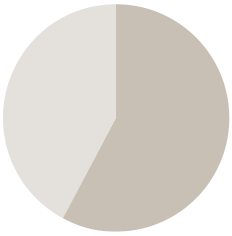
Annual Report 2007

Highlights

Daetwyler Group:
an international multi-niche player

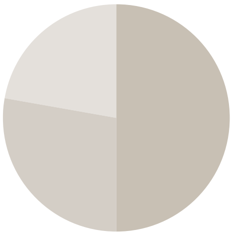
The Daetwyler Group is an international multi-niche player dedicated to industrial component supply and distribution of engineering and electronic components. Our activities concentrate on attractive niches that offer opportunities to increase value added and sustain profitable growth. Having sold the Precision Tubes Division (on 28 December 2007), Daetwyler is focusing on the industrial, construction and pharmaceutical markets with a technology portfolio based on rubber and electrical engineering. Our strategy is built on delivering innovative solutions and positioning ourselves as a competent development partner for our customers. The Daetwyler Group comprises the Cables, Rubber, Pharmaceutical Packaging and Technical Components Divisions. Employing 4 200 people, the Group based in Altdorf (Switzerland) generates some CHF 1 200 million in sales revenue, with around 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

Net revenue by activity
(after sale of Precision Tubes Division)



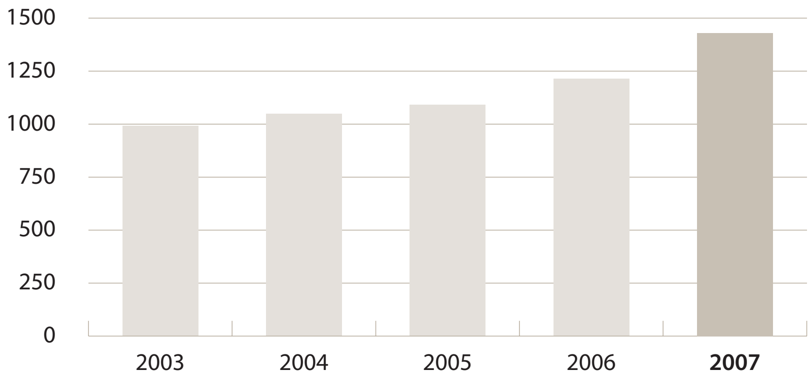
- Industrial supply 58 %
- Technical distribution 42 %

Net revenue by market
(after sale of Precision Tubes Division)

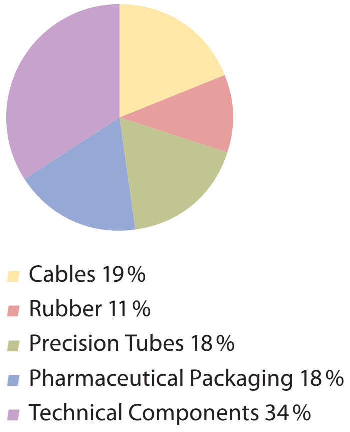


- Industrial 50 %
- Construction 28 %
- Pharmaceutical 22 %

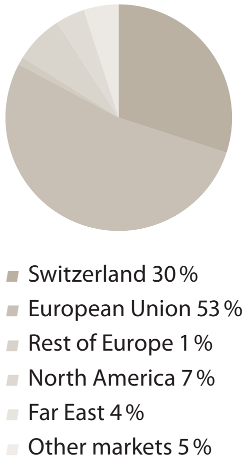
Net revenue 2003 to 2007 (in CHF millions, including Precision Tubes Division)



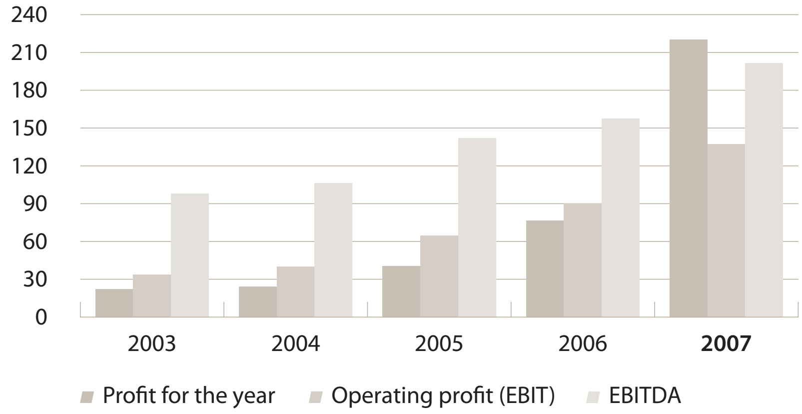
Net revenue by division
(including Precision Tubes Division)



Net revenue by region
(including Precision Tubes Division)



Profit performance 2003 to 2007 (in CHF millions, including Precision Tubes Division)



Daetwyler Group (in CHF millions)	**2007**	2006
Gross revenue	1 443.8	1 226.8
Year-on-year change (%)	17.7 %	11.1 %
Net revenue	**1 429.4**	**1 214.8**
Year-on-year change (%)	17.7 %	11.3 %
Operating profit before depreciation and amortisation (EBITDA)	**201.1**	**157.5**
Margin (as % of net revenue)	14.1 %	13.0 %
Operating profit (EBIT)	**136.9**	**90.0**
Margin (as % of net revenue)	9.6 %	7.4 %
Profit for the year	**219.5**	**76.5**
Margin (as % of net revenue)	15.4 %	6.3 %
Cash flow	**283.7**	**144.1**
Margin (as % of net revenue)	19.8 %	11.9 %
Free cash flow	**157.9**	**23.9**
Capital expenditure on property, plant and equipment	**77.6**	**73.5**
Total assets	**1 316.7**	**1 092.5**
Equity	**933.0**	**736.9**
Equity ratio (%)	70.9 %	67.5 %
Cash, cash equivalents and money market investments	**488.2**	**206.8**
Net cash surplus	**322.5**	**94.9**
Number of employees	**4 340**	**4 510**

Daetwyler Holding Inc. (in CHF millions)	**2007**	2006
Finance and investment income	224.1	45.9
Profit for the year	221.8	44.8
Equity	699.4	509.5
Equity ratio (%)	99.8 %	99.8 %
Share capital [1]	85.0	90.0
Distribution	84.2 [2]	27.0

Per share data (in CHF) [3]	**2007**	2006
Earnings per bearer share ranking for dividend:		
Continuing operations	5.61	4.37
Discontinued operation	8.66	0.61
Total earnings per bearer share ranking for dividend	14.27	4.98
Par value repayment/dividend per bearer share	4.95 [2]	1.75
Distribution yield at 31 December	6.5 %	2.5 %

(1) *CHF 77.0 million eligible for a dividend.*

(2) *Par value repayment, Board of Directors' proposal to the Annual General Meeting. For details, see page 109.*

(3) *Prior year figures have been restated to reflect the share split on 6 July 2007.*

Contents

Chairman and CEO's Statement

Record operating result – strategic turning point

For the Daetwyler Group, 2007 was an exceptional year in more ways than one. Operationally, all our divisions came up with high growth rates and by far the best results in their history, spanning up to 90 years or more. Strategically, Daetwyler reached an important turning point with the sale of the Precision Tubes Division: we are now focusing our operations as an international multi-niche player on the industrial, construction and pharmaceutical markets with a technology portfolio based on rubber and electrical engineering.

Growing market share

During 2007, the environment was extremely positive in Daetwyler's principal markets of Germany and Switzerland, in general, and in the construction and manufacturing industries, in particular. Supported by their strong niche positions, intensive market activities and successful growth projects, Daetwyler companies continued to capture market share and benefited disproportionately from the buoyant demand. Expansion was accelerated by substantial sales successes in the growth markets of Eastern Europe, the Middle East and Asia. Net revenue increased 17.7 % to CHF 1 429.4 million from CHF 1 214.8 million a year earlier, with CHF 82.3 million or 6.8 % attributable to acquisitions, disposals and movements in exchange rates. Organic growth accounted for 10.9 %. These figures include the Precision Tubes Division, which was sold on 28 December 2007 and whose revenue has been excluded from the audited income statement. Net revenue from continuing operations rose 17.9 % to CHF 1 173.5 million from CHF 995.7 million in the previous year.

Record profit performance at all levels

In 2007, Daetwyler delivered record profit performance at all levels, as in the preceding years. These results were driven by good capacity utilisation, further productivity improvements and increased manufacturing at facilities in low-cost countries. At the same time, they were fuelled by the Daetwyler companies' success in winning customer projects yielding higher margins with innovative new system solutions. Operating profit (EBIT) climbed 52.1 % to CHF 136.9 million from CHF 90.0 million a year earlier. As a result, the EBIT margin reached 9.6 %, improving from 7.4 % and beating the target of 8 %. Profit for 2007 came in at CHF 219.5 million, compared to CHF 76.5 million the year before, and can be broken down as follows:

Daetwyler has sharpened its focus by selling the Precision Tubes Division.

- profit from operations (including the Precision Tubes Division) of CHF 108.0 million, up from CHF 76.5 million;
- a gain of CHF 111.5 million on the sale of the Precision Tubes Division.

Profit for the year from continuing operations, as reported in accordance with IFRS 5, was CHF 86.3 million compared to CHF 67.1 million in the previous year.
In place of a dividend, the Board of Directors will propose a profit distribution in the form of a par value repayment of CHF 4.95 per bearer share and CHF 0.99 per registered share for approval at the Annual General Meeting. This represents a payout ratio of 38.4 %.

Increasing competitiveness

The Daetwyler Group capitalised on the economic upswing over the past three years to increase its competitiveness in all the markets in which it operates. We are committed to continuously improving and designing our business models, processes and structures so that they will continue to function sustainably and profitably even in an economic slowdown. Here we differentiate between strategic measures at Group level and operational measures within the divisions. Through systematic interaction of these measures, we are seeking to strike a corporate balance that will allow us to steadily improve efficiency and profitability, while ensuring our ability to deliver innovation and growth.

Sale of the Precision Tubes Division

Strategically, we leveraged our position of strength built up over recent years to reduce the complexity of the Daetwyler Group and usher in a change during the year. Selling the Precision Tubes Division, operating as Rothrist, we disposed of the division that exhibited the least synergy with the rest of the Group. Furthermore, Rothrist was an SME player in a consolidated market and, as such, was confronted with very large, global organisations among its customers, competitors and suppliers. We found an ideal new owner in the form of the German-based Benteler Group, one of the world's major independent automotive suppliers. As part of Benteler's core business, Rothrist will benefit from the global purchasing and distribution network.

Focus on the industrial, construction and pharmaceutical markets

By selling Rothrist, Daetwyler has sharpened its focus as a Group. Offering a technology portfolio based on rubber and electrical engineering, we are now concentrating on attractive niches in the industrial, construction and pharmaceutical markets. In future, we are looking to capitalise more systematically on synergies existing within the Group. The disposal of Rothrist has set the stage for further investment and growth in our core areas of activity. Priority for driving growth through acquisitions is being placed on the Technical Components Division. Our strong balance sheet with an equity ratio of 70.9 % and a net cash surplus of CHF 322.5 million gives us the ability to finance attractive acquisition opportunities. Nevertheless, the acquisition target must complement our own businesses in terms of product, market or value-added process. Despite our comfortable financial position, we exercise all due care in screening acquisition candidates. At the beginning of 2007, we successfully made two strategic acquisitions that added Revol and Proditec to the Technical Components Division and already contributed to profit during the first year.

Organic growth as an operational priority

At operational level, the divisions are giving top priority to the initiatives to increase efficiency and organic growth. Here too, focusing is a fundamental requirement for sustaining profitable growth. Current examples from the reporting year are the Cables Division's sale of its fibre glass manufacturing facility and the Rubber Division's sale of its sheet product segment. By disposing of subcritical operations, we are clearing the way to allow management to concentrate on promoting our core business. In the process, we are taking advantage of the good environment to update the divisions' strategies and optimise their organisational structures. With these measures, we are pursuing external and internal objectives by gearing our operational units to the specific needs of their markets, while continuing to improve the efficiency of our processes.

2007 AGM: capital reduction and share split – 2008 AGM: re-elections

The Annual General Meeting held on 24 April 2007 approved a 100-for-1 share split and the cancellation of 10 000 of the total of 26 000 unissued (bearer) shares by reducing the share capital by CHF 5 million. Both resolutions were carried into effect on registration in the Commercial Register on 2 July 2007. The new bearer shares of CHF 5 each were first traded on 6 July 2007. At the Annual General Meeting to be held on 22 April 2008, the Board of Directors will propose Ulrich Graf, Hanspeter Faessler and Ernst Odermatt for re-election for another four-year term.

Outlook and thanks

Having started the year with strong demand, we are optimistic that the environment in the industrial markets served by Daetwyler will remain good during 2008. This gives us confidence that we will be able to continue our track record of increasing both revenue and profit from operations for the year. An unexpected slowdown in economic growth in Europe would limit the growth potential of Daetwyler companies. However, looking to the medium term, we are convinced that the Daetwyler Group has the right strategic focus and a strong operational foundation to sustain profitable growth as a multi-niche player. It is first and foremost to our customers, most of whom have been in partnership with us for many years, that we owe our gratitude for this strong position. Our sincere thanks also go to our dedicated employees who faced particular challenges during the year due to the high capacity utilisation. And we would like to thank our shareholders for their loyalty to Daetwyler.

On behalf of the Board of Directors

Ulrich Graf, Chairman

On behalf of the Executive Board

Dr. Paul J. Haelg, CEO

Directors and Officers at 31 December 2007

Board of Directors

- ***Ulrich Graf,*** born 1945 (1,2)
  Chairman, term expires in 2008
- ***Hans R. Rueegg,*** born 1946 (1)
  Deputy Chairman, term expires in 2010
- ***Hanspeter Faessler,*** born 1956 (2)
  term expires in 2008
- ***Werner Inderbitzin,*** born 1946 (2)
  term expires in 2010
- ***Ernst Lienhard,*** born 1946
  term expires in 2010
- ***Ernst Odermatt,*** born 1948 (1)
  term expires in 2008
- ***Franz Steinegger,*** born 1943
  term expires in 2010
- ***Franz J. Wuerth,*** born 1940
  term expires in 2010

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

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

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

Executive Board

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

Statutory and Group auditors

- PricewaterhouseCoopers AG, Zurich

Operating Review

Daetwyler Group

- Daetwyler sharpened its focus by selling the Precision Tubes Division to the German-based Benteler Group (on 28 December 2007). The Group is now concentrating on the industrial, construction and pharmaceutical markets with a technology portfolio based on rubber and electrical engineering.
- Consolidated net revenue (including the Precision Tubes Division) grew 17.7 % to CHF 1 429.4 million from CHF 1 214.8 million, with CHF 58.5 million or 4.8 % attributable to acquisitions and disposals and CHF 23.8 million or 2.0 % to movements in exchange rates. Organic growth accounted for 10.9 %. Net revenue from continuing operations increased 17.9 % to CHF 1 173.5 million from CHF 995.7 million.
- Operating profit (EBIT) climbed 52.1 % to CHF 136.9 million from CHF 90.0 million, improving the EBIT margin to 9.6 % from 7.4 %.
- Profit for 2007 reached CHF 219.5 million, up from CHF 76.5 million, and comprised CHF 108.0 million in profit from operations (including the Precision Tubes Division), versus CHF 76.5 million for the prior year, and a gain of CHF 111.5 million on the sale of the Precision Tubes Division. Profit for the year from continuing operations, as reported in accordance with IFRS 5, was CHF 86.3 million compared to CHF 67.1 million the year before.
- The equity ratio at the end of 2007 was 70.9 %, and the net cash surplus was CHF 322.5 million.
- The number of employees, expressed as full-time equivalents, decreased to 4 265 at the end of 2007 due to the sale of the Precision Tubes Division.

Acquiring Revol has strengthened Maagtechnic's plastics processing capabilities.

Daetwyler Divisions

Cables

- Net revenue: organic growth of 20.6 % to CHF 271.2 million from CHF 224.9 million, driven by intensive market activities, favourable economic conditions in the principal markets and successes in export markets.
- EBIT: leap in profit to CHF 20.6 million from CHF 6.7 million to reach 7.6 % of net revenue, fuelled by increased customer and market responsiveness and successful productivity enhancement measures.
- Revised strategy: positioning as a total provider of integrated solutions for electrical building infrastructure with cable-based and wireless technologies.
- Outlook for 2008: despite a slight slowdown in construction activity in Western Europe, the division should be able to leverage its strengthened market position and keep growing profitably.

