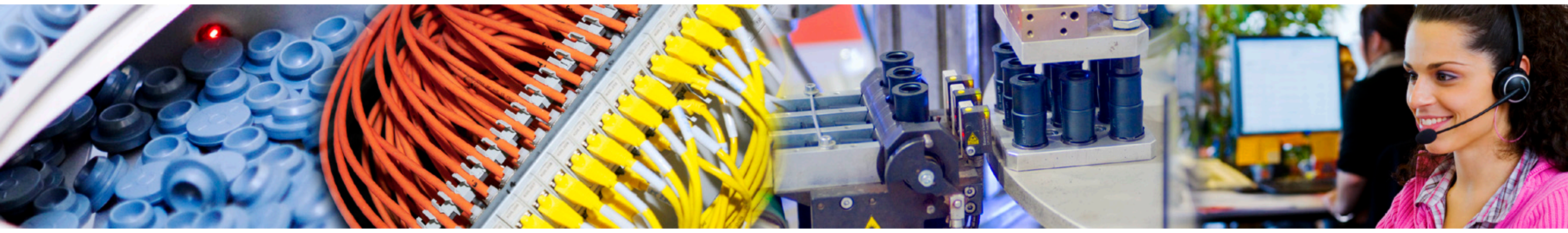
Interim Report 2009



Highlights

Key figures

In CHF millions	Six months ended 30.06.2009 unaudited	30.06.2008 unaudited
Net revenue	**562.1**	**648.1**
Operating result before depreciation and amortisation (EBITDA)	**56.4**	**96.7**
EBITDA as % of net revenue	10.0	14.9
Operating result before interest and taxes (EBIT)	**28.7**	**70.8**
EBIT as % of net revenue	5.1	10.9
Net result	**23.0**	**62.3**
Net result as % of net revenue	4.1	9.6
Net result as % of equity	2.7	6.5
Cash flow	**50.7**	**88.2**
Cash flow in % of net revenue	9.0	13.6
Capital expenditures on property, plant and equipment, gross	**22.3**	**36.2**
Total assets	**1 401.1**	**1 601.1**
Equity	**836.6**	**956.8**
Equity ratio (%)	59.7	59.8
Equity per bearer share (in CHF)	54	62
Net debt with banks	**32.1**	**13.5**
Price (high/low) per bearer share (in CHF)	**46/36**	**80/58**
Number of employees	**4 574**	**4 903**
Full-time equivalents	**4 388**	**4 815**

Chairman’s and CEO’s Statement

Cyclical downturn in 2009 – business opportunity intact

In the first half of 2009 the Daetwyler Group as a supplier to industry was confronted with market conditions of inordinate difficulty. The worldwide economic crisis triggered unparalleled strong reductions in demand in most of the sectors relevant for Daetwyler. Particularly affected by this development were the Daetwyler Divisions Rubber and Technical Components, in which on a comparable basis revenue dropped by more than 25 %. Also regressive, but copper price adjusted somewhat less pronounced, was revenue in the Cables Division. In contrast, the Pharmaceutical Packaging Division proved to be a recession-proof foothold.

Fall in demand forces cost reduction programmes

At Group level, net revenue dropped in the first half year of 2009 in comparison with the previous year period by 13.3 % to CHF 562.1 million (PY CHF 648.1 million). The contribution of businesses acquired since January 2008 (including ELFA Group and Distribution Shell Lubricants) amounted to 9.0 %. The negative currency effect was 2.7 %. Adjusted by these two factors, net revenue of hitherto existing business declined by 19.6 %. To maintain competitiveness, Daetwyler was forced to adapt its cost structure to the changed market environment. On the basis of specific market and demand scenarios, individual cost reduction programmes were developed and implemented in each division. Alongside the cutback in temporary and limited contract personnel, the reduction of holiday and flexitime balances as well as the introduction of working short-time, in the Divisions Daetwyler Rubber and Daetwyler Technical Components reductions in personnel within Switzerland and abroad – in some cases through layoffs – were unavoidable. Overall the Daetwyler Group at mid-year 2009 employed 427 fewer full-time equivalents than one year ago (–8.9 %).

