabilities by CHF 54.6 million at 30 June 2008 due to the acquisition of the ELFA Group (see note 3). Likewise, the reduction of CHF 218.6 million in cash, cash equivalents and money market investments is largely due to the consideration paid for this acquisition. The rise of CHF 148.0 million in long-term bank borrowings primarily relates to a new SEK 900 million bank loan, bearing interest at a rate of 4.97% and maturing on 30 June 2011, which was used

to partially fund the ELFA acquisition. As a result, the Group had liquid assets of CHF 269.6 million at the end of June 2008, of which CHF 76.3 million was used for the par value reduction in July 2008 (see note 8). In addition, receivables and inventories showed a temporary increase, like at the end of June 2007, due to revenue growth and seasonal factors. Consolidated equity rose by CHF 25.1 million to CHF 956.8 million, representing an equity ratio of 59.8%. The balance sheet presented for 30 June 2007 still includes the Precision Tubes Division which was sold on 28 December 2007 (see note 4).

7 Results of operations

Compared with the first half of 2007, employee costs rose by CHF 14.0 million to 169.4 million, of which CHF 5.6 million is attributable to the inclusion of the newly acquired ELFA Group for the two months of May and June. The approved plan to reduce about 90 jobs at the Rubber Division's Czech manufacturing facility had a negative impact of approximately CHF 0.2 million on the income statement. The number of employees in continuing operations increased from 4 182 people at 30 June 2007 to 4 903 people at 30 June 2008. The newly acquired ELFA Group accounted for 451 of the increase of 721 people.

Depreciation and amortisation includes amortisation of intangible assets acquired in the ELFA acquisition of CHF 1.2 million for the two months of May and June 2008.

Net finance income of CHF 3.8 million in the first half of 2008 includes a one-off, realised foreign exchange gain of CHF 2.0 million, other net foreign exchange gains of CHF 0.9 million and finance charges of CHF 0.2 million. The investment of cash and cash equivalents from the sale of the Precision Tubes Division at the end of 2007 improved net interest income and expense compared with the first half of 2007 to CHF 1.1 million in net interest income.

8 Share capital

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.

9 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 or award date and recognised as employee costs over the term of the agreement. The share price on the award date of 24 April 2007 was CHF 83 (all data adjusted to reflect the 100-for-1 share split in mid-2007). Directors have been awarded a total of 31 500 (2008: 10 500; 2007: 10 500) bearer shares in Daetwyler Holding Inc. for the financial

years 2007 to 2009, and senior executives have been awarded a total of 27 200 (2008: 7 900; 2007: 11 400) bearer shares for the same period. The total number of shares awarded to senior executives has decreased since the end of 2007 because of a minor change in the composition of the executives entitled. The expense recognised as employee costs in the first half of 2008 for the 2007 to 2009 share award plan amounts to CHF 0.7 million (first half of 2007: CHF 1.6 million). The shares awarded have a vesting period of 5 years.

10 Shareholders

Pema Holding AG acquired 150 000 bearer shares during the first half of 2008, as a result of which it held 80.43 % (year-end 2007: 80.00 %) of the voting rights and 52.65 % (year-end 2007: 51.76 %) of the share capital of Daetwyler Holding Inc. at 30 June 2008. Non-voting treasury bearer shares have been included in calculating the percent-

age of capital held but excluded in calculating the percentage of voting rights held. The Board of Daetwyler Holding Inc. is not aware of any other shareholders, or groups of shareholders subject to voting agreements, who hold more than 3 % of the total voting rights.

11 Derivative financial instruments

During the first half of 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 positive fair value of CHF 0.2 million at 30 June 2008 was recognised in other current assets. Hedge accounting as defined by the requirements in IAS 39 is still not applied.

12 Events after the balance sheet date

The par value reduction resolved at the Annual General Meeting on 22 April 2008 took place on 14 July 2008 (see note 8).

In mid-August 2008, Maagtechnic took over the lubricants business of Shell Lubricants Switzerland AG for Switzerland and Liechtenstein.

The Board of Directors and Executive Board are not aware of any significant events occurring up to the date of approval of the interim consolidated financial statements on 18 August 2008 that would require an adjustment in the carrying amounts of the Group's assets and liabilities.

13 Currency translation rates

	Six months ended 30 June 2008		Six months ended 30 June 2007	
	Closing rate at 30 June	First half average rate	Closing rate at 30 June	First half average rate
1 EUR	1.61	1.61	1.65	1.63
1 USD	1.02	1.05	1.23	1.23
100 SEK	17.06	17.18		

Important dates

Annual Press Conference	31 March 2009
Analyst Conference	31 March 2009
Annual General Meeting	28 April 2009
Interim Report	25 August 2009

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 markets and niches that offer opportunities to increase value added and sustain profitable growth. Daetwyler's four divisions – Cables, Rubber, Pharmaceutical Packaging and Technical Components – are focused on the manufacturing, pharmaceutical and datacom industries. With more than 50 operating companies, sales in over 100 countries and some 4 900 employees, the Daetwyler Group generates approximately CHF 1 400 million in revenue. The Group has been listed on the main board of the SWX Swiss Exchange since 1986 (security number 3048677).

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.



Dätwyler

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