Rubber

- Net revenue: up 9.5 % to CHF 153.9 million from CHF 140.5 million.
- EBIT: operating profit increased to CHF 12.3 million, up from the previous year's figure of CHF 9.1 million excluding the effects of the fire in France, to reach 8.0 % of net revenue. Including impairment charges in the NAFTA region, EBIT was CHF 8.7 million.
- Automotive sealing solutions: a manufacturing facility in Mexico will start operations in 2008 to strengthen competitiveness in the USA and reinforce activities in the NAFTA region.
- The leading edge in innovation won the division a major long-term contract worth an annual CHF 30 million, which will be effective from 2008.
- Outlook for 2008: given the strong order book, the division should be able to continue to increase revenue and earnings.

Precision Tubes

- Net revenue: up 16.8 % to CHF 255.9 million from CHF 219.1 million, driven by intensive market activities and stable steel prices.
- EBIT: surge to CHF 25.7 million from CHF 12.2 million to reach 10.0 % of net revenue as a result of the volume growth being handled by almost the same number of employees.
- Sale of all companies in the Precision Tubes Division to the German-based Benteler Group on 28 December 2007.

Pharmaceutical Packaging

- Net revenue: 8.0 % increase to CHF 260.8 million from CHF 241.4 million, outpacing market growth in the non-cyclical pharmaceutical industry.
- EBIT: up 9.7 % to CHF 29.4 million from CHF 26.8 million to reach 11.3 % of net revenue.
- Renewal of existing supply contracts with key European and American customers for terms of up to five years.
- Extension of the Alken plant for high quality rubber products going according to plan.
- Outlook for 2008: supported by its strong market position and large order book, the division should benefit disproportionately from growth in the international pharmaceutical market.

Technical Components

- Net revenue: up 25.2 % to CHF 491.1 million from CHF 392.1 million. Excluding the impact of acquisitions and disposals, revenue growth was 10.1 %.
- EBIT: increase of 45.2 % to CHF 48.8 million from CHF 33.6 million to reach 9.9 % of net revenue, driven by good capacity utilisation and the contributions from companies consolidated for the first time.
- Strategic acquisitions (early 2007) of Revol in specialist distribution and Proditec in mail order distribution being integrated according to plan.
- Specialist distribution: integration of the machining and logistics operations of the former Basel plastics centre at the newly acquired French site.
- Mail order distribution: successful implementation of growth projects, such as product line expansion and Internet marketing.
- Outlook for 2008: the division should be able to leverage the buoyant demand and its strong operational base to keep increasing revenue and earnings.

Daetwyler Holding Inc.

In CHF millions	2007	2006
Profit for the year	221.8	44.8
Investment income	33.0	31.0
Net finance income	191.1	14.9
Total assets (at 31 Dec.)	700.6	510.8

Profit distribution

In place of a dividend, the Board of Directors will propose that the Annual General Meeting on 22 April 2008 approve a profit distribution in the form of a par value repayment of CHF 4.95 per bearer share and CHF 0.99 per registered share for 2007. This represents a payout ratio of 38.4 % of the Group profit for the year. On approval of this proposal, the par value of a bearer share will be reduced to CHF 0.05 and the par value of a registered share to CHF 0.01. The amount representing the reduction in par value will be paid to shareholders on 14 July 2008.

Review of the 2007 Annual General Meeting

The Annual General Meeting held on 24 April 2007 approved a 100-for-1 share split and the cancellation of 10 000 of the total of 26 000 unissued (bearer) shares by reducing the share capital by CHF 5 million. Both resolutions were carried into effect on registration in the Commercial Register on 2 July 2007. This lowered the percentage of unissued shares held by the Company to below the 10 % limit stipulated in Art. 659 par. 1 of the Swiss Code of Obligations. The new bearer shares of CHF 5 each were first traded on 6 July 2007.

Cables

Performance

The Cables Division, operating as Daetwyler Cables, significantly improved its market positioning, revenue and profit again during 2007. Intensive marketing and market development activities both inside and outside Switzerland, favourable economic conditions still prevailing in the principal sales markets, and strong worldwide growth in elevator cabling business all combined to drive net revenue up some 20.6 % to CHF 271.2 million from CHF 224.9 million a year earlier and brought gains in market share.

Profit surges

Operating profit (EBIT) exceeded previous expectations, coming in at CHF 20.6 million, up from CHF 6.7 million the year before, to represent 7.6 % of net revenue. This surge in profit was fuelled by increased market and customer responsiveness, continued expansion of systems business and successful productivity enhancement measures. At the main Altdorf facility, the best-in-class project put in place to improve productivity allowed the additional volume to be handled without any notable investments in new plant capacity.

From separate cabling to electrical building infrastructure

Modern non-residential buildings have to offer their occupants a variety of basic functions. On top of that, they should be very flexible to meet different needs, while remaining cost-effective in day-to-day operation. Cable-free or wireless technologies and modules are also becoming ever more popular for communications (including data networks), safety, elevators and building automation. Backed by its many years of experience in each of these segments, Daetwyler Cables has revised its strategy: the company is now set to position itself as a provider of integrated total solutions for electrical building infrastructure, optimising both wired and wireless technologies for the benefit of its customers.

Strong market position expanded in Europe

Stepping up its marketing and market development activities, Daetwyler Cables gained significant market share in Switzerland, Germany and Austria on its way to becoming a total provider of electrical building infrastructure. In addition, its Swiss operations achieved the targeted breakthrough in data network systems (communications). Benefiting from the development work done in previous years, the division also posted further substantial successes in exports, especially in the Benelux region,

Daetwyler Cables' revised strategy is built on systems expertise.

Poland, Ukraine, Italy and Spain. Data cabling business with OEM (original equipment manufacturer) customers, primarily based in Europe but operating globally, continued to flourish as well.

Customer awareness grows in the Near and Middle East

The efforts to open up the hotly contested growth markets in the Near and Middle East are progressing according to plan. Daetwyer Cables has considerably heightened customer awareness by winning several highly visible prestige projects. Like elsewhere, demand in this region was spurred by the global trend towards more stringent regulations for safety cabling systems in heavily frequented non-residential buildings.

Groundwork laid for faster growth in Asia

The companies in China and Singapore posted their best revenue and profit figures ever. However, due to the restructuring carried out during the first half of 2007, the Shanghai plant fell short of the targeted growth rates. In South-East Asia, Daetwyler Cables laid the cornerstone to speed up expansion of business in data network systems (communications) by developing suitable distribution partnerships.

Elevator cabling systems enjoy buoyant demand

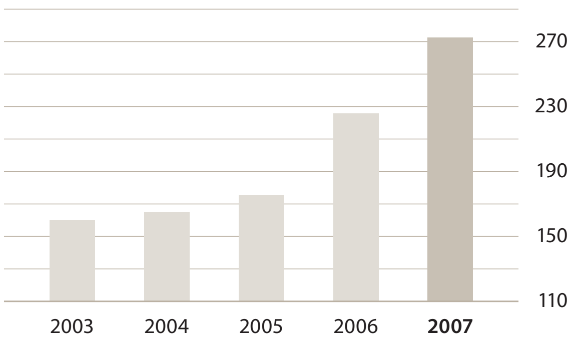
Through large customers, Daetwyler Cables has a global footprint in elevator cabling systems and accompanying cable harnessing services. In this vertical segment, it recorded some 30 % growth driven by buoyant demand in Europe and Asia. While custom solutions are still sought-after for high-rise buildings at the top end of the market, there is a clear trend towards standardised elevator cabling in the lower market segments.

Outlook

During 2008, we anticipate a slight slowdown in construction activity in Western Europe, while above-average expansion should continue in the growth markets. Against this backdrop, Daetwyler Cables should be able to leverage its strengthened market position and keep growing profitably.

Cables highlights

Net revenue in CHF millions



Amounts in CHF millions	2006	2007
Net revenue	224.9	271.2
EBIT	6.7	20.6
EBIT as % of net revenue	3.0	7.6
Net operating assets (NOA)	123.7	136.6
Gross capital expenditure	5.8	4.5
Number of employees (FTEs)	778	781

Strategy

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

Target groups

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

Products and services

Data networks (copper and fibre optic systems)

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

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

Safety cabling systems

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

Elevator cabling systems

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

Cable harnessing

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

Elevator cabling systems enjoyed particularly strong demand in 2007.

Superior cabling solution for the Swiss Parliament

Now when tension mounts in the Swiss Parliament in Bern, Daetwyler Cables is right there in the midst of the action. But even in quieter times, the superior cabling solution from Daetwyler Cables plays a significant role in ensuring smooth communication throughout the Parliament building. The powerful multimedia system combines data and telephony services with radio and TV transmission in a single network. When the Parliament building was completely refurbished, this solution enabled the Parliamentary Services to save on telephone cable and coaxial cable for radio and TV transmission. In future, they will have only one network infrastructure to operate and manage for all services. This increases flexibility and cuts costs. With the new cabling infrastructure, Council members and Parliamentary Service staff also benefit from high flexibility, large bandwidths and easy access when using the various communication media. "Added to that, the huge reserve capacity provided by the Daetwyler Cables solution ensures long-term investment protection for future applications", explains Hans Peter Gerschwiler, Deputy Secretary-General of the Swiss Federal Assembly.

Rubber

Performance

The Rubber Division, operating as Daetwyler Rubber, generated net revenue growth of 9.5 % to CHF 153.9 million from CHF 140.5 million a year earlier, outpacing the growth in the markets served. Fuelled by high capacity utilisation, increased manufacturing at facilities in low-cost countries and ongoing initiatives to optimise production processes, operating profit (EBIT) before impairment charges in the NAFTA region increased to CHF 12.3 million, up from the previous year's figure of CHF 9.1 million excluding the effects of the fire in France. This represents an operating EBIT margin of 8.0 % compared to 6.5 % the year before. Including the impairment charges, EBIT stood at CHF 8.7 million, resulting in an EBIT margin of 5.7 % versus 4.7 % a year earlier.

Sharper customer focus – stronger market presence

Daetwyler Rubber hosted an informative event for customers at the Schattdorf engineering centre in Switzerland to mark the end of dealing with the aftermath of the 2005 flooding. During 2007, the new state-of-the-art production equipment and processes at the Swiss manufacturing facility provided the ideal platform to expand the partnerships with key account customers. A broad-based customer survey showed that Daetwyler Rubber is on the right track with its efforts in the areas of quality and innovation.

Automotive sealing and vibration control solutions in demand

Modern vehicles need to meet ever rising environmental, safety and comfort standards. Fuel and brake circuits, cooling and air-conditioning systems, and engine, gearbox and steering lubrication systems require sealing and vibration control solutions that satisfy a wide variety of demands. This means that innovative sealing solutions using moulded rubber components are a growth sector, even in stagnating automotive markets. Leveraging this potential, Daetwyler Rubber achieved another sharp increase in revenue and profit in this market segment during 2007 even though the plant in the USA still has to contend with difficult conditions in the American market. In a bid to improve the situation and reinforce operations in the NAFTA region, Daetwyler Rubber is opening a manufacturing facility in Mexico during 2008. The preliminary work is well advanced. Having integrated the Czech production facility faster than expected, Daetwyler Rubber already completed the planning work for a significant plant extension before the year was out.

Innovative moulded rubber seals and vibration dampeners for internal combustion engines.

Focus on special seals and gaskets for construction

In its operations with special seals and gaskets for building construction and civil engineering, Daetwyler Rubber benefited from the good construction activity in its principal markets of Germany and Switzerland during 2007. Emphasis in building construction business was placed on focusing operations and enhancing profitability. Daetwyler Rubber now has only a distribution company present in France and also sold the small sheet product segment. The civil engineering and tunnelling business won new prestige projects on all five continents and continued to consolidate its leading market position. To cope with the strong demand, Daetwyler Rubber stepped up its collaboration with distribution and conversion partners in America, the Middle East and Asia.

Healthy project pipeline

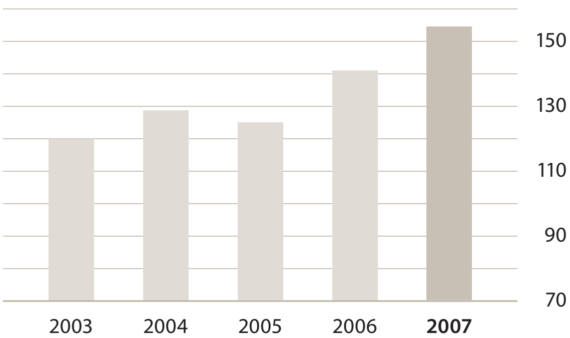
As announced in the Interim Report 2007, Daetwyler Rubber's projects during the year included significant investments to lay the groundwork for a major long-term contract which will be effective from 2008. The final agreement was signed in January 2008. When mass production gets fully underway, the annual volume is expected to reach more than CHF 30 million.

Outlook

Supported by a new organisational structure in place since the beginning of 2008, Daetwyler Rubber will sharpen its focus on clearly defined market niches. Given the large order book, we are confident that Daetwyler Rubber will continue its profitable growth during 2008.

Rubber highlights

Net revenue in CHF millions



Amounts in CHF millions	2006	**2007**
Net revenue	140.5	153.9
EBIT	6.6	8.7
EBIT as % of net revenue	4.7	5.7
Net operating assets (NOA)	96.0	96.1
Gross capital expenditure	15.6	7.8
Number of employees (FTEs)	993	1 038

Strategy

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

Target groups

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

Daetwyler Rubber's construction products focus on sophisticated special seals and gaskets.

Products and services

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

Automotive (moulded rubber components)

Applications

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

Construction (extruded products)

Building construction applications

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

Civil engineering applications

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

Industry (moulded rubber components)

Applications

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

Daetwyler Rubber wins Bosch Supplier Award

Innovation, leading quality and reliability – these are qualities that Bosch, the world's leading automotive supplier, recognises with its "Supplier Award" conferred every two years. For 2005 / 2006, Bosch honoured Daetwyler Rubber with the "Supplier Award" in the Mechanics category. This is the second time since 2002 that Daetwyler Rubber has received an award from Bosch. The global automotive supplier has relied on sealing, insulation and vibration control products from Daetwyler Rubber since the early eighties. Used as safety components, these precision moulded rubber parts play a critical role in the performance and durability of braking systems or fuel injection valves. In-depth materials expertise and many years of process know-how have earned Daetwyler Rubber recognition as a development partner for world-class automotive suppliers. With its engineering centre in Switzerland, international customer service and manufacturing facilities in the Czech Republic, Ukraine, USA and – from 2008 – Mexico, Daetwyler Rubber is the source for superior quality solutions on globally competitive terms.

Precision Tubes

Performance

2007 was the best year ever in the 75-year history of the Precision Tubes Division, operating as Rothrist. Driven by intensive marketing and market development activities, net revenue rose 16.8 % year on year in a relatively stable environment, advancing to CHF 255.9 million from CHF 219.1 million. This increase was the result of substantial volume growth since the steel prices fluctuated less than in previous years and did not materially impact sales revenue. This applied to both the product segments for long tubes and for further processed automotive tube components. Particularly dynamic growth was seen in industrial applications, especially hydraulic cylinder tubes.

Profit surges on improved productivity

Vast productivity improvements enabled Rothrist to handle the volume growth with almost the same number of employees. The company was also able to pass on most of the increases in raw material costs to customers. These factors together resulted in a surge in operating profit (EBIT) to CHF 25.7 million, compared to CHF 12.2 million a year earlier, raising the EBIT margin to 10.0 % from 5.6 %.

Capacity expansions in Switzerland

Rothrist Tube (Switzerland) Inc. achieved another marked improvement in productivity during 2007. Applying its superior materials and process expertise, the company continued to optimise various stages of production and again succeeded in measurably increasing the level of quality. In response to the strong demand, Rothrist significantly expanded its annealing capacities in summer 2007. In addition, another further processing line has also been on stream since January 2008, which has extended the swaging capacity for drive shaft tubes by 50 %.