Profitability considerably lower

Despite rapid implementation of cost reduction measures, the lower capacity utilisation led to a significant drop in the operating result (EBIT). In comparison with the previous year period this fell by 59.5 % to CHF 28.7 million (PY CHF 70.8 million). The EBIT margin fell accordingly to 5.1 % (PY 10.9 %). The net result also declined by 63.1 %, amounting to CHF 23.0 million (PY CHF 62.3 million). Included in this result are lower book gains from the sale of non-operating property in the amount of CHF 2.6 million (PY CHF 5.6 million). In the assessment of the lower revenue and result, this year the base effect calls for particular consideration: the feeble demand of the first half year in 2009 stands in comparison with the remarkably strong growth of the first half year in 2008.

Cables Division selectively hit by crisis

The Cables Division, operating as Daetwyler Cables, registered varying market developments in the first half year of 2009 depending on the sector or region. While the primary markets of Switzerland and Germany as well as the Chinese domestic market showed continued robust activity, demand in Central and Eastern Europe, in the Benelux countries, the Middle East as well as in the elevator and harnessing business dropped considerably in part, due to the economic cycle. Net revenue declined in comparison with the previous year period by 23.9 % to CHF 107.4 million (PY CHF 141.1 million). Adjusted for exchange rates the decrease amounted to 22.3 %; based on the previous period’s copper prices this represented 14.9 %. Due to lower revenue as well as greater competition and price pressure, proceeds were diminished: the operating result (EBIT) dropped 61.3 % to CHF 4.1 million (PY CHF 10.6 million). The EBIT margin decreased to 3.8 % (PY 7.5 %). Thanks to productivity increases carried out during recent years, investment restrictions, greater workplace flexibility and selective working of short-time, the company could limit the decrease in profit. Despite a difficult environment Daetwyler Cables has rigorously pursued its new strategy with focus on engineering and services. This has already brought initial successes, and could be strengthened at the beginning of April through the acquisition of engineering provider SymbioTec. For the second half of the year we anticipate for the Cables Division that market pressure will continue.

Rubber Division hit by worldwide automotive crisis

The Rubber Division, which operates as Daetwyler Rubber, had to accept significant losses in revenue and results in the first half of 2009. The worldwide automotive industry crisis led to a decline in net revenue of 28.3 % (exchange rate adjusted –26.3 %) to CHF 57.4 million (PY CHF 80.0 million). As a result of lower capacity utilisation, the operating result (EBIT) dropped by 79.1 % to CHF 1.4 million (PY CHF 6.7 million). The EBIT margin of 2.4 % thus lay considerably below the previous year value of 8.4 %. A major order from the consumer goods industry that developed according to plan brought a stabilising effect. In rubber moulded parts for the automotive industry Daetwyler Rubber struggled with the difficult market conditions. With the start of operations at the new production location in Mexico, the company made an important step in boosting its competitiveness. The existing factory in the USA will be closed in the third quarter of 2009. Through this relocation Daetwyler Rubber estimates annual savings of CHF 3 million as of 2010. Special gaskets and seals for building construction and civil engineering could also not escape the economic crisis. In particular segment lining gaskets for tunnel construction suffered considerably due to massive project postponements. For the second half year we do not anticipate a sustainable recovery for the Rubber Division. We are nevertheless optimistic for the medium term due to numerous new projects in the pipeline.

Pharmaceutical Packaging Division stable

The Pharmaceutical Packaging Division, operating as Helvoet Pharma, proved in the first half of 2009 to be a recession-proof and profitable foothold within the Daetwyler Group. This held true although in particular countries such as Russia, India or the USA the economic crisis has caused declines in demand even in the pharmaceutical industry. At CHF 146.9 million, net revenue remained at the previous year level (CHF 147.7 million). Adjusted for exchange rates, growth of 2.7 % was generated. The operating result (EBIT) and the EBIT margin, at CHF 19.9 million and 13.5 % respectively, also practically attained the values of the previous year (CHF 20.4 million / 13.8 %). In terms of markets Helvoet Pharma has developed an important basis for application of ready-to-use packaging components with leading major customers in the two segments vaccines and diabetes. On the production side the certification of the new clean room production facility “FirstLine” in Alken, Belgium, is proceeding as planned. Through this and other efforts to increase customer benefit the company succeeded in raising prices in all market segments. This is all the more important since an increase in prices for elastomeric raw materials is anticipated for the second half of the year. Thanks to full order books and systematic cost management we are confident that the Pharmaceutical Packaging Division can uphold its profitability in the second half of the year.

Technical Components Division with restructuring costs

The Technical Components Division, in which the companies Maagtechnic (specialist distribution) as well as Distrelec and ELFA (mail order distribution) are consolidated, was confronted with massive shifts in the market in the first half of 2009. Due to the extensive drop in demand on the part of manufacturing industries, the division reacted more cyclically than expected. Net revenue declined by 9.6 % to CHF 252.9 million (PY CHF 279.7 million). On a comparable basis to the previous year, meaning without the businesses acquired since January 2008, revenue fell significantly by 30.4 %. This includes a negative exchange rate effect of 3.1 %. As a result of this considerable drop in revenue, greater pricing pressure and the burden of restructuring costs of some CHF 5.3 million, the operating result (EBIT) yielded a loss of CHF 2.2 million (PY CHF +25.6 million).

Comprehensive cost reduction programmes

The specialist distribution group Maagtechnic was particularly affected by the downturn in demand. The OEM market (Original Equipment Manufacturer) as well as the MRO market (Maintenance, Repair and Operations) showed strongly regressive development. Solely the new business area with Shell Lubricants was able to meet expectations. The mail order distribution group Distrelec / ELFA also faced strong decreases in demand. The new markets in Eastern Europe were affected thereby more strongly than the mature core markets of Switzerland, Germany and Scandinavia. The unexpectedly severe downturn in the industrial cycle compelled the

Daetwyler distribution companies to implement comprehensive cost reduction programmes. Structures and processes were adapted to the lower distribution volume. Despite the introduction of short-time work a reduction of the workforce was unavoidable. At the same time the companies reduced stocks and tightened the management of accounts receivable. Furthermore, at Maagtechnic a review of business processes was initiated. As a first concrete measure, the company consolidated more manufacturing processes at a single location in France. In order to serve small-lot customers in Switzerland efficiently, Maagtechnic intends to concentrate logistics at the Dübendorf site and to close local sales offices during the second half of the year. Linked with this is the reduction of some 50 full-time equivalents. The implementation of this measure and of further possible restructuring steps will lead to additional one-time charges in the second half of the year.

Integration of ELFA Group according to plan

In mail order distribution the integration of the ELFA Group, acquired in 2008, is proceeding according to plan. Important synergy projects such as the consolidation of product management, catalogue production and procurement have already yielded significant savings. With the acquisition at the beginning of March of Nordic Power Consulting AB with subsidiaries in Sweden and Norway, Daetwyler seized an opportunity to strengthen ELFA's market position. On the basis of current indicators we do not anticipate a short term recovery in the Technical Components Division in the second half of the year.

Limited visibility and difficult market conditions

The outlook on the entire year 2009 remains under the influence of numerous uncertainties. While demand has stabilised on a low level, farther visibility is limited and an upturn is not in sight in any of the divisions. The volatility of currencies and raw material prices complicate planning. Under these circumstances a reliable forecast is not possible. Daetwyler will further adjust cost structures to the changed market conditions in the second half of the year as necessary. Furthermore, selective short-time work will be maintained and net working capital managed even more intensively. In parallel the Group will continue to push the strategic innovation and growth projects in the four divisions.

Business opportunity intact

Despite the cyclically induced downturn in the current year, Daetwyler is convinced that the Group is well prepared to embrace the challenges ahead. On the market side, Daetwyler companies hold strong positions, supported by their consistent focus on attractive niches. On the cost side, the Group is reaping the benefits of investing in productivity enhancements rather than in capacity expansion in its cyclical businesses over the past two years. As a Group, the successful portfolio realignment in 2007/08 reduced Daetwyler's portion of revenue derived from the vulnerable automotive industry to 6 %. In addition, the Pharmaceutical Packaging Division generates around 25 % of Group revenue in a non-cyclical market. An equity ratio of 59.7 % and high liquidity provide for intact business opportunity. Daetwyler is willing to capitalise on the phase of economic weakness to gain market share and make acquisitions in line with its strategy.