Turnaround in Germany

During the year, Rothrist Rohr (Deutschland) GmbH reaped the fruit of the 2006 restructuring programme and made an impressive turnaround. The Bottrop plant recorded the highest output since its inception. Its results also showed a small profit again. Rothrist intends to use the opportunity and bring about a sustainable consolidation. To lay the foundation for this, the company will continue to broaden its product portfolio and implement more measures to enhance efficiency.

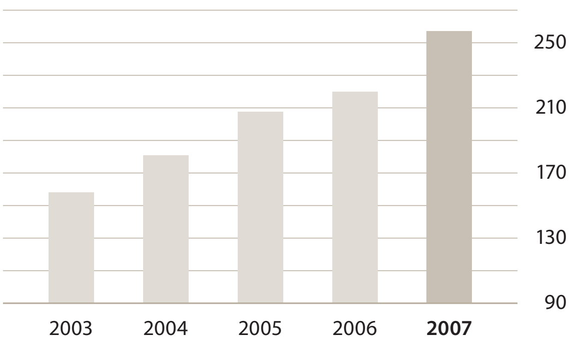
Further processing adds value to precision tubes.

Sale to the Benteler Group

As announced in the 2007 Interim Report, the Daetwyler Group's Board of Directors and Executive Board evaluated the strategic options for the Precision Tubes Division. It became apparent that a sale would be the best solution for the long term. At the end of November 2007, Daetwyler signed an agreement to sell all the companies in the Precision Tubes Division to Benteler Stahl / Rohr GmbH, a German company based in Paderborn. Following the unconditional approval of the competition authorities, the deal was completed on 28 December 2007. The Daetwyler Group is convinced that the Benteler Group is the ideal owner for Rothrist. As part of Benteler's core business, Rothrist will benefit from the global purchasing and distribution network. With the existing potential for generating synergies, the company has a good platform to continue its profitable growth. The Benteler Group is one of the world's large independent automotive suppliers and ranks among Europe's leading manufacturers and stockholders of steel tubes. With 22 000 employees and facilities in 150 locations, Benteler generates some EUR 5 600 million in revenue.

Precision Tubes highlights

Net revenue in CHF millions



Amounts in CHF millions	2006	2007
Net revenue	219.1	255.9
EBIT	12.2	25.7
EBIT as % of net revenue	5.6	10.0
Net operating assets (NOA)	180.8	196.2
Gross capital expenditure	5.9	10.8
Number of employees (FTEs)	553	545

Strategy

Operating as Rothrist, the Precision Tubes Division is committed to being the technology leader and expanding its strong global position as a supplier of precision tubes for gas springs, vehicle parts, structural members and shock absorbers for automotive applications. These efforts are founded on proactive marketing and market development, manufacturing facilities second to none in the industry and a comprehensive range of additional tube processing services to meet customers' specific requirements.

Target groups

- Car manufacturers
- Automotive system suppliers
- Component manufacturers

Products and services

- Welded and cold drawn precision tubes in bulk
- Optimised to suit customers' specific applications and processing methods
- Available in standard and custom lengths
- Extensive additional processing capabilities

Automotive applications

- Anti-roll bars
- Drive shafts
- Axle shafts
- Assembled camshafts
- Gas springs
- Steering components
- Suspension struts
- Hydraulic cylinders
- Axles
- Shock absorbers
- Piston rods
- Gear shafts
- Safety restraint systems

Other applications

- Motorcycle forks
- Gas springs for office chairs and other applications
- Hydraulic cylinders
- Profile tubes for drive shafts, e.g. in agricultural machinery
- Tubes for hydroforming
- Overload clutches
- Other custom industrial applications, e.g. for extruded and other mass-produced components

Precision tubes from Rothrist stand for top quality.

Camshaft tubes for Mercedes trucks

High engine power and environmental compatibility – these conflicting requirements are now more critical to the success of commercial vehicle manufacturers than ever before. With its new HDEP engine platform, Mercedes-Benz has a strong foundation to meet this challenge. Rothrist, a Daetwyler company (until 28 December 2007), plays an important role by delivering the first camshaft tube for large diesel engines, as well as a variety of other components. Replacing solid steel, this tube decreases the total weight of the trucks, thereby reducing their fuel consumption and pollutant emissions. Until recently, the use of precision tubes for camshafts in large diesel engines, which measure about one metre in length, was still considered a pipe dream. Through utmost precision in its welding and drawing processes, Rothrist has achieved yet another revolutionary breakthrough by developing these thick-walled camshaft tubes. Key factors for this success are the high dimensional accuracy, minimal variations in wall thickness and superb surface quality of the precision tubes made by Rothrist.

Pharmaceutical Packaging

Performance

The Pharmaceutical Packaging Division, operating as Helvoet, continued to grow during 2007. Net revenue in this non-cyclical business rose 8.0 % to CHF 260.8 million from CHF 241.4 million a year earlier, with organic growth outpacing the pharmaceutical industry's market growth of 5 % to 6 %. Operating profit (EBIT) came in at CHF 29.4 million, 9.7 % ahead of the previous year's figure of CHF 26.8 million. However, the EBIT margin fell short of expectations at 11.3 %, as compared to 11.1 %, because of higher labour costs. Results were also adversely impacted by the unfavourable situation persisting in the raw materials market, coupled with rising energy prices.

Expanding key account business

Helvoet Pharma used the year to keep expanding business with major strategic customers. For example, the ten-year supply agreement with Hospira Inc., the American pharmaceutical and medication delivery company, successfully kicked in and existing supply contracts with key European and American customers were renewed for terms of up to five years. Working in close collaboration with a customer, Helvoet Pharma also brought a project in the challenging vaccine market to fruition with a successful market launch. In addition to its day-to-day business, Helvoet Pharma established a functional organisational structure with a team of key account managers responsible for worldwide relationships with large pharmaceutical customers. Since mid-2007, the company has been run by Guido Wallraff, a manager with marketing and sales experience in the pharmaceutical industry.

Broadening the product line

The division enhanced the range of high quality rubber products by continuing to develop its successful, strategically important Omniflex product line. The third generation of products featuring Omniflex coating will be launched on the market in the first half of 2008. These products are mainly targeted at manufacturers of modern biopharmaceutical substances administered in pre-filled syringes and drug delivery systems that need to meet the strictest quality requirements. In response to the steadily growing demand, Helvoet Pharma brought a new Omniflex production line on stream during the year. Another capacity increase is scheduled for 2008.

The quality of aluminium caps for injectable drugs is inspected fully automatically.

Enhancing productivity and quality

Besides innovation, Helvoet Pharma is seeking to enhance productivity sustainably at all of its facilities. With the assistance of external industry experts, the company implemented programmes during the year to increase the efficiency of the existing product lines. The resulting savings in labour costs will gradually have an impact in 2008. In all of its plants, Helvoet Pharma also continued to upgrade its quality assurance system for primary and secondary packaging components. These efforts focused on the use of the most advanced machine and mould technology coupled with state-of-the-art automatic inspection systems. With these in place, the company is able to proactively meet the rising demands placed on rubber packaging components by the pharmaceutical industry.

Expansion investments underway

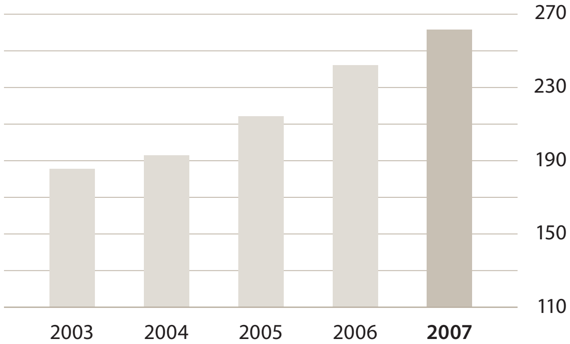
2007 also saw the start of work on the planned extension at the Alken plant. Construction will last until the second half of 2008. The new processes and procedures for manufacturing rubber products in a clean room environment will answer the latest market needs and were designed in consultation with large pharmaceutical customers before construction began. When the extension project is completed, the Alken plant will be one of the world's most modern facilities for manufacturing rubber-based pharmaceutical packaging. This will give Helvoet Pharma the ideal production platform to accelerate profitable growth as targeted.

Outlook

With sales in more than 80 countries, over 1 300 motivated employees worldwide and a strong order book, the division has a solid foundation. We are confident that Helvoet Pharma will benefit disproportionately from growth in the international pharmaceutical market during 2008.

Pharmaceutical Packaging highlights

Net revenue in CHF millions



Amounts in CHF millions	2006	**2007**
Net revenue	241.4	260.8
EBIT	26.8	29.4
EBIT as % of net revenue	11.1	11.3
Net operating assets (NOA)	267.1	347.6
Gross capital expenditure	39.9	36.5
Number of employees (FTEs)	1 247	1 317

Strategy

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

Target groups

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

Products and services

Rubber and aluminium / plastic products for pharmaceutical packaging

- Serum and lyophilisation stoppers for injection vials
- Plungers, tip caps and needle shields for prefilled syringes
- Plungers and lined aluminium seals for dental cartridges
- Stoppers for infusion bottles and discs for bottle packs
- Aluminium caps with rubber liner (lined seals)
- Plastic bottle pack caps (with or without rubber liner)
- Plastic hangers for infusion bottles

Rubber products for diagnostics and drug delivery systems

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

Value-added product benefits

- Omniflex-plus coating for rubber components to improve compatibility and cleanliness
- Ready-for-Sterilisation (RfS) rubber components requiring no pretreatment by the customer
- Ready-for-Use (RfU) gamma sterilised rubber components and aluminium caps
- Quality certificates
- Studies for determining extractables and leachables in rubber components

Clean room conditions ensure high quality pharmaceutical packaging components.

Innovative total solutions include sterile transfer systems

Producers of pharmaceutical packaging components have to meet ever-rising demands as global pharmaceutical companies outsource expertise-intensive cleaning and sterilisation processes to their component suppliers. For Helvoet Pharma, a Daetwyler company, these developments provide opportunities to increase value added and strengthen customer loyalty. The world's No. 2 supplier already generates much of its revenue from ready-for-sterilisation and ready-for-use rubber components. Helvoet Pharma is consequently focusing increasingly on the integration of its products into the sterile manufacturing processes of its pharmaceutical customers. Here the Daetwyler company offers customers innovative total solutions encompassing world-class rubber components and state-of-the-art transfer systems. With these, Helvoet Pharma helps pharmaceutical companies in their efforts to ensure a sterile environment in drug production by reducing the number of process steps while maximising their efficiency. By catering to specific needs like this, Helvoet Pharma contributes to the success of its pharmaceutical customers in their markets.

Technical Components

Performance

During 2007, the Technical Components Division reaped the benefits of the restructuring programmes completed the year before. With its strong operational base, the division was able to capitalise fully on the good economic climate, increasing net revenue by 25.2 % to CHF 491.1 million from CHF 392.1 million a year earlier. 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 revenue growth of 10.1 %. Driven by good capacity utilisation and the contributions from Revol and Proditec, operating profit (EBIT) climbed 45.2 % year on year to CHF 48.8 million from CHF 33.6 million.

Acquisitions accelerate the pace of growth

In business-to-business distribution, a critical company size is a crucial factor on both the customer and supplier sides. At the same time, the market is still highly fragmented so the industry is going through consolidation across Europe. As a leading Swiss specialist distributor (Maagtechnic) and mail order distributor (Distrelec) occupying positions with good prospects in Central and Eastern Europe, the Daetwyler Group will selectively embrace opportunities that arise for attractive acquisitions and accelerate the pace of growth. At the beginning of 2007, Daetwyler successfully made strategic acquisitions in both segments. Specialist distributor Maagtechnic took over the French Revol Group (Rhône-Alpes region / France and Czech Republic) with revenue of some CHF 50 million, while mail order distributor Distrelec was able to acquire Proditec, a Swiss company generating about CHF 25 million in revenue.

Maagtechnic realises synergies from Revol integration

The specialist distribution business, operating as Maagtechnic, saw a marked upturn in sales across all markets during 2007. Bolstered by the five new Revol locations in France and Eastern Europe, Maagtechnic took a major step forward to becoming a pan-European player. Revol's integration and the active efforts to realise the synergy potential are going according to plan. The machining and logistics operations of the plastics centre previously situated in Basel are currently being incorporated into the newly acquired manufacturing facility in France. There the new central warehouse and the enlarged production shop for machining plastic semi-finished products in St. Marcellin will be up and running from spring 2008. Established business in the OEM (original equipment manufacturer)

Maagtechnic offers a wide range of fluid systems in its product portfolio.

and MRO (maintenance, repair, operations) markets also developed dynamically. Maagtechnic's success in winning major projects, for example in electronics and connector technology, reflect its good strategic position.

Distrelec implements successful growth projects

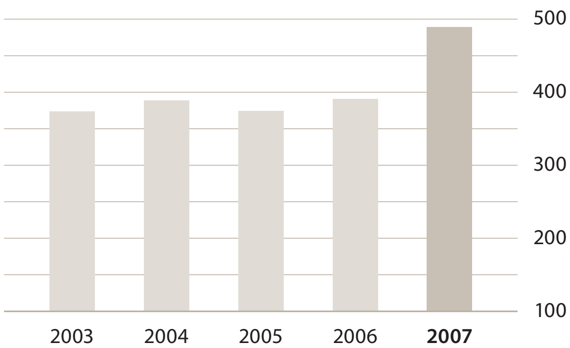
The mail order distribution business, operating as Distrelec, enjoyed extremely brisk demand in 2007 and captured market share, especially in Germany. Distrelec magnified the impact of the favourable economic trend by systematically implementing various growth projects, such as adding 9000 products to the portfolio and stepping up the Internet marketing efforts in all countries served by the division. Operations in the growth markets of Eastern Europe performed particularly well, with focus on Hungary, Poland, the Czech Republic, Slovakia and Romania. While enjoying strong demand, Distrelec's electronic and computer product segments are still faced with constant pressure on prices and margins. This means that it has to continually improve productivity and optimise the product mix. By acquiring Swiss-based Proditec, Distrelec was able to reinforce the computer product segment on both the marketing and purchasing sides. Its integration went according to plan and yielded the first synergies, including the merger of Proditec's management and product management with Distrelec Switzerland.

Outlook

We are optimistic that Maagtechnic and Distrelec will be able to leverage their strong operational base and keep increasing revenue and earnings. Looking to 2008, we expect the buoyant demand to continue and anticipate further synergy benefits from the integration of the companies acquired.

Technical Components highlights

Net revenue in CHF millions



Amounts in CHF millions	2006	**2007**
Net revenue	392.1	491.1
EBIT	33.6	48.8
EBIT as % of net revenue	8.6	9.9
Net operating assets (NOA)	290.3	369.4
Gross capital expenditure	6.1	8.3
Number of employees (FTEs)	843	1 112

Strategy

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

Target groups

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

Products and services

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

Specialist distribution / Maagtechnic

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

Mail order distribution / Distrelec

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

Logistics and process expertise are key ingredients to Maagtechnic's and Distrelec's success.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Distrelec bolsters computer equipment operations

Growing its market share in the computer product segment and reinforcing sourcing from the Far East, Distrelec – a Daetwyler company – further strengthened its position as a leading distributor of electronic and computer equipment in Switzerland by acquiring Proditec Ltd. at the beginning of 2007. While Distrelec's customer base is focused on industry, small to medium -sized businesses and private consumers, Proditec operates as a specialist distributor supplying computer accessories to specialised retailers. Now Distrelec can also count Media Markt among its customers. The heart of the portfolio is Maxxtro, Proditec's own brand for high quality products at low cost. With the integration of Proditec, existing Distrelec customers can benefit from an even wider product range, ever better availability and more attractive terms thanks to the new direct imports from the Far East. In future, Distrelec intends to build on this strong foundation to step up its activities not only across Germany, Austria and Italy, but also in the growth markets of Eastern Europe.

Environment

Core values

Daetwyler Group companies understand and live up to their responsibility to protect the environment, complying with all applicable legislation. Furthermore, we make every reasonable effort to minimise identifiable risks. Specifically, this means that when choosing resources and production processes, we are committed to finding the most environmentally friendly materials and techniques that will have the least possible impact on the environment when the products are manufactured, used and ultimately disposed of.