Altdorf, 25 August 2009

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

Condensed Consolidated Income Statement

In CHF millions	Note	Six months ended 30.06.2009 unaudited	30.06.2008 unaudited	% Change
Net revenue	1	**562.1**	**648.1**	**–13.3**
Material costs		–266.1	–315.1	–15.6
Gross profit		**296.0**	**333.0**	**–11.1**
Other operating income	6	18.0	21.9	–17.8
Personnel expenses	6	–167.7	–169.4	–1.0
Operating expenses		–89.9	–94.4	–4.8
Depreciation and amortisation	6	–27.7	–25.9	6.9
Gain on assets held for sale	4	–	5.6	n/a
Operating result before interest and taxes (EBIT)	1	**28.7**	**70.8**	**–59.5**
Net finance income/(expenses)	6	–3.6	3.8	n/a
Profit before tax		**25.1**	**74.6**	**–66.4**
Income tax expenses		–2.1	–12.3	–82.9
Net result		**23.0**	**62.3**	**–63.1**
In CHF				
Net result per bearer share entitled to dividend (1)		**1.49**	**4.05**	**–63.2**

(1) There are no circumstances that would have a dilutive effect on earnings per bearer share.

The accompanying notes on pages 11 to 17 are an integral part of these interim consolidated financial statements.

Condensed Consolidated Balance Sheet

In CHF millions	Note	30.06.2009 unaudited	31.12.2008	30.06.2008 unaudited
Assets				
Cash and cash equivalents	5	114.7	115.2	226.3
Money market investments	5	88.0	117.8	43.3
Trade accounts receivable		158.2	147.4	197.3
Inventories		209.3	218.7	228.9
Other current assets		40.4	39.4	45.0
Current assets		**610.6**	**638.5**	**740.8**
Property, plant and equipment, including investment property		333.8	328.4	336.7
Intangible assets, including goodwill	3	389.7	381.3	468.1
Deferred income tax assets		22.2	19.6	11.8
Financial investments and other non-current assets		44.8	44.1	43.7
Non-current assets		**790.5**	**773.4**	**860.3**
Total assets		**1 401.1**	**1 411.9**	**1 601.1**
Liabilities and equity				
Short-term bank borrowings		183.7	187.1	128.0
Other current liabilities		152.9	141.4	214.3
Current liabilities		**336.6**	**328.5**	**342.3**
Long-term bank borrowings	5	51.1	74.6	155.1
Deferred income tax liabilities	3	74.5	73.2	82.9
Other long-term liabilities		102.3	106.5	64.0
Long-term liabilities		**227.9**	**254.3**	**302.0**
Total liabilities		**564.5**	**582.8**	**644.3**
Equity	5	**836.6**	**829.1**	**956.8**
Total liabilities and equity		**1 401.1**	**1 411.9**	**1 601.1**

The accompanying notes on pages 11 to 17 are an integral part of these interim consolidated financial statements.

Condensed Consolidated Cash Flow Statement

In CHF millions	Note	Six months ended 30.06.2009 unaudited	30.06.2008 unaudited
Profit before tax		**25.1**	**74.6**
Non-cash items and changes in working capital		26.6	–3.7
Net cash from operating activities		**51.7**	**70.9**
Net purchases of property, plant and equipment		–19.7	–37.9
Acquisition of subsidiaries	3	–3.9	–358.0
Net purchases of other non-current assets		–1.5	–7.5
Net proceeds from repayment of money market investments		29.8	298.2
Net cash from / (used in) investing activities		**4.7**	**–105.2**
(Repayment of)/proceeds from bank borrowings, net	5	–30.7	116.8
Net decrease in other long-term liabilities		–0.1	–0.2
Dividends paid to shareholders	7	–27.7	–
Net cash (used in)/from financing activities		**–58.5**	**116.6**
Net change in cash and cash equivalents		**–2.1**	**82.3**
Cash and cash equivalents at 1 January		115.2	146.7
Effect of exchange rate changes on cash and cash equivalents		1.6	–2.7
Cash and cash equivalents at 30 June		**114.7**	**226.3**

The accompanying notes on pages 11 to 17 are an integral part of these interim consolidated financial statements.