Certifications and memberships

Based on these core ecological values, eight Daetwyler companies have obtained the ISO 14 001 certificate: Daetwyler Cables, Kaved and Maagtechnic in Switzerland, Rothrist in Switzerland and Germany, and Helvoet Pharma in Belgium, Germany and Italy. Other companies are working towards ISO environmental certification. Daetwyler Cables and Kaved in Switzerland and Helvoet Pharma in Belgium are certified to OHSAS 18 001 – Occupational Health and Safety. The Swiss companies in the Rubber, Cables and Precision Tubes Divisions have been members of the Swiss Energy Agency for Industry (EnAW) since 2002, 2003 and 2006 respectively. On behalf of the Swiss Federal Office for the Environment, the Agency recognised them last year for achieving the voluntary reduction of CO_2 emissions set out in the target agreement.

Highlights in 2007

The report focuses on the four divisions engaged in industrial manufacturing. The CO_2 emissions only cover direct emissions from our operations, but not indirect emissions resulting from the generation of the energy consumed. Over the four-year period from 2004 to 2007, resource consumption per CHF 1 000 unit of product value (pv) dropped for all materials. The dramatic decrease seen in some cases is mainly explained by the very high capacity utilisation of the production facilities. As a result, there was a marked increase in product value in relation to the productive area in the Cables, Rubber and Precision Tubes Divisions during 2007.

Daetwyler Rubber is committed to safe disposal of waste rubber from its processes.

Cables Division
(Altdorf manufacturing facility, Switzerland)

- In 2007, the Cables Division successfully completed a recertification audit at the Altdorf manufacturing facility. This was a combined quality, safety and environmental management audit.
- The most important single measure during the year was the work already started in 2006 to renovate the roof of a factory building, totalling CHF 4.7 million in capital expenditure. This will reduce the amount of energy required to heat the building by 10 % to 15 %.
- Specific resource consumption and CO_2 and VOC emissions per CHF 1 000 unit of product value (pv) decreased for all materials over the four-year period from 2004 to 2007. In addition to the high capacity utilisation, specific initiatives taken in previous years have had a positive impact on drinking and industrial water consumption.

		2007	2004
Extra light fuel oil	MWh/CHF 1000 of pv	0.040	0.087
Electricity	MWh/CHF 1000 of pv	0.117	0.180
Drinking and industrial water	m^3/CHF 1000 of pv	4.947	9.355
Compressed air	m^3/CHF 1000 of pv	60.589	81.197
CO_2	kg/CHF 1000 of pv	11.600	24.395
VOC (solvents)	kg/CHF 1000 of pv	0.020	0.057

Rubber Division (Schattdorf manufacturing facility, Switzerland)

- The sale of the sheet product segment led to a disproportionate decline in electricity requirements and VOC emissions. In addition, the new machines and equipment purchased to replace those damaged in the 2005 flood are more energy efficient.
- During the year, the division completed the planning for a wood heating system, which is scheduled to come into operation in autumn 2008. With a total output of 12 500 megawatt-hours per annum, the wood heating system will save 1.25 million litres of fuel oil and 3 300 tonnes of CO_2. By installing this, Daetwyler is making an active contribution to climate protection.
- Specific resource consumption and CO_2 and VOC emissions per CHF 1 000 unit of product value (pv) decreased substantially over the four-year period from 2004 to 2007.

		2007	2004
Extra light fuel oil	MWh/CHF 1000 of pv	0.052	0.100
Electricity	MWh/CHF 1000 of pv	0.153	0.204
Compressed air	m³/CHF 1000 of pv	71.530	96.712
Drinking and industrial water	m³/CHF 1000 of pv	10.469	14.805
CO_2	kg/CHF 1000 of pv	23.739	42.967
VOC (solvents)	kg/CHF 1000 of pv	0.251	0.534

Precision Tubes Division (Swiss and German manufacturing facilities)

- During the year, the Precision Tubes Division successfully completed a recertification audit at both the Swiss and German manufacturing facilities. This was a combined quality and environmental management audit.
- At the German facility, a new fully automatic, dimmable lighting control system for the production shops has resulted in a saving in electricity.
- Further improvements to the rinse tank control system and pickling operations at the Swiss facility have significantly reduced specific water consumption.
- Having been connected to natural gas in 2006, the Swiss facility switched the first of three annealing furnaces over from propane to natural gas during the year. This will bring a further reduction in CO_2 emissions in future.
- Specific resource consumption and CO_2 and VOC emissions per tonne of product are given for both manufacturing facilities. However, it must be borne in mind that fuel oil is only used in Switzerland. Consumption of all resources dropped over the four-year period from 2004 to 2007.

		2007	2004
Extra light fuel oil (Switzerland only)	MWh/t of product	0.020	0.044
Electricity	MWh/t of product	0.365	0.419
Propane and natural gas	MWh/t of product	0.428	0.504
Total energy	MWh/t of product	0.808	0.951
Drinking and industrial water	m³/t of product	1.570	2.501
CO_2	kg/t of product	94.227	113.864
VOC (solvents)	kg/t of product	1.465	2.670

Pharmaceutical Packaging Division (Belgian, German and Italian manufacturing facilities)

- Following an analysis of energy saving potential conducted by external experts, the Belgian manufacturing facility initiated a number of improvements. These include the implementation of a new lighting concept and additional heating element insulation on the vulcanisation lines. In addition, heat from the catalytically treated exhaust gases will now be used for heating process water. All vulcanised rubber waste is recycled.
- During the year, the German facility successfully underwent a repeat audit.
- In Italy, the manufacturing facility in Pregnana near Milan increased its vulcanised rubber waste recycling rate to 96%. In 2008, the manufacturing facility in Montegaldella will also start a recycling scheme for vulcanised rubber waste.
- Specific resource consumption and CO_2 emissions per CHF 1 000 unit of product value (pv) at the main Belgian manufacturing facility did not show any significant change over the four-year period from 2004 to 2007 even though changes in product mix and manufacturing technologies require more electricity and water.

		2007	2004
Natural gas	MWh/CHF 1000 of pv	0.061	0.059
Electricity	MWh/CHF 1000 of pv	0.118	0.131
Drinking and industrial water	m³/CHF 1000 of pv	0.669	0.655
CO_2	kg/CHF 1000 of pv	11.184	10.818

Our People

Core values

Independent, well-trained, proactive and motivated employees are our Company's most valuable asset. Motivation, training and leadership are primarily the responsibility of managers. This means that selecting, training and briefing people with a managerial role have high priority. Daetwyler fosters a culture of open communication at all hierarchical levels. And part of this is regular dialogue between management and employee representatives.

Human resources development

The markets in which the Daetwyler Group operates call for a highly trained workforce undergoing continuous development and improvement. Some of our initiatives to train young people are reflected in the 177 apprenticeships offered by Daetwyler Group companies worldwide. We support training and retraining programmes to develop the technical and social skills of employees at all levels in the hierarchy.

Highlights in 2007

Cables and Rubber Divisions

- Participation in the pay comparison survey conducted by Swissmem, the Association of Swiss Mechanical and Electrical Engineering Industries, showed that equal pay for men and women is a reality in the Cables and Rubber Divisions. By continuously raising the awareness of managers, the Cables and Rubber Divisions play a significant role in promoting equality of men and women in the work process.

Precision Tubes Division

- In an employee survey conducted at its Swiss facility, the Precision Tubes Division saw a marked improvement in employee satisfaction compared with previous surveys.

Technical Components Division

- Maagtechnic held a number of workshops on "Management in Change" to prepare its managers for the introduction of SAP. In its German company, Maagtechnic also launched a voluntary scheme to increase the weekly working time to 40 hours with profit-sharing for employees who participate. More than 70 % of the workforce is participating in this programme.

Social responsibility

The Daetwyler Group has had its roots and headquarters in the Canton of Uri ever since its inception. This is also the home of the charitable Daetwyler Foundation established in 1990 by brothers Peter and Max Daetwyler. Endowed with CHF 25.3 million, the foundation does not own any shares in Daetwyler Holding Inc. or have any influence over the management of the Daetwyler Group. The purpose of the Daetwyler Foundation is to support charitable initiatives in the areas of art, architecture, customs and traditions; education and training; natural sciences, humanities and social sciences; physical training, and nature, heritage and environmental conservation. Since its beginnings, the foundation has awarded CHF 5.3 million in grants. Of the total amount distributed, CHF 4.3 million or about 81 % has gone to applicants in the Canton of Uri or to individuals and institutions having close ties with Uri. The foundation's policy is to concentrate the funds available for distribution. In this spirit, a sum of CHF 0.446 million was awarded last year.

Our customers value our competent and motivated workforce at all levels.

Corporate Governance at 31 December 2007

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

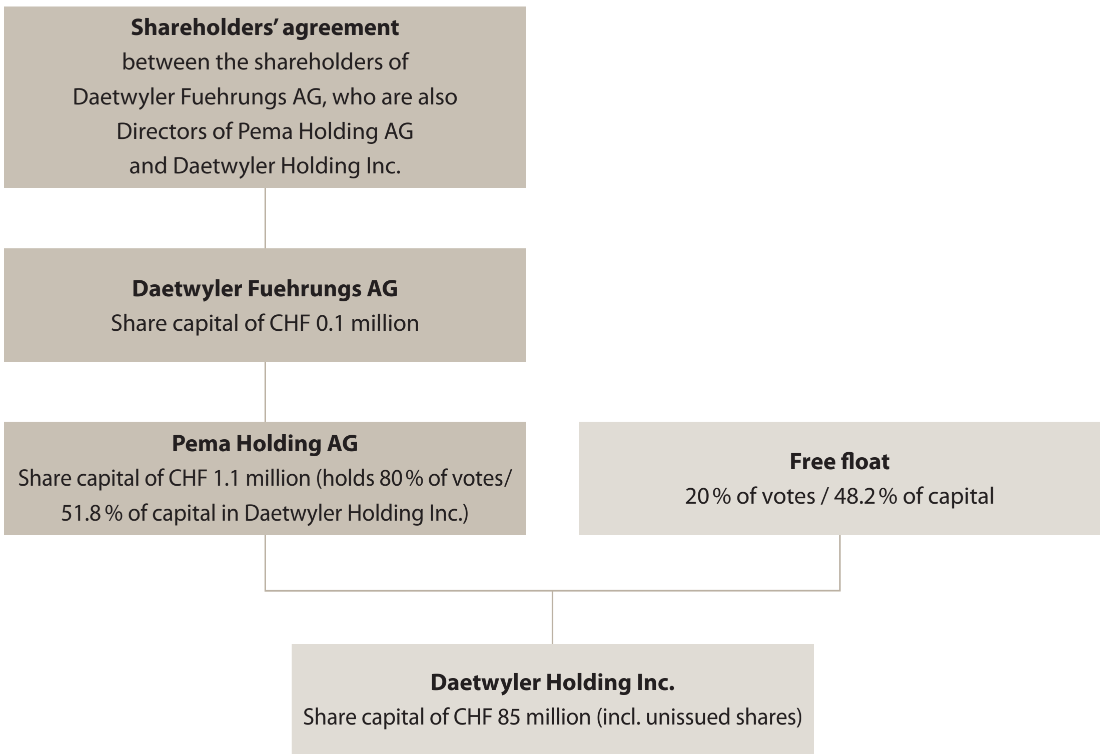
Group structure and shareholders

The Daetwyler Group is an international multi-niche player dedicated to industrial component supply and distribution of engineering components. With a technology portfolio based on rubber and electrical engineering, the Group focuses on attractive niches in the construction, industrial and pharmaceutical markets.

Substantial shareholders and ownership

Pema Holding AG owns all 22 million registered shares and 4.4 million of the total of 12.6 million bearer shares of Daetwyler Holding Inc. This represents 80 % of the voting rights and 51.8 % of the share capital. Unissued shares have been included in calculating the percentage of capital held but excluded in calculating the percentage of voting rights held. The reason is that unissued shares carry no votes.

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



Holding Inc. are controlled by the top management. The 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.

Group structure and companies

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

- Page 118 ff: directory of Group operations.
- Page 61 ff: segment reporting in accordance with IFRS.
- Page 98 f: detailed list of subsidiaries and investments.
- Page 115 ff: details of Daetwyler Holding Inc., the listed company, in the Share Information and General Information sections.

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

Capital structure

Composition of share capital in CHF millions at 31 December 2007:

22 000 000 registered shares of CHF 1 each	22.0
12 600 000 bearer shares of CHF 5 each (including 1 600 000 unissued shares under former Swiss Corporation Law)	63.0
Total ordinary share capital	85.0
Authorised share capital	none
Authorised but unissued share capital	none
Participation certificates	none
Profit-sharing certificates	none
Registration and voting restrictions	none
Opting-out and opting-up provisions	none

2007 capital reduction

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.

2007 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.

Data cables from Daetwyler Cables assure a high level of investment protection.

All shares are fully paid-up. With the exception of unissued shares (1 600 000 bearer shares, see note 32 on page 92), all shares are entitled to vote and rank for dividend. Information about changes in equity for 2007 and 2006 is presented in the statement of changes in equity on page 47. Changes in equity for 2006 und 2005 are shown in the statement of changes in equity on page 47 of the Annual Report 2006.

Convertible bonds and share options

Daetwyler had no bonds or convertible bonds outstanding at 31 December 2007.

Internal organisation

Role of the Board of Directors

The Board of Directors is the ultimate decision-making, management and governing body of the Daetwyler Group. The Board consists of not less than five and not more than eleven members. At 31 December 2007, the Board comprised eight Directors. The roles of the Chairman and Chief Executive Officer (CEO) are separate. The Directors have no executive functions in the Group, do not have any business relationship with the Daetwyler Group and are all considered to be independent (none of them served on Daetwyler's Executive Board during the three financial years preceding the period under review). No Director holds cross-directorships with other Directors through involvement in other listed companies.

Directors are elected for staggered four-year terms. They are eligible for re-election for further periods, with no limit on the number of terms they may serve. Directors retire at the Annual General Meeting following their 70th birthday. Each class of shares is entitled to nominate at least one representative to the Board. The average age of the Directors currently in office is 61 and their average tenure is six years.

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

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

on the agenda or that a special meeting be held. The CFO acts as Secretary to the Board.

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

During 2007, the Board held seven meetings attended by the CEO and CFO. The other members of the Executive Board were present at each meeting for the discussion of items relating to them. In 2007, no external specialists were called in.

Operation of the Committees

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

Daetwyler is the world's No. 2 supplier of pharmaceutical packaging components.

Audit Committee

The Audit Committee consists of at least three Directors, each of whom has experience in finance and accounting, who are appointed by the Board from among its members for a period of one year. The Audit Committee appoints its chairman. Members of the Audit Committee are: Hans R. Rueegg (chairman), Ulrich Graf and Ernst Odermatt. In 2007, the Audit Committee held four meetings attended by the CEO and CFO. Representatives of the external auditors attended all the meetings for the discussion of selected items.

Main responsibilities and authority of the Audit Committee

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

Human Resources Committee

The Human Resources Committee consists of three Directors: the Chairman of the Board and two Directors to be appointed by the Board from among its members. The Chairman of the Board presides over the Committee. Members of the Human Resources Committee are: Ulrich Graf (chairman), Hanspeter Faessler and Werner Inderbitzin. In 2007, the Human Resources Committee held five meetings with the CEO and CFO. In 2007, no external specialists were called in.

Main responsibilities and authority of the Human Resources Committee

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

Division of responsibilities between the Board of Directors and Executive Board

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

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

Information and control systems for monitoring the Executive Board

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

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

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

Board of Directors

Ulrich Graf (1945, Swiss)
Chairman (term expires in 2008)
Ulrich Graf has served on the Board of Daetwyler Holding Inc. since 2004. He was appointed Chairman in 2005 and is a member of the Audit and Human Resources Committees. Between 1989 and 2006, he was CEO of the Kaba Group, where he had held a number of management positions since 1976. In addition to his appointment in Daetwyler, Ulrich Graf is Chairman of Kaba Holding Ltd., Griesser Ltd. and Fr. Sauter Ltd. He is also a Director of Georg Fischer Ltd. and Feller Ltd., a member of the Board of Trustees of REGA Swiss Air Ambulance and a Supervisory Board member of DEKRA e.V. He has a degree in electrical engineering from the Swiss Federal Institute of Technology.