Consolidated Statement of Comprehensive Income

In CHF millions	Six months ended 30.06.2009 unaudited	30.06.2008 unaudited
Net result as per income statement	**23.0**	**62.3**
Other comprehensive income recognised directly in equity:		
Changes in the fair value of available-for-sale financial assets:		
Gross amount, before income taxes	0.4	–2.1
Income taxes	0.0	0.0
Net amount, after income taxes	0.4	–2.1
Actuarial gains, losses and adjustments according to IAS 19.58b:		
Gross amount, before income taxes	2.2	–33.9
Income taxes	–0.3	7.8
Net amount, after income taxes	1.9	–26.1
Currency translation differences:		
Gross amount, before income taxes	9.7	–9.7
Income taxes charged to income	–0.1	0.0
Net amount, after income taxes	9.6	–9.7
Total other comprehensive income recognised directly in equity:		
Gross amount, before income taxes	12.3	–45.7
Income taxes	–0.4	7.8
Net amount, after income taxes	**11.9**	**–37.9**
Total comprehensive income	**34.9**	**24.4**
Attributable to shareholders	34.9	24.4
Attributable to minorities	–	–
Changes in the fair value of available-for-sale financial assets:		
Reclassifications to the income statement	–	–

The accompanying notes on pages 11 to 17 are an integral part of these interim consolidated financial statements.

Consolidated Statement of Changes in Equity

In CHF millions, unaudited	Holding company's share capital [1]	Retained earnings	Fair value adjustments	Cumulative currency translation adjustments	**Total group reserves**	**Total equity**
At 1 January 2008	**77.0**	**853.3**	**1.4**	**0.0**	**854.7**	**931.7**
Total comprehensive income	–	36.2	–2.1	–9.7	24.4	24.4
Share award plan	0.1	0.6	–	–	0.6	0.7
At 30 June 2008	**77.1**	**890.1**	**–0.7**	**–9.7**	**879.7**	**956.8**
Total comprehensive income	–	3.1	1.4	–56.2	–51.7	–51.7
Share award plan	0.0	0.3	–	–	0.3	0.3
Par value reduction	–76.3	–	–	–	–	–76.3
At 1 January 2009	**0.8**	**893.5**	**0.7**	**–65.9**	**828.3**	**829.1**
Total comprehensive income	–	24.9	0.4	9.6	34.9	34.9
Share award plan	0.0	0.3	–	–	0.3	0.3
Dividends	–	–27.7	–	–	–27.7	–27.7
At 30 June 2009	**0.8**	**891.0**	**1.1**	**–56.3**	**835.8**	**836.6**

[1] The holding company's share capital of CHF 850 000 at 30 June 2009 (30 June 2008: CHF 85 million), less CHF 78 545 (30 June 2008: CHF 7.9 million) par value of treasury shares yields a net balance of CHF 771 455 at 30 June 2009 (30 June 2008: CHF 77.1 million). 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.

The accompanying notes on pages 11 to 17 are an integral part of these interim consolidated financial statements.