Hans R. Rueegg (1946, Swiss)
Deputy Chairman (term expires in 2010)
Hans R. Rueegg has served Daetwyler Holding Inc. as a Director since 1991, taking office as Deputy Chairman and becoming a member of the Audit Committee in 2002. He has been CEO of Baumann Springs Ltd. since 1983, serving as Chairman and CEO since 1993, and is Chairman of Vetropack Holding AG. Hans R. Rueegg holds a degree in electrical engineering from the Swiss Federal Institute of Technology and an MBA from the University of Florida, Gainesville (USA).

Hanspeter Faessler (1956, Swiss)
Director (term expires in 2008)
Hanspeter Faessler has been a Director of Daetwyler Holding Inc. since 2004 and is a member of the Human Resources Committee. At the beginning of 2006, he was appointed responsible for ABB's Mediterranean Region and Country Manager of ABB Italy. He was previously ABB's Country Manager in Switzerland, having held various management positions within ABB since 1989, both inside and outside Switzerland. Hanspeter Faessler earned a doctorate specialising in mechatronics / robotics (DSc) from the Swiss Federal Institute of Technology Zurich and also holds an engineering degree from Stanford University (USA).

Werner Inderbitzin (1946, Swiss)
Director (term expires in 2010)
Werner Inderbitzin was appointed to the Board of Daetwyler Holding Inc. at the 2002 Annual General Meeting and is a member of the Human Resources Committee. He is Chairman, CEO and co-owner of Garaventa Ltd. and Ropetrans AG. He took over the operational management of Garaventa Ltd., a global manufacturer of ropeway systems, in 1992, having previously spent 18 years with Daetwyler's Rubber Division, ultimately as First Vice President and a member of the division management committee. Werner Inderbitzin obtained a degree in business administration from the University of St. Gallen.

Ernst Lienhard (1946, Swiss)
Director (term expires in 2010),
Bearer Shareholders' Representative
Ernst Lienhard was appointed a Director of Daetwyler Holding Inc. at the 2006 Annual General Meeting to serve as the Bearer Shareholders' Representative. He was with Credit Suisse for more than 30 years, several of which were spent abroad in Paris, Peru, New York and the Bahamas. After his return and until his retirement in 2004, he was responsible for Swiss wholesale commercial banking. Ernst Lienhard is a Director of publicly listed Huegli Holding AG and several family-owned Swiss companies, also serving on the Boards of various Swiss subsidiaries of foreign multinationals. He studied banking at the University of St. Gallen, where he also earned a doctorate in economics. In addition, he studied at IMD in Lausanne and Wharton University in Philadelphia.

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Ernst Odermatt (1948, Swiss)
Director (term expires in 2008)

Ernst Odermatt was appointed to the Board of Daetwyler Holding Inc. in 2004 and is a member of the Audit Committee. Until the end of 2005, he was CEO of the Oerlikon Contraves Group, in which capacity he served on the Executive Board of Rheinmetall DeTec AG, Duesseldorf, having held a number of management positions with Oerlikon Contraves since 1978. He is a Director of Metall Zug Ltd. and was Chairman of V-Zug Ltd. (until September 2007). Ernst Odermatt is also a member of the Advisory Board of CGS Private Equity Partnership. He holds a degree in mechanical engineering from the Swiss Federal Institute of Technology Zurich and a degree in business administration from the University of Zurich.

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

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

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

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

Honorary Directors

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

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

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

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

Executive Board

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

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

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

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

Purified water is used to clean pharmaceutical packaging components.

Johannes Mueller (1958, Swiss)
Head of Cables Division

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

Dirk Lambrecht (1960, German)
Head of Rubber Division

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

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

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

Management contracts

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

Remuneration, shareholdings and loans

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

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

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

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

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

More information about remuneration, shareholdings and loans is presented in note 2 to the Company financial statements of Daetwyler Holding Inc. on page 104.

Shareholders' participation rights

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

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

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

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

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

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

Daetwyler Group paid PricewaterhouseCoopers fees of CHF 0.787 million for services rendered in connection with the audit of the individual and consolidated financial statements. Some of the Group companies are audited by other firms of accountants. For the provision of additional business and tax services, PricewaterhouseCoopers received CHF 0.294 million in fees from the Daetwyler Group for the year.

Representatives of the external auditors attend all meetings of the Audit Committee for the discussion of certain items. Four meetings were held in 2007. At each meeting, the external auditors present a report on the progress of their work. The core element of the auditors' reporting is the annual audit report with recommendations to the Audit Committee.

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

Information policy

The Daetwyler Group maintains an open dialogue with all stakeholders. In the interests of shareholders, Daetwyler especially fosters relationships with investors, banks and media representatives. Communication takes place through the Annual Report (including consolidated financial statements prepared in accordance with International Financial Reporting Standards, IFRS), Interim Report, Annual General Meeting and at least one press and analyst conference every year. Through press releases and on its website (www.daetwyler.ch), Daetwyler provides up-to-the-minute information on all important projects as required by the ad hoc publicity rules of the SWX Swiss Exchange. The archive of ad hoc press releases can be found at www.daetwyler.ch > Media > Press Releases. A facility for signing up to receive ad hoc press releases is provided at www.daetwyler.ch > Media > Email Alerts. Contact details and important dates are given in the General Information section on page 117.

Our modern cable cutting unit is the backbone of cable harnessing.

Consolidated Financial Statements

Contents

Group Financial Review

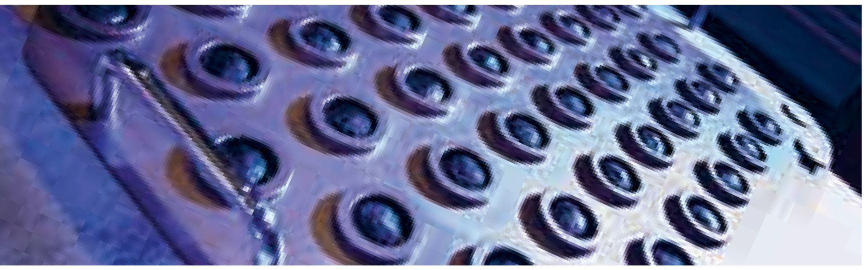
Results of operations

The consolidated financial statements for 2007 are significantly affected by the sale of the Precision Tubes Division on 28 December, which is presented separately as a discontinued operation in accordance with IRFS 5. In total, the Daetwyler Group generated net revenue of CHF 1 429.4 million during 2007, up from CHF 1 214.8 million in 2006. This represents 17.7 % growth, compared to 11.3 % a year earlier. Organic growth accounted for 10.9 %, while acquisitions, disposals and currency movements had an impact of 6.8 %. All the divisions contributed to the Group's organic expansion. The Technical Components Division achieved the strongest revenue growth (25.2 %), followed by the Cables Division (20.6 %) and the Precision Tubes Division sold at the end of 2007 (16.8 %). The Rubber and Pharmaceutical Packaging Divisions grew 9.7 % and 8.0 % respectively.

Selected financial data

In CHF millions	2007	2006	Change
Group including discontinued operation:			
Net revenue	**1 429.4**	1 214.8	17.7 %
EBIT	**136.9**	90.0	52.1 %
Profit from operations for the year	**108.0**	76.5	41.2 %
Gain on disposal of discontinued operation, after tax	**111.5**	–	
Profit for the year	**219.5**	76.5	186.9 %
Continuing operations:			
Net revenue	**1 173.5**	995.7	17.9 %
EBIT	**111.2**	77.8	42.9 %
Profit for the year from continuing operations	**86.3**	67.1	28.6 %

In 2007, the Group posted a total operating profit (EBIT) of CHF 136.9 million, up from CHF 90.0 million in the previous year and raising the EBIT margin by another 2.2 percentage points from 7.4 % to 9.6 %.



It's the combination that makes the difference: an innovative mix and high precision tooling.

Cash flow rose to CHF 283.7 million from CHF 144.1 million a year earlier, improving the cash flow margin from 11.9 % to 19.8 %. Free cash flow increased by CHF 134.0 million to CHF 157.9 million.

Based on continuing operations, net finance costs were down to CHF 3.0 million from CHF 8.7 million in the previous year due to the positive impact of foreign currency translation. Income tax expense increased to CHF 21.9 million from the year-earlier figure of CHF 2.0 million because the previous year's charge was reduced by the recognition of a deferred tax asset for tax loss carryforwards of CHF 15.9 million.

The Group increased profit from operations for the year by CHF 31.5 million to CHF 108.0 million, up from the year-earlier figure of CHF 76.5 million. Together with the gain on disposal of CHF 111.5 million, total profit for the year was CHF 219.5 million. This represents a profit margin of 15.4 % compared to 6.3 % the year before.

Solid balance sheet structure and equity base

Total assets grew by CHF 224.2 million year on year to CHF 1 316.7 million. The sale of the Precision Tubes Division resulted in a significant increase in liquid resources and equity. The solid equity base was further strengthened last year, with equity rising by CHF 196.1 million to CHF 933.0 million. This brought the equity ratio to 70.9 % compared to 67.5 % the year before.

The Group has a comfortable liquidity position, with cash, cash equivalents and money market investments increasing by CHF 281.4 million to CHF 488.2 million in 2007. The net cash surplus was CHF 322.5 million versus CHF 94.9 million a year earlier.

Current assets grew 37 % to CHF 867.2 million, while non-current assets declined 2.0 % to CHF 449.5 million from CHF 458.9 million the year before. Apart from the strong increase in liquid resources, current assets were considerably impacted by the reduction of CHF 32.7 million in inventories following the sale of the Precision Tubes Division.

During 2007, the Daetwyler Group spent CHF 77.6 million on property, plant and equipment, as compared to CHF 73.5 million in 2006. This represents a capital expenditure ratio (capital expenditure as a percentage of net revenue) of 5.4 % versus 6.1 % in the previous year.

Consolidated Income Statement

For the year ended 31 December in CHF millions	Note	2007	2006
Continuing operations:			
Gross revenue		1 187.6	1 007.5
Revenue deductions		–14.1	–11.8
Net revenue	4/6	**1 173.5**	**995.7**
Material costs		–578.1	–482.1
Gross profit		**595.4**	**513.6**
Other operating income	7	49.0	60.3
Employee costs	8	–309.3	–278.0
Operating expenses	10	–173.9	–161.1
Depreciation and amortisation	11	–45.4	–43.0
Impairment charges, net	11	–7.6	–11.6
Gain / (loss) on assets held for sale	17	3.0	–2.4
Operating profit before interest and tax (EBIT)	4	**111.2**	**77.8**
Interest and finance costs	12	–10.8	–13.5
Interest and finance income	12	7.8	4.8
Profit before tax from continuing operations		**108.2**	**69.1**
Income tax expense	13	–21.9	–2.0
Profit for the year from continuing operations		**86.3**	**67.1**
Profit for the year from discontinued operation	5	133.2	9.4
Profit for the year		**219.5**	**76.5**
In CHF			
Earnings per bearer share ranking for dividend: [1]	31		
Basic – continuing operations		**5.61**	**4.37**
Basic – discontinued operation		8.66	0.61
Total basic earnings per bearer share ranking for dividend		**14.27**	**4.98**
Diluted – continuing operations		**5.61**	**4.37**
Diluted – discontinued operation		8.66	0.61
Total diluted earnings per bearer share ranking for dividend		**14.27**	**4.98**

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

The accompanying notes on pages 48 to 99 are an integral part of these consolidated financial statements.

Consolidated Balance Sheet

Assets at 31 December in CHF millions	Note	**2007**	2006
Cash and cash equivalents	14	146.7	138.3
Money market investments	14	341.5	68.5
Trade receivables	15	154.4	163.2
Inventories	16	189.4	222.1
Current income tax assets		2.0	3.9
Assets held for sale	17	4.1	7.5
Other receivables, prepayments and accrued income	18	29.1	30.1
Current assets		**867.2**	**633.6**
Property, plant and equipment	19	310.7	366.1
Investment property	20	11.9	10.2
Intangible assets	21	30.2	7.3
Goodwill	21	65.8	35.7
Deferred tax assets	22	3.9	9.7
Financial investments	23	27.0	29.9
Non-current assets		**449.5**	**458.9**
Total assets		**1 316.7**	**1 092.5**
Liabilities and equity at 31 December in CHF millions			
Trade payables	24	67.5	73.9
Short-term bank borrowings	25	165.7	111.9
Current income tax liabilities		10.3	11.9
Other current liabilities, accruals and deferred income	26	42.4	33.7
Current provisions	29	36.4	45.8
Current liabilities		**322.3**	**277.2**
Long-term bank borrowings	25	7.1	21.4
Deferred tax liabilities	22	28.7	24.3
Non-current provisions	29	18.6	18.8
Pension liabilities	9	5.4	9.1
Other long-term liabilities	27	1.6	4.8
Non-current liabilities		**61.4**	**78.4**
Total liabilities		**383.7**	**355.6**
Share capital	30	85.0	90.0
Of which treasury shares	*32*	*–8.0*	*–13.2*
Group reserves	34	856.0	660.1
Equity		**933.0**	**736.9**
Total liabilities and equity		**1 316.7**	**1 092.5**

The accompanying notes on pages 48 to 99 are an integral part of these consolidated financial statements.

Consolidated Cash Flow Statement

For the year ended 31 December in CHF millions	Note	2007	2006
Profit before tax from continuing operations		108.2	69.1
Profit before tax from discontinued operation	5	25.6	11.5
Gain on disposal, before income tax	5	112.2	–
Total profit before tax		**246.0**	**80.6**
Depreciation and amortisation – continuing operations	11	45.4	43.0
Depreciation and amortisation – discontinued operation		11.2	13.0
Impairment charges, net – continuing operations	11	7.6	11.6
Share award plan	32	3.6	–
Gain on disposal of discontinued operation, before income tax	5	–112.2	–
Loss on disposal of investments		0.0	0.6
Exchange differences		–0.4	4.9
Gain on sale of property, plant and equipment		–3.5	–1.6
(Gain) / loss on assets held for sale	17	–3.0	2.4
Change in non-current provisions		–2.1	–5.9
Interest and finance income	12	–5.9	–3.7
Interest and finance costs	12	9.2	6.6
Operating cash flows before changes in working capital		**195.9**	**151.5**
Change in current receivables		–7.7	–8.9
Change in inventories		–20.3	–23.2
Change in current liabilities and provisions		–5.5	12.2
Interest received		5.6	3.5
Interest paid		–8.7	–6.0
Income tax paid		–14.6	–17.7
Net cash from operating activities		**144.7**	**111.4**
Purchases of			
Property, plant and equipment		–70.5	–73.5
Investment property	20	–4.3	–0.1
Intangible assets	21	–3.5	–
Financial investments	23	–	–10.4
Lease receivables	18 / 23	–9.3	–
Subsidiaries (excl. cash and cash equivalents)	3 / 40	–46.0	–6.6
Money market investments	14	–341.5	–68.5
Proceeds from sale of			
Property, plant and equipment		4.5	3.4
Assets held for sale	17	9.8	1.8
Financial investments	23	1.4	3.2
Lease receivables		0.5	–
Subsidiaries (excl. cash and cash equivalents)	40	0.0	–0.3
Discontinued operation (excl. cash and cash equivalents)	5	240.6	–
Money market investments		68.5	–
Net cash used in investing activities		**–149.8**	**–151.0**
Change in bank overdrafts		51.2	14.2
Proceeds from bank loans		–	0.4
Repayment of bank loans		–6.4	–7.4
Change in other long-term liabilities		–5.5	3.2
Sale of treasury shares (exercise of executive share options)		–	0.1
Dividends paid to shareholders		–26.9	–13.9
Net cash from / (used) in financing activities		**12.4**	**–3.4**
Net change in cash and cash equivalents		7.3	–43.0
Cash and cash equivalents at 1 January	14	**138.3**	**180.7**
Effect of exchange rate changes on cash and cash equivalents		1.1	0.6
Cash and cash equivalents at 31 December	14	**146.7**	**138.3**

The accompanying notes on pages 48 to 99 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

Statement of recognised income and expense

For the year ended 31 December in CHF millions	**2007**	2006
Revaluation of available-for-sale financial assets	0.6	1.9
Actuarial gains, losses and adjustments under IAS 19.58b	–4.4	3.5
Currency translation differences	3.7	9.0
Net (expense) income recognised directly in equity	**–0.1**	**14.4**
Profit for the year	**219.5**	**76.5**
Total recognised income and expense for the year	**219.4**	**90.9**
Attributable to equity holders	219.4	90.9
Attributable to minority interests	–	–

Statement of changes in equity

In CHF millions	Holding company's share capital (1)	Group reserves (2)	Fair value reserve (3)	Currency translation reserve (5)	Total Group reserves	Total equity
At 1 January 2006	**76.8**	**550.1**	**–1.1**	**34.1**	**583.1**	**659.9**
Transfer (4)	–	46.8	–	–46.8	–	–
At 1 January 2006 after transfer (restated)	**76.8**	**596.9**	**–1.1**	**–12.7**	**583.1**	**659.9**
Total recognised income and expense for the year	–	80.0	1.9	9.0	90.9	90.9
Dividends	–	–13.9	–	–	–13.9	–13.9
At 31 December 2006	**76.8**	**663.0**	**0.8**	**–3.7**	**660.1**	**736.9**
Total recognised income and expense for the year	–	215.1	0.6	3.7	219.4	219.4
Share award plan	0.2	3.4	–	–	3.4	3.6
Dividends	–	–26.9	–	–	–26.9	–26.9
At 31 December 2007	**77.0**	**854.6**	**1.4**	**0.0**	**856.0**	**933.0**

(1) *Holding company's share capital of CHF 85 million (2006: CHF 90 million), less CHF 8.0 million (2006: CHF 13.2 million) par value of treasury shares. On 2 July 2007, the share capital was reduced by CHF 5 million by the cancellation of unissued bearer shares.*

(2) *Including 8 100 treasury shares (2006: 300 before share split) at cost of CHF 0.2 million (2006: CHF 0.8 million) less par value of CHF 0.0 million (2006: CHF 0.2 million).*

(3) *Changes in the fair value of available-for-sale financial assets. Realised gains and losses are insignificant.*

(4) *When the Precision Tubes Division was sold, the cumulative translation differences were analysed back to the initial adoption of IAS in 1992 for all Group companies reporting in foreign currency. These calculations indicated that the currency translation reserve was overstated by CHF 46.8 million and Group reserves were understated by the same amount. This error was corrected in the opening balance at 1 January 2006 in accordance with IAS 8 by transferring CHF 46.8 million from the currency translation reserve to Group reserves with no effect on total equity. The balance of the currency translation reserve after the transfer can be allocated in detail to the individual Group companies reporting in foreign currency.*

(5) *Arising on translation of Group companies' equity and income statements denominated in foreign currencies. The share of cumulative translation differences attributable to the discontinued operation was CHF –1.3 million at the end of 2006. The corresponding balance of CHF –1.1 million on disposal at the end of 2007 was charged to the income statement as part of the gain on disposal of subsidiaries, see note 5.*

The accompanying notes on pages 48 to 99 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

1 Summary of significant accounting policies

Basis of preparation

The consolidated financial statements give a true and fair view of the financial position, results of operations and cash flows of the Daetwyler Group. They have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and also comply with the Listing Rules of the SWX Swiss Exchange and the provisions of Swiss Corporation Law. The Board of Directors of Daetwyler Holding Inc. approved the consolidated financial statements at its meeting on 18 March 2008 for submission to the Annual General Meeting on 22 April 2008.

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

Some prior year comparatives have been restated to conform to the presentation for the current financial year to ensure comparability.

Adoption of new and revised IFRSs from 1 January 2007

New and amended standards effective in 2007

The following amendments were applied for the first time from 1 January 2007, only give rise to additional disclosures in the notes and have no further impact on the presentation of the consolidated financial statements.

Amendment to IAS 1: Capital Disclosures

The Group's relevant objectives and policies for managing its capital are disclosed, see note 1, last paragraph.

IFRS 7 Financial Instruments: Disclosures

The new standard IFRS 7 "Financial Instruments: Disclosures" requires extensive disclosures about the Group's significant financial instruments and replaces the previous standard IAS 30 and the disclosure requirements of IAS 32. The disclosures under IFRS 7 also include descriptive and, if significant, quantitative disclosures about risks arising from financial instruments to which the Group is exposed at the balance sheet date. The disclosures made in these consolidated financial statements, including prior year comparatives, have been adjusted to conform to the new requirements.

Standards, amendments and interpretations effective in 2007 but not relevant to the Daetwyler Group

The following interpretations became effective for 2007 but do not materially affect the Daetwyler Group:

IFRIC 7	Applying the Restatement Approach under IAS 29
IFRIC 8	Scope of IFRS 2
IFRIC 9	Reassessment of Embedded Derivatives
IFRIC 10	Interim Financial Reporting and Impairment

New standards, amendments to standards and interpretations not yet effective

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

An amended version of IAS 23 "Borrowing Costs" effective from 1 January 2009 was published in March 2007. The new standard requires actual interest costs incurred to finance assets under construction to be capitalised. The Group already applies this principle so the adoption of the new standard is not expected to have a material impact on the presentation of the consolidated financial statements.

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

The amendments to IFRS 2 "Share-based Payment" effective from 1 January 2009 and the revisions to IFRS 3 "Business Combinations" and IAS 27 "Consolidated and Separate Financial Statements" effective from 1 July 2009 are not currently expected to have a material impact on the consolidated financial statements.

The following interpretations will be relevant from 2008. The Daetwyler Group does not anticipate that they will have a material impact on the financial statements:

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

Use of estimates

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

Impairment of non-current assets, intangible assets and goodwill
When non-current assets, intangible assets and goodwill are reviewed for impairment, a number of assumptions are made that require medium- and long-term estimates. This applies both to internal projections (cash flows, growth rates, perpetuity, etc.) and to external parameters (risk-adjusted weighted average cost of capital).

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

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

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

Basis of consolidation

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

The companies accounted for in the consolidated financial statements also include joint ventures and associates. A list of companies included in the consolidation is presented on pages 98 and 99 "Subsidiaries and Investments".

Consolidation method

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

The full consolidation method is applied to all companies included in the consolidation. Their assets, liabilities, income and expenses are incorporated in full. Minority interests are presented as a separate component of the Group's equity and profit.

The purchase method of accounting is used to account for the acquisition of subsidiaries. Under this method, the carrying amount of the investment in a subsidiary is offset against the Group's share of the fair value of the subsidiary's net assets.

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

Companies over which the Group has the power to exercise significant influence, generally accompanying a shareholding of between 20 % and 50 % of the voting rights, are classified as associates and accounted for using the equity method.

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

Foreign currency translation

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

	2007		2006	
	Closing rate at 31 Dec.	Average rate for the year	Closing rate at 31 Dec.	Average rate for the year
1 EUR	1.66	1.64	1.61	1.57
1 USD	1.13	1.20	1.22	1.26

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

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

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

Income statement and balance sheet

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

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

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

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

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

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

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

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

Trade receivables and other current receivables
Trade receivables and other current receivables are stated at cost less provision for any impairment.

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

Inventories
Inventories are stated at the lower of cost and net realisable value. Production cost comprises all direct material and manufacturing costs and those overheads that have been incurred in bringing the

inventories to their present location and condition. Cost is determined using the weighted average method. If the net realisable value of inventories is lower than their purchase price or production cost, then their carrying amount is written down as necessary.

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

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

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

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

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

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

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

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

Investment property
Investment properties are properties leased to third parties and held primarily to earn rentals and / or for capital appreciation. The Daetwyler Group's investment properties are confined to a residential and commercial property as well as reserve land. Investment properties are stated at cost less accumulated depreciation and any impairment losses and are presented separately in the consolidated balance sheet. The estimated useful life and depreciation period is 40 years.

Intangible assets
Intangible assets include licences, patents, software, acquired customer lists/relationships, trademarks and other intangible assets which are stated at cost and amortised on a straight-line basis over their estimated useful lives. The Daetwyler Group has not recorded any intangible assets with indefinite useful lives other than goodwill, and the maximum amortisation period is 12 years.

Goodwill
Goodwill arising on business combinations represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities at the date of acquisition. In addition, intangible assets that can be separately identified from goodwill and whose fair value can be measured reliably are recognised separately as intangible assets. Goodwill may also arise upon investments in associates,

being the excess of the cost of investment over the Group's share of the fair value of the net identifiable assets. Such goodwill is included in investments in associates.

Goodwill is not amortised but is tested annually for impairment. Should there be any indications of impairment in the course of the year, an impairment test is carried out as necessary during the year. Goodwill is stated at cost less accumulated amortisation up to the end of 2004 and less accumulated impairment losses since 2005.

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

In addition, goodwill is reviewed for impairment annually. For this purpose, all goodwill is allocated to the cash-generating unit to which it relates. In the Daetwyler Group, this is usually a Group company. Then the Group determines the recoverable amount of the cash-generating units, which generally represents their value in use.

Value in use is assessed using discounted cash flow analysis. The estimates used in these calculations are based on the current budget, current medium-term (3-year) plan and management's expectations of market developments, with projections covering a maximum period of five years unless a longer period is justified. Cash flows beyond the projection period are extrapolated in perpetuity. The projected future free cash flows are discounted using an average cost of capital adjusted for specific risks based on the capital asset pricing model (CAPM).

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

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

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

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

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

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

The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date. In 2006 and 2007, the Daetwyler Group had no financial assets classified as held to maturity in its balance sheet.

The other categories are described in detail below.

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

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

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

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

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

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

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

The Group uses forward exchange contracts and currency options to hedge its exposure to foreign currency risk. Hedge accounting as defined in IAS 39 is applied only in exceptional cases, with the explicit approval of the Executive Board, and was not applied in 2006 or 2007.

Financial investments
The financial investments recorded in the balance sheet include loans to third parties, minority share-

holdings, long-term lease receivables and securities held as long-term investments classified as available-for-sale financial assets. Minority shareholdings are stated at fair value or, if this cannot be determined, at cost (less any impairment losses).

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

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

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

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

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

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

For defined contribution plans, the amount recognised as pension costs represents contributions paid by the employer as incurred.

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

Executive share option and share award plans
The executive share option plan adopted in 2001 terminated upon expiry of the exercise period on 9 January 2006 when unexercised options lapsed without compensation.

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

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

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

As a one-off and exceptional exercise, the Board of Directors of Daetwyler Holding will propose a resolution at the Annual General Meeting on 22 April 2008 to reduce the share capital from CHF 85 million to CHF 850,000 and pay out the proceeds in place of a dividend by decreasing the par value of shares by CHF 4.95 per bearer share and by CHF 0.99 per registered share. If the Annual General Meeting approves this proposal, the par values after the reduction will be CHF 0.05 per bearer share and CHF 0.01 per registered share.

2 Financial risk management

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

Foreign currency risk
Foreign currency risk arises primarily with respect to the currencies of the countries where the Daetwyler Group operates. It is policy not to incur any significant foreign currency exposures in currencies considered to pose a particularly high risk due to high volatility, restricted convertibility or otherwise. A considerable portion of the Group's operating cash flows is denominated in foreign currencies. In some cases, hedging instruments such as forward exchange contracts or currency options are used to hedge foreign currency exposures, and borrowings are partially denominated in local currencies. The Group's exposure to foreign currency risk is primarily related to the euro and US dollar. Performance is sensitive to changes in foreign exchange rates due to the significant financial instruments denominated in a currency other than the functional currency of a Group company. At the end of 2007, if the euro had weakened/strengthened by 5 % against the Swiss franc, with all other variables held constant, profit for the year from continuing operations would have been CHF 3.4 million (2006: CHF 1.0 million) lower / higher. Similarly, a 10 % decrease / increase in the value of the US dollar against the Swiss franc at the end of 2007 would have decreased / increased profit for the year from continuing operations by CHF 0.3 million (2006: CHF 0.1 million). This sensitivity analysis is based on data collected from all subsidiaries. The same methods have been applied as in the previous year. All other foreign currencies have little significance and impact.

Interest rate risk

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

Credit risk

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

Liquidity risk

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

Maturity profile of financial liabilities

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

In CHF millions	**2007**	2006
Cash outflows from borrowings, payables and other liabilities:		
Less than 6 months	271.0	223.9
Between 6 and 12 months	17.3	7.2
Total from current borrowings, payables and other liabilities	*288.3*	*231.1*
Within 2 years	7.3	19.9
Within 3 years	0.3	6.2
Within 4 years	0.3	0.3
Within 5 years	0.3	0.2
Over 5 years	0.1	0.2
Total from long-term borrowings and other liabilities	*8.3*	*26.8*
Total cash outflows from financial liabilities for borrowings, payables and other liabilities	**296.6**	**257.9**
Cash outflows from finance leases:		
Less than 6 months	0.4	0.2
Between 6 and 12 months	0.3	0.1
Total from current finance leases	*0.7*	*0.3*
Within 2 years	0.6	0.2
Within 3 years	0.3	0.2
Within 4 years	0.2	–
Within 5 years	–	–
Over 5 years	–	–
Total from long-term finance leases	*1.1*	*0.4*
Total cash outflows from financial liabilities for finance leases	**1.8**	**0.7**
Summary:		
Total cash outflows from financial liabilities for borrowings, payables and other liabilities	296.6	257.9
Total cash outflows from financial liabilities for finance leases	1.8	0.7
Total cash outflows from financial liabilities	**298.4**	**258.6**

The forward exchange contracts presented in note 36 will generate further cash outflows in foreign currencies totalling approximately CHF 25 million between February and mid-May 2008, but these will be largely offset by simultaneous cash inflows in Swiss francs. Bank overdrafts classified as current, which are contractually repayable on demand by either party and are therefore fully disclosed in the above table, in fact often remain for prolonged periods.

Liquidity reserves

In CHF millions	**2007**	2006
Cash and cash equivalents	146.7	138.3
Money market investments	341.5	68.5
Undrawn borrowing facilities	153.7	119.3
Total liquidity reserves	**641.9**	**326.1**

Net cash surplus

In CHF millions	2007	2006
Cash and cash equivalents	146.7	138.3
Money market investments	341.5	68.5
Short-term bank borrowings	165.7	111.9
Net cash surplus	**322.5**	**94.9**

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

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

Other market price risks

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

3 Business acquisitions and disposals

Acquisitions and disposals during 2007 and 2006 are shown below. Following an evaluation of strategic options, the agreement to sell all Group companies in the Precision Tubes Division to the German-based Benteler Group was signed on 23 November 2007 and completed on 28 December 2007. The Precision Tubes Division meets the criteria for classification as a "discontinued operation" and is therefore reported as such in the consolidated financial statements for 2007, see note 5. The presentation of the income statement, including prior year comparatives, segment information and notes, is consequently focused on continuing operations. The impact on the consolidated financial statements is presented in note 5 for the discontinued Precision Tubes Division and in note 40 for the other companies acquired or disposed of. Acquisitions and disposals during the year, excluding the discontinued operation reported separately in note 5, resulted in a total positive contribution of CHF 58.5 million to revenue (2006: CHF –3.9 million) and CHF 1.3 million to profit for the year. In 2006, the contribution to profit was immaterial, other than that of the discontinued operation. As the mergers in 2006 were between Group companies, they had no impact on the Daetwyler Group's consolidated financial statements apart from allowing the recognition of a deferred tax asset.

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

Transactions in 2007

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

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

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

Transactions in 2006

Acquisitions
Prokes & Co. s.r.o., Novy Bydzov, Czech Republic (80 %)
Elastoform E. Hildebrand, Freiburg am Neckar, Germany (100 %)

Disposals
Daetwyler i/o devices AG, Bassersdorf (100 %)
Daetwyler i/o devices (Asia) Co. Ltd., Bangkok, Thailand (100 %)
Daetwyler i/o devices (Americas) Inc., Norcross, USA (100 %)
Daetwyler i/o devices Mexico SA DE CV, Juarez, Mexico (100 %)
Top Bound Enterprise Co. Ltd., Taipei, Taiwan (20 %)
Topbound Technology Co. Ltd., Taipei, Taiwan (25 %)

Liquidation
Daetwyler Kabel+Systemen BV, PG Dronten, Netherlands (100 %)

Mergers
Daetwyler Electronics Ltd, Zurich, merged with Maag Technic AG, Duebendorf
Maag Technic AG, Duebendorf, Distrelec Inc., Naenikon-Uster, and
Daetwyler Inc., Altdorf, merged into Daetwyler Switzerland Inc., Altdorf

4 Segment information

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

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

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

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

The Technical Components Division engages in specialist and mail order distribution. Its distribution and service companies are located in Switzerland, Germany, Austria, Italy, France and the Czech Republic.