Notes to the Consolidated Financial Statements

1 Segment information

Amounts in CHF millions	Cables	Rubber	Pharma-ceutical Packaging	Technical Components	Corporate	Eliminations	**Total Group**
Six months ended 30 June 2009							
Revenue from external customers	107.2	56.5	146.9	251.5	–	–	562.1
Inter-segment revenue	0.2	0.9	–	1.4	–	–2.5	–
Total net revenue	**107.4**	**57.4**	**146.9**	**252.9**	**–**	**–2.5**	**562.1**
EBIT	**4.1**	**1.4**	**19.9**	**–2.2**	**5.5**	**–**	**28.7**
EBIT as % of net revenue	3.8 %	2.4 %	13.5 %	–0.9 %	–	–	5.1 %
Interest expenses	–1.1	–1.4	–1.5	–10.9	–1.0	11.0	–4.9
Interest income	0.0	0.9	0.3	0.7	11.0	–11.0	1.9
Other finance income/ (expenses), net	0.4	0.1	–1.1	–0.2	74.2	–74.0	–0.6
Income tax expenses	–0.3	0.0	–4.5	4.1	–1.4	–	–2.1
Net result	**3.1**	**1.0**	**13.1**	**–8.5**	**88.3**	**–74.0**	**23.0**
Total assets at 30 June 2009	123.2	133.7	329.1	706.0	863.2	–754.1	1 401.1
Total assets at 31 December 2008	121.2	127.9	323.6	723.4	814.4	–698.6	1 411.9
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 %
Interest expenses	–1.4	–1.0	–3.5	–5.5	–0.8	6.6	–5.6
Interest income	0.0	0.3	1.3	1.5	9.8	–6.6	6.3
Other finance income/ (expenses), net	–0.0	0.1	0.1	0.8	72.8	–70.7	3.1
Income tax expenses	–1.4	–1.1	–4.4	–4.5	–0.9	–	–12.3
Net result	**7.8**	**5.0**	**13.9**	**17.9**	**88.4**	**–70.7**	**62.3**
Total assets at 30 June 2008	147.6	128.0	318.9	819.4	854.5	–667.3	1 601.1

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, France, 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 mail order distribution. Its distribution and service companies are located in Switzerland, Germany, Austria, Italy, France, Scandinavia, Poland, the Czech Republic, the Baltic States and 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.

2 Summary of significant accounting policies and basis of presentation

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 2009 (hereinafter referred to as "first half of 2009"). 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 the Standing Interpretations Committee (SIC). The interim consolidated financial statements, which have been prepared in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting", 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 2008.

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 2008, 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.

The interim consolidated financial statements were authorised for issue by the Board of Directors on 21 August 2009.

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 (Switzerland).

The preparation of the interim 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 judgement 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 from 2009

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

IFRS 8 "Operating Segments":
Since 1 January 2009 the new standard IFRS 8 "Operating Segments" is applied replacing the former standard IAS 14 "Segment Reporting", see note 1. 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 the 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.

The following amendments to standards and interpretations effective from 1 January 2009 have no or no material impact on the consolidated financial statements:

"Improvements to IFRSs", published in May 2008. The amendments to IAS 38 included therein have been early adopted from 1 January 2008.

IFRS 2: "Share-based Payment"

IAS 32 / IAS 1: "Puttable Financial Instruments and Obligations Arising on Liquidation"

IFRS 1 / IAS 27: "Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate"

IFRIC 15: "Agreements for the Construction of Real Estate"

IFRIC 16: "Hedges of a Net Investment in a Foreign Operation"

Embedded Derivatives: Amendments to IFRIC 9 and IAS 39

Improving Disclosures about Financial Instruments: Amendments to IFRS 7

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.

Since the Annual Report 2008 was published further "Improvements to IFRSs" were issued in April 2009 with alterations and amendments of various standards and interpretations which will be applicable for the Daetwyler Group from the beginning of 2010.

3 Effect of acquisitions and disposals

Acquisitions had the following effect on the Group's assets and liabilities at 30 June 2009 and 30 June 2008:

Acquisitions in the first half of 2009

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

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

In the period from 1 March to 30 June 2009, the acquired businesses employing 13 people generated net revenue of CHF 2.5 million and a net result of CHF –0.3 million. Had these acquisitions been included for the full first half year 2009, the estimated hypothetical impact on the Group would have been an increase of approximately CHF 3.0 million in revenue and a net result of approximately CHF –0.3 million for the first half of 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.

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.

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**

Acquisitions in the first half of 2008

Distrelec in the Technical Components Division, a unit of Daetwyler Switzerland Inc., through an intermediate holding company at the end of April 2008 acquired all the shares of the ELFA Group. 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.

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 a net result of CHF 2.0 million which are included in the figures for the Technical Components Division. Had this acquisition been included for the full first half year 2008, the estimated hypothetical impact on the Group would have been an increase of approximately CHF 90.7 million in revenue and an increase of approximately CHF 3.4 million in the net result for the first half of 2008.

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.

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.

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**

4 Assets held for sale

In the first half of 2008, plots of non-operating land in the Corporate unit were sold at a gain of CHF 5.5 million and a non-operating property in the Pharmaceutical Packaging Division was sold at a gain of CHF 0.1 million.

5 Financial position

Total assets decreased by CHF 10.8 million or 0.8 % compared to year-end 2008. The reduction of CHF 30.3 million in cash, cash equivalents and money market investments is largely due to scheduled repayments of bank borrowings of CHF 30.7 million. As a result, the Group had liquid assets of CHF 202.7 million at the end of June 2009. Trade accounts receivable have temporarily increased due to seasonal factors like at the end of June 2008. Consolidated equity rose by CHF 7.5 million to CHF 836.6 million, representing an equity ratio of 59.7 %.

6 Results of operations

Compared with the first half of 2008, personnel expenses decreased by CHF 1.7 million to CHF 167.7 million. Newly acquired companies contributed personnel expenses of CHF 0.6 million. The number of employees decreased from 4 903 people at 30 June 2008 to 4 574 at 30 June 2009 with newly acquired companies contributing an additional 13 employees.

Depreciation and amortisation include amortisation of intangible assets of CHF 5.7 million (first half of 2008: CHF 2.9 million), among other reasons because the first half of 2008 includes only two months amortisation of intangible assets from the acquisition of the ELFA Group, and impairment charges of CHF 1.0 million (first half of 2008: CHF 0.0 million) relating to buildings of the Technical Components Division in Germany.

Other operating income includes gains on sale of property, plant and equipment and investment property of CHF 2.6 million (first half of 2008: CHF 0.0 million) which mostly relate to the sale of real estate in the Corporate unit amounting to CHF 2.4 million.

Net finance expense of CHF 3.6 million in the first half of 2009 includes net foreign exchange gains of CHF 2.6 million (first half of 2008: CHF 2.9 million), offset by unrealised net marked-to-market losses of interest rate swap and forward exchange contracts of CHF 3.1 million (first half of 2008: unrealised net gain of CHF 0.2 million). Net interest expense amounted to CHF 2.9 million in the first half of 2009 (first half of 2008: net interest income of CHF 1.1 million). In the prior period, larger investments of cash and cash equivalents had improved the net interest result.

7 Share capital and dividends

At 30 April 2009, dividends of CHF 27.7 million were distributed. In the prior year, the Annual General Meeting held on 22 April 2008 passed a resolution to reduce the par value of shares 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 in lieu of a dividend payment. The par value reduction took place on 14 July 2008.

8 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 personnel expenses 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 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 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 entitled. The expense recognised as personnel expenses for the 2007 to 2009 share award plan amounts to CHF 0.3 million (first half of 2008: CHF 0.7 million). The shares awarded have a vesting period of 5 years.

9 Events after the balance sheet date

The Board of Directors and the Executive Board are not aware of any significant events up to the date of approval of the interim consolidated financial statements on 21 August 2009 that would require an adjustment in the carrying amounts of the Group's assets and liabilities.

10 Currency translation rates

	Six months ended 30 June 2009		Six months ended 30 June 2008	
	Closing rate at 30 June	Average rate first half year	Closing rate at 30 June	Average rate first half year
1 EUR	1.53	1.51	1.61	1.61
1 USD	1.09	1.13	1.02	1.05
100 SEK	13.94	13.86	17.06	17.18

Important dates

Annual Press Conference	30 March 2010
Analyst Conference	30 March 2010
Annual General Meeting	27 April 2010
Interim Report	20 August 2010

Daetwyler Group – an international multi-niche player

The Daetwyler Group is an international multi-niche player dedicated to industrial component supply and distribution of engineering and electronic components. Our activities concentrate on attractive niches that offer opportunities to increase value added and sustain profitable growth. The group's four divisions – Cables, Rubber, Pharmaceutical Packaging and Technical Components – are focused on the manufacturing, pharmaceutical and datacom industries. Our strategy is built on delivering innovative solutions and positioning ourselves as a competent development partner for our customers. With more than 50 operating companies, sales in over 80 countries and some 4 400 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

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 be downloaded from our website at www.daetwyler.ch.
The German version is binding.

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