Details of the various divisions' products and services can be found on pages 8 to 27 of this Annual Report.

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

Segment information

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

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

Segment information

Primary reporting format by division at 31 December 2006 – continuing operations

Amounts in CHF millions	Cables	Rubber	Pharma-ceutical Packaging	Technical Components	Corporate	Eliminations	**Group total**
Revenue from external customers	224.4	140.1	241.4	389.8	–	–	995.7
Inter-segment revenue	0.5	0.4	–	2.3	–	–3.2	–
Total net revenue	**224.9**	**140.5**	**241.4**	**392.1**	**–**	**–3.2**	**995.7**
Depreciation and amortisation	8.0	6.8	18.0	8.9	1.3	–	43.0
Impairment of property, plant and equipment	3.1	7.6	–	0.9	–	–	11.6
Gain / (loss) on assets held for sale	–1.5	–	–0.2	–1.6	0.9	–	–2.4
EBIT	**6.7**	**6.6**	**26.8**	**33.6**	**4.1**	**–**	**77.8**
EBIT as % of net revenue	3.0 %	4.7 %	11.1 %	8.6 %	–	–	7.8 %
Net finance costs							–8.7
Income tax expense							–2.0
Profit for the year from continuing operations							**67.1**
Total assets	123.7	96.0	267.1	290.3	498.4	–363.8	911.7
Total liabilities	109.8	77.4	151.6	87.6	23.4	–202.2	247.6
Capital expenditure on property, plant and equipment	5.8	15.6	39.9	6.1	0.2	–	67.6
Capital expenditure on intangible assets	–	–	–	–	–	–	–
Number of employees	798	1 022	1 178	934	18	–	3 950
Full-time equivalents	778	993	1 247	843	16	–	3 877

Secondary reporting format by geographical region at 31 December 2007

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

Secondary reporting format by geographical region at 31 December 2006

Amounts in CHF millions	Net revenue by region [1]	Net revenue by origin [4]	Total assets [2] [5]	Capital expenditure on property, plant and equipment [5]	Capital expenditure on intangible assets [5]	Number of employees [5]	Full-time equivalents [5]
Switzerland	353.4	356.3	661.6	20.8	–	1 908	1 812
European Union	475.7	455.4	344.0	29.8	–	2 029	2 011
Rest of Europe	8.2	8.5	0.8	0.2	–	42	44
North America	61.7	66.1	68.2	21.3	–	363	382
Far East	48.5	41.8	17.9	1.4	–	168	181
Other markets	48.2	67.6	–	–	–	–	–
Group total	**995.7**	**995.7**	**1 092.5**	**73.5**	**–**	**4 510**	**4 430**
Canton of Uri	–	284.1	227.3 [3]	13.3	–	987	942

(1) *Revenue from external customers by destination for continuing operations.*

(2) *Assets by location.*

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

(4) *Continuing operations.*

(5) *These figures represent the total of continuing operations and the discontinued operation.*

5 Discontinued operation

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

Details of the discontinued operation

In CHF millions	2007	2006
Results:		
Net revenue	255.9	219.1
Operating expenses	–230.2	–206.9
Operating profit before interest and tax (EBIT)	25.7	12.2
Net finance costs	–0.1	–0.7
Profit before tax	25.6	11.5
Income tax expense	–3.9	–2.1
Profit from discontinued operation, after income tax	21.7	9.4
Gain on disposal, after income tax	111.5	–
Profit for the year from discontinued operation	133.2	9.4
Assets and liabilities disposed of: (1)		
Cash and cash equivalents	9.8	
Other current assets	112.2	
Non-current assets	74.2	
Total assets of discontinued operation	196.2	
Current liabilities	39.8	
Non-current liabilities	75.0	
Total liabilities of discontinued operation	114.8	
Net assets disposed of	81.4	
Consideration	204.2	
Net assets disposed of	–81.4	
Cumulative currency translation differences	–1.1	
Transaction related costs and provisions	–9.5	
Gain on disposal, before income tax	112.2	
Income tax on gain on disposal	–0.7	
Gain on disposal, after income tax	111.5	
Consideration	204.2	
Less cash and cash equivalents disposed of	–9.8	
Less transaction related costs paid	–6.1	
Deferred sales proceeds (see note 18)	–5.7	
Loan repayments	58.0	
Net cash inflow on disposal	240.6	
Cash flows:		
Net cash from operating activities	27.3	20.3
Net cash used in investing activities	–9.8	–5.8
Net cash used in financing activities	–18.5	–9.7
Net change in cash and cash equivalents	–1.0	4.8
Cash and cash equivalents at 1 January	10.7	5.8
Effect of exchange rate changes on cash and cash equivalents	0.1	0.1
Cash and cash equivalents at 31 December	9.8	10.7

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

6 Net revenue

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

Net revenue from continuing operations consists of the following:

In CHF millions	2007	%	2006	%
Gross revenue from sales of goods	1 187.6	100.0	1 007.5	100.0
Revenue deductions	–14.1	–1.2	–11.8	–1.2
Net revenue from continuing operations	**1 173.5**	**98.8**	**995.7**	**98.8**

Net revenue was impacted by:

In CHF millions	2007	%	2006	%
Acquisition / disposal of subsidiaries	58.5	5.9	–3.9	–0.5
Changes in exchange rates	23.8	2.4	10.7	1.2
Organic growth	95.5	9.6	104.1	11.8
Total change in net revenue from continuing operations	**177.8**	**17.9**	**110.9**	**12.5**

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

7 Other operating income

This item includes revenue from services and scrap sales as well as packaging and freight costs charged to customers. In 2006, insurance recoveries totalling CHF 23.1 million were also recorded as other operating income.

8 Employee costs

Employee costs from continuing operations

In CHF millions	2007	2006
Wages and salaries	235.0	216.1
Benefit costs	59.5	53.3
State social security contributions	26.4	24.1
Pension costs (see note 9)	9.4	8.7
Other benefit costs	23.7	20.5
Other employee costs	14.8	8.6
Total employee costs from continuing operations	**309.3**	**278.0**

The share option plan adopted in 2001 terminated upon expiry of the exercise period on 9 January 2006 when unexercised options lapsed without compensation. A new share award plan for Directors and senior executives was established in 2007, see note 32.

Employee numbers

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

9 Pensions and other benefits

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

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

Total pension costs

In CHF millions	**2007**	2006
Defined contribution pension costs	0.5	0.0
Defined benefit pension costs	8.9	8.7
Total pension costs from continuing operations	**9.4**	**8.7**

Defined benefit pension costs

In CHF millions	**2007**	2006
Current service cost	17.9	17.2
Interest cost	15.6	14.7
Expected return on plan assets	–19.2	–17.8
Employee contributions	–5.4	–5.4
Pension costs under IAS 19 from continuing operations	**8.9**	**8.7**

The Group expects to make contributions of approximately CHF 9.0 million for 2008.

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

Benefit obligation

In CHF millions	2007	2006
Benefit obligation at 1 January	518.1	488.9
Acquisition of subsidiaries	2.2	–
Current service cost – continuing operations	17.9	17.2
Current service cost – discontinued operation	4.0	3.6
Interest cost – continuing operations	15.6	14.7
Interest cost – discontinued operation	2.6	2.3
Actuarial (gains) / losses	–5.7	14.4
Benefits paid	–31.3	–23.1
Disposal of discontinued operation	–74.0	–
Exchange differences	0.1	0.1
Benefit obligation at 31 December	449.5	518.1
Of which funded pension plans	447.9	516.7
Of which unfunded pension plans	1.6	1.4

Fair value of plan assets

In CHF millions	2007	2006
Fair value of plan assets at 1 January	510.3	478.0
Acquisition of subsidiaries	1.9	–
Expected return on plan assets – continuing operations	19.2	17.8
Expected return on plan assets – discontinued operation	2.8	2.7
Employee contributions – continuing operations	5.4	5.4
Employee contributions – discontinued operation	1.2	1.2
Employer contributions	12.1	12.2
Benefits paid	–31.3	–22.6
Actuarial gains / (losses)	–11.4	15.6
Disposal of discontinued operation	–65.2	–
Exchange differences	0.0	0.0
Fair value of plan assets at 31 December	445.0	510.3

The net liability recognised in the balance sheet as pension liabilities consists of:

In CHF millions	2007	2006
Adjustments recognised in equity (employees' share of welfare funds)	–0.9	–1.2
Long-term unfunded obligations	–1.6	–1.4
Long-term funded obligations	–2.9	–6.5
Net liability at 31 December	**–5.4**	**–9.1**

The funded pension plan assets of CHF 445.0 million (2006: CHF 510.3 million) comprise the plan assets of four (2006: four) legally independent pension funds and two (2006: three) voluntary employer-sponsored welfare funds. Only that portion of the assets of voluntary employer-sponsored welfare funds which is freely available to the employer has been recognised as an asset. Swiss legislation limits the availability of pension scheme surpluses to the Group. The benefit obligation, fair value of plan assets, deficit and actuarial gains and losses were as follows:

In CHF millions	**2007**	2006	2005
Benefit obligation	449.5	518.1	488.9
Fair value of plan assets	445.0	510.3	478.0
Deficit	**–4.5**	**–7.8**	**–10.9**

In CHF millions	**2007**	2006	2005
Cumulative amount recognised in equity at 1 January	–18.2	–19.4	–21.4
Actuarial gains / (losses) on benefit obligation:			
Arising from changes in actuarial assumptions	–	–	–
Arising from experience adjustments	5.7	–14.4	–30.3
Experience adjustments on plan assets	–11.4	15.6	32.3
Total actuarial gains / (losses)	–5.7	1.2	2.0
Disposal of discontinued operation	8.7	–	–
Cumulative amount recognised in equity at 31 December	**–15.2**	**–18.2**	**–19.4**

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

Asset class:	**2007**	2006	2005
Bonds	27.5 %	25.0 %	29.3 %
Property	27.0 %	27.2 %	29.1 %
Equities	32.6 %	32.1 %	29.7 %
Mixed investment funds	5.3 %	4.7 %	6.8 %
Other investments	7.6 %	11.0 %	5.1 %
Total	**100.0 %**	**100.0 %**	**100.0 %**

The actual rate of return on plan assets was 2.1 % (CHF 10.6 million) in 2007 and 7.6 % (CHF 36.6 million) in 2006.

Pension plan assets do not include any equity instruments issued by Daetwyler Holding Inc. or properties occupied by Group companies. However, they include CHF 3.9 million in loans to the employer (2006: CHF 4.1 million), of which CHF 3.4 million (2006: CHF 3.4 million) is secured by mortgages.

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

Actuarial assumptions

	2007	2006
Discount rate	3.5 %	3.5 %
Estimated rate of salary increases	3.0 %	3.0 %
Expected rate of pension increases	1.0 %	1.0 %
Expected return on plan assets	4.3 %	4.3 %
Average life expectancy of males after retirement (65)	18.3 years	17.3 years
Average life expectancy of females after retirement (64)	23.6 years	22.6 years

The expected rate of return on plan assets is based on the average return of common benchmarks over the past 10 years less 1 %. In 2007, the underlying expected returns of each asset class were: 7.0 % for equities, 2.8 % for bonds, 3.7 % for property and 3.5 % for mixed investments. Weighted by asset class at 1 January 2007, the expected return for 2007 is 4.3 % (2006: 4.3 %).

10 Operating expenses

In CHF millions	**2007**	2006
Supplies, packaging materials, freight and storage costs	51.6	45.1
Repairs and maintenance	23.8	26.7
Energy	19.5	16.9
Operating lease and rental expense	10.7	7.5
Capital tax, administrative and selling expenses	48.4	43.8
Other operating expenses	19.9	21.1
Operating expenses from continuing operations	**173.9**	**161.1**

In 2006, operating expenses included additional expenditure of CHF 4.0 million relating to the damage in the Rubber Division.

11 Depreciation, amortisation and impairment charges

In CHF millions	**2007**	2006
Depreciation:		
Buildings	8.8	9.8
Machinery and production equipment	25.7	25.1
Other plant and equipment	6.9	7.0
Total depreciation of property, plant and equipment	**41.4**	**41.9**
Depreciation of investment property	**0.3**	**–**
Amortisation of intangible assets	**3.7**	**1.1**
Total depreciation and amortisation from continuing operations	**45.4**	**43.0**
Impairment charges:		
Buildings	5.9	1.9
Machinery and production equipment	2.2	9.6
Other plant and equipment	–	0.1
Total impairment charges on property, plant and equipment (1)	**8.1**	**11.6**
Reversal of impairment of investment property	–0.5	–
Total impairment charges, net	**7.6**	**11.6**
Total depreciation, amortisation and impairment charges from continuing operations	**53.0**	**54.6**

(1) *Impairment charges on property, plant and equipment for 2007 relate to the Rubber Division and the corporate segment. In 2006, the impairment charges related to the Cables, Rubber and Technical Components Divisions (see note 19).*

12 Interest and finance costs and income

In CHF millions	**2007**	2006
Interest expense on bank and other loans	9.1	6.0
Interest expense on finance leases	0.1	0.0
Loss on disposal of investments	0.0	0.6
Loss on derivative financial instruments, net	0.5	–
Foreign exchange loss on financing activities	0.4	6.1
Finance charges	0.7	0.8
Total interest and finance costs from continuing operations	**10.8**	**13.5**
Interest income on bank deposits and loans - continuing operations	–5.6	–2.8
Income from securities	–0.3	–0.5
Foreign exchange gain on financing activities	–1.9	–1.5
Total interest and finance income from continuing operations	**–7.8**	**–4.8**
Net interest and finance costs from continuing operations	**3.0**	**8.7**

Foreign exchange gains and losses

In CHF millions	2007	2006
Foreign exchange gain on financing activities	–1.9	–1.5
Foreign exchange loss on financing activities	0.4	6.1
Net foreign exchange losses / (gains) on sale of goods and other	0.2	–0.7
Net foreign exchange losses / (gains) from continuing operations	**–1.3**	**3.9**

The previous year's foreign exchange loss on financing activities included cumulative translation differences of CHF 4.9 million related to subsidiaries disposed of, which were recognised in the income statement on deconsolidation.

13 Income tax expense

In CHF millions	2007	2006
Current income tax expense	13.1	12.1
Deferred income tax expense / (income)	8.8	–10.1
Total income tax expense from continuing operations	**21.9**	**2.0**

The effective tax charge on profit before tax using the 16.32 % (2006: 23 %) tax rate applicable in Altdorf, Switzerland, where Daetwyler Holding Inc. is domiciled, can be analysed as follows:

In CHF millions	2007	2006
Profit before tax from continuing operations	108.2	69.1
Income tax expense calculated at a tax rate of 16.32 % (2006: 23 %)	17.7	15.9
Effect of different tax rates within the Group	4.3	–0.3
Effect of tax losses and temporary differences not recognised as deferred tax assets	3.8	2.2
Effect of previously unrecognised tax loss carryforwards used against taxable profits	–0.2	–0.2
Effect of reassessment of tax loss carryforwards	–	–15.9
Income not subject or only partially subject to tax	–2.3	–0.4
Change in tax rates for deferred tax	–2.0	–0.1
Prior year adjustments and other effects	0.6	0.8
Total (current and deferred) income tax expense from continuing operations	**21.9**	**2.0**

On 1 April 2006, the Swiss companies Daetwyler Inc., Maag Technic AG and Distrelec Inc. merged to form Daetwyler Switzerland Inc. domiciled in Altdorf. As a result of this merger, tax benefits are being realised from Daetwyler Inc.'s accumulated tax loss carryforwards. This led to a reassessment of deferred tax assets by CHF 15.9 million in 2006.

14 Cash, cash equivalents and money market investments

In CHF millions	2007	2006
Cash in hand and at bank	110.0	70.1
Money market investments <90 days	36.7	68.2
Total cash and cash equivalents	**146.7**	**138.3**
Money market investments <360 days	341.5	68.5
Total cash, cash equivalents and money market investments	**488.2**	**206.8**

Money market investments earned interest at an average rate of 2.7 % per annum (2006: 1.9 %) and are placed with six different banks with high credit ratings in order to spread the risk. The largest positions account for 38 %, 27 % and 16 % of the total balance.

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

In CHF millions	2007	2006
CHF	396.8	165.3
EUR	83.3	35.7
USD	4.3	2.1
Other currencies	3.8	3.7
Total cash, cash equivalents and money market investments	**488.2**	**206.8**

15 Trade receivables

In CHF millions	2007	2006
Trade receivables, gross	161.6	175.2
Provision for impairment	–7.2	–12.0
Total trade receivables	**154.4**	**163.2**

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

Ageing analysis of trade receivables, gross

In CHF millions	2007	2006
Not yet due	107.9	126.2
Past due 1 – 30 days	25.2	22.9
Past due 31 – 60 days	13.4	8.2
Past due 61 – 90 days	9.4	8.3
Past due 91 – 180 days	2.5	4.7
Past due more than 181 days	3.2	4.9
Total trade receivables, gross	**161.6**	**175.2**

Movements in provision for impairment

In CHF millions	2007	2006
At 1 January	**12.0**	**11.8**
Charge for the year	7.9	5.3
Unused amounts reversed	–5.1	–4.3
Receivables written off as uncollectible	–0.7	–0.8
Acquisition / disposal of subsidiaries	0.4	–
Disposal of discontinued operation	–6.2	–
Exchange differences	–1.1	–
At 31 December	**7.2**	**12.0**
Of which specific provisions for impairment	3.8	8.4

Due to the different customer structure in the various divisions, doubtful debts are provided for as specific impairment provisions based on an individual evaluation, on the one hand, and based on recent experience, on the other. Impairment provisions and bad debts totalling CHF 1.9 million (2006: CHF 1.4 million) are included in operating expenses in the income statement. The fair value of collateral held as security for past due receivables is CHF 0.3 million.

Analysis of trade receivables by currency

In CHF millions	2007	2006
CHF	33.2	65.3
EUR	102.6	77.6
USD	12.2	14.4
Other currencies	6.4	5.9
Total trade receivables	**154.4**	**163.2**

16 Inventories

In CHF millions	2007	2006
Raw materials and consumables	40.7	53.3
Goods for resale	29.0	25.3
Work in progress	25.1	47.7
Finished goods	94.6	95.8
Total inventories (1)	**189.4**	**222.1**

(1) *Of the total, inventories purchased within the Group accounted for CHF 15.3 million (2006: CHF 10.7 million).*

The cost of inventories recognised as an expense and included in material costs from continuing operations in the income statement amounted to CHF 578.1 million (2006: CHF 482.1 million).
Write-downs of inventories to net realisable value amounted to CHF 28.7 million (2006: CHF 33.6 million). The carrying amount of inventories stated at net realisable value was CHF 73.0 million (2006: CHF 92.7 million). Previous inventory write-downs of CHF 1.9 million (2006: CHF 8.5 million including discontinued operation) were reversed during the year as a result of changes in market conditions.

17 Assets held for sale

The assets presented below are classified as held for sale and stated at the lower of carrying amount and fair value less costs to sell. These assets are available for immediate sale in their present condition and are expected to be sold within the next 12 months. The assets presented mainly comprise property, plant and equipment.

In CHF millions	**2007**	2006
Movements in assets		
Total assets at 1 January	7.5	8.3
Transfers	3.5	1.8
Disposals	–6.9	–0.5
Impairment charges	–	–2.1
Total assets at 31 December	**4.1**	**7.5**
Other current liabilities	–	0.2
Provisions	–	0.4
Total liabilities at 31 December	**–**	**0.6**
Gain / (loss) on assets held for sale (see remarks below)	3.0	–2.4

Cables Division

The division sold its fibre glass plant, Daetwyler Fiber Optics SA (Switzerland) with no gain or loss on 1 January 2007. These facilities no longer required for the internal manufacturing process had been classified as a disposal group in 2005, with an additional impairment charge of CHF 1.8 million recognised in 2006.

Rubber Division

An unused parcel of land which has a carrying amount of CHF 0.3 million and is intended for sale in 2008 has been included for 2007. Two plots of land no longer required were carried at an amount of CHF 0.7 million at the end of 2006.

Pharmaceutical Packaging Division

A non-operating building in the USA with a carrying amount of CHF 0.3 million was reclassified as held for sale in 2007. A manufacturing facility was shut down in 2006 after two plants in the USA were combined at one location. The unused property, stated at a carrying amount of CHF 1.3 million at the end of 2006, was sold for a gain of CHF 0.7 million in 2007.

Technical Components Division

An office and commercial property that was no longer required and was put up for sale in the Greater Zurich area had to be written down to estimated fair value of CHF 4.9 million by an impairment charge of CHF 1.6 million in 2006 due to the difficult property situation in that area. In 2007, the property was sold for a loss of CHF 0.7 million.

Corporate

Non-operating land and underground parking with a carrying amount of CHF 2.9 million, which the Group intends to sell in 2008, were reclassified as held for sale in 2007. In the prior year 2006, a non-operating residential property in Switzerland had been sold to a general contractor for a gain of CHF 1.4 million for a major development project. In connection with this project, another property carried at CHF 1.1 million was reclassified as held for sale in 2006. A loss of CHF 0.5 million arose on remeasurement to fair value in 2006.

18 Other receivables, prepayments and accrued income

In CHF millions	**2007**	2006
Withholding, capital and value added tax receivable	6.6	11.2
Prepayments made, advances given and deposits made	1.5	1.1
Accrued interest receivable	0.7	0.1
Other prepayments made and accrued income	9.7	14.5
Derivative assets (see note 36)	0.3	0.0
Deferred sales proceeds from disposal of discontinued operation (see note 5)	5.7	–
Current lease receivables	1.6	–
Other receivables	3.5	3.2
Provision for impairment of other receivables	–0.5	–
Total other receivables, prepayments and accrued income	**29.1**	**30.1**

The carrying amounts of other receivables, prepayments and accrued income approximate their fair values.

19 Property, plant and equipment

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

Movements in property, plant and equipment In CHF millions	Land	Buildings	Machinery and production equipment	Office equipment, computer systems, vehicles	Assets under construction	**Total property, plant and equipment**
At 1 January 2006						
Cost	31.9	319.7	661.3	89.5	51.7	1 154.1
Accumulated depreciation	–	–210.5	–503.1	–72.6	–9.1	–795.3
Net book value	**31.9**	**109.2**	**158.2**	**16.9**	**42.6**	**358.8**
Year ended 31 December 2006						
Opening net book value	31.9	109.2	158.2	16.9	42.6	358.8
Exchange differences	–	0.2	1.2	0.3	0.2	1.9
Additions	–	21.5	30.0	11.0	11.0	73.5
Disposals and transfers	–0.1	9.5	17.9	–0.9	–30.0	–3.6
Acquisition / disposal of subsidiaries	–	2.9	–0.1	–0.6	–0.2	2.0
Depreciation charge – continuing operations	–	–9.8	–25.1	–7.6	0.6	–41.9
Depreciation charge – discontinued operation	–	–0.9	–11.6	–0.5	–	–13.0
Impairment charges	–	–1.9	–9.6	–0.1	–	–11.6
Closing net book value	31.8	130.7	160.9	18.5	24.2	366.1
At 31 December 2006						
Cost	31.8	333.7	669.1	84.8	25.3	1 144.7
Accumulated depreciation	–	–203.0	–508.2	–66.3	–1.1	–778.6
Net book value	**31.8**	**130.7**	**160.9**	**18.5**	**24.2**	**366.1**
Year ended 31 December 2007						
Opening net book value	31.8	130.7	160.9	18.5	24.2	366.1
Exchange differences	–	0.1	1.3	0.2	–	1.6
Additions	–	10.6	23.9	7.6	31.2	73.3
Disposals and transfers	–0.5	5.7	26.8	–1.9	–35.4	–5.3
Acquisition / disposal of subsidiaries	–	1.7	5.8	0.3	0.1	7.9
Depreciation charge – continuing operations	–	–8.8	–25.7	–6.8	–0.1	–41.4
Depreciation charge – discontinued operation	–	–1.0	–9.8	–0.4	–	–11.2
Impairment charges	–	–5.9	–2.2	–	–	–8.1
Disposal of discontinued operation	–2.0	–11.4	–53.5	–1.4	–3.9	–72.2
Closing net book value	29.3	121.7	127.5	16.1	16.1	310.7
At 31 December 2007						
Cost	29.3	313.2	519.5	72.6	16.4	951.0
Accumulated depreciation	–	–191.5	–392.0	–56.5	–0.3	–640.3
Net book value	**29.3**	**121.7**	**127.5**	**16.1**	**16.1**	**310.7**

Impairment charges recognised in respect of property, plant and equipment in the year amounted to CHF 8.1 million (2006: CHF 11.6 million) and were as follows:

Cables Division

Manufacturing facilities / China: the difficult business situation facing Shanghai-based Daetwyler Cables+Systems (Shanghai) Co. Ltd in this market during 2006 has led to an extensive reorganisation and complete realignment of the company. As a result, an impairment charge of CHF 3.1 million was recognised in 2006 because these facilities no longer had a value in use at the date of the financial statements.

Rubber Division

Manufacturing facilities / USA: a manufacturing facility engaged in automotive business in the USA continued to face a difficult market environment so its property, plant and equipment had to be reviewed for impairment in both 2007 and 2006. For this purpose, the expected future cash flows were discounted using an interest rate of 8%. The value in use determined on this basis led to the recognition of an impairment charge of CHF 3.3 million (2006: CHF 0.9 million) on manufacturing facilities and property.

Manufacturing facilities / France: in November 2006, the Rubber Division's manufacturing facility in France burned to the ground. This facility had been completely reconstructed after the first fire in 2005, with new purchases made to replace all the machinery and equipment. An impairment charge of CHF 6.7 million had to be recognised on buildings and equipment.

Technical Components Division

In 2006, another impairment charge of CHF 0.9 million was required for a Group-occupied commercial property in Germany. Following the optimisation of the organisation and structures of the German Group company renting the premises, there was no longer any need for part of the property, which is the cash-generating unit. This reduced the rental income earned by the Swiss property company leasing out the premises, which is also part of the Daetwyler Group. In order to assess impairment, the fair value less costs to sell and the value in use were determined for the cash-generating unit, the German property. The recoverable amount is the fair value less costs to sell and is based on a valuation by an external valuer.

Corporate

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

Other details of property, plant and equipment

The carrying amount of property, plant and equipment for 2006 includes a warehouse in Italy leased to a company acquired by the Pharmaceutical Packaging Division in 2004. Since the beginning of 2007, assets held under finance leases also include a manufacturing building leased by Soded SAS, a new Group company acquired in France.

In CHF millions	2007	2006
Leased property, plant and equipment, at cost	5.8	1.6
Accumulated depreciation	–0.6	–0.2
Net book value of property, plant and equipment under finance leases	**5.2**	**1.4**

Assets pledged or assigned to secure own liabilities:

In CHF millions	2007	2006
Land and buildings, at book value	23.0	31.3

At the balance sheet date, the Group's commitments for capital expenditure on property, plant and equipment amounted to CHF 11.5 million.

Fire insurance value of property, plant and equipment:

In CHF millions	2007	2006
Buildings	535.3	605.1
Machinery, equipment and vehicles	806.5	971.2
Total fire insurance value of property, plant and equipment	**1341.8**	**1576.3**

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

20 Investment property

In CHF millions	Land	Buildings	**Total investment property**
At 1 January 2006			
Cost	3.6	9.0	12.6
Accumulated depreciation	–	–2.3	–2.3
Net book value	**3.6**	**6.7**	**10.3**
Year ended 31 December 2006			
Opening net book value	3.6	6.7	10.3
Additions	–	0.1	0.1
Depreciation charge	–	–0.2	–0.2
Closing net book value	3.6	6.6	10.2
At 31 December 2006			
Cost	3.6	9.1	12.7
Accumulated depreciation	–	–2.5	–2.5
Net book value	**3.6**	**6.6**	**10.2**
Fair value	12.3	6.7	19.0
Rental income	–	0.7	0.7
Repair and maintenance costs	–	0.1	0.1
Year ended 31 December 2007			
Opening net book value	3.6	6.6	10.2
Additions (see note 42)	2.3	2.0	4.3
Transfers	–1.6	–1.2	–2.8
Depreciation charge	–	–0.3	–0.3
Reversal of impairment	–	0.5	0.5
Closing net book value	4.3	7.6	11.9
At 31 December 2007			
Cost	4.3	9.9	14.2
Accumulated depreciation	–	–2.3	–2.3
Net book value	**4.3**	**7.6**	**11.9**
Fair value	12.4	7.6	20.0
Rental income	–	0.8	0.8
Repair and maintenance costs	–	0.1	0.1

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

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

In 2007, an impairment charge of CHF 0.5 million recognised in the corporate segment in 2005 was reversed because the property concerned has been fully rented out in the meantime.

21 Intangible assets

In CHF millions	Goodwill	Other intangible assets	**Total intangible assets**
At 1 January 2006			
Cost	40.4	11.1	51.5
Accumulated amortisation	–7.2	–5.1	–12.3
Net book value	33.2	6.0	39.2
Year ended 31 December 2006			
Opening net book value	33.2	6.0	39.2
Exchange differences	1.0	0.2	1.2
Acquisition / disposal of subsidiaries	1.5	1.7	3.2
Disposals and transfers	–	0.5	0.5
Amortisation charge	–	–1.1	–1.1
Closing net book value	35.7	7.3	43.0
At 31 December 2006			
Cost	43.3	14.4	57.7
Accumulated amortisation	–7.6	–7.1	–14.7
Net book value	**35.7**	**7.3**	**43.0**
Year ended 31 December 2007			
Opening net book value	35.7	7.3	43.0
Exchange differences	1.6	0.5	2.1
Additions	–	3.5	3.5
Acquisition / disposal of subsidiaries	28.5	19.0	47.5
Transfers	–	3.6	3.6
Amortisation charge	–	–3.7	–3.7
Disposal of discontinued operation	–	–0.0	–0.0
Closing net book value	65.8	30.2	96.0
At 31 December 2007			
Cost	73.7	49.3	123.0
Accumulated amortisation	–7.9	–19.1	–27.0
Net book value	**65.8**	**30.2**	**96.0**

Other intangible assets include CHF 22.0 million (2006: CHF 7.1 million) in assets recognised in respect of customer relationships acquired in business combinations in accordance with IFRS 3 as well as capitalised software of CHF 8.2 million (2006: CHF 0.2 million).

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

The carrying amount of goodwill is tested for impairment in the fourth quarter of each year. The recoverable amount, which is the value in use, is determined using discounted cash flow (DCF) analysis. The cash flow projections are based on the budget (year 1) and medium-term plan (years 2 and 3). Subsequent years (years 4 and 5) are calculated using cash flow projections and the years beyond are calculated in perpetuity without growth. Cash flow projections are based on historical experience and management's expectations of future performance. The growth assumptions are presented as compounded annual growth rates (CAGRs).

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

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

In CHF millions or %	Carrying amount of goodwill **2007**	Carrying amount of goodwill 2006	WACC	Growth (CAGR)
Rubber Division:				
Daetwyler Rubber (CZ) Production sro, Czech Republic, **2007**	**1.6**		8.3 %	0.0 %
Daetwyler Rubber (CZ) Production sro, Czech Republic, 2006		1.5	8.9 %	0.6 %
Pharmaceutical Packaging Division:				
Helvoet Pharma Deutschland GmbH, Germany, **2007**	**5.0**		8.8 %	5.2 %
Helvoet Pharma Deutschland GmbH, Germany, 2006		4.9	7.9 %	2.8 %
Helvoet Pharma Italy / Seal Line SpA, Italy, **2007**	**4.9**		8.7 %	7.1 %
Helvoet Pharma Italy / Seal Line SpA, Italy, 2006		4.8	8.6 %	9.0 %
Technical Components Division:				
Revol Group, France and Czech Republic, **acquired in 2007**	**23.6**		9.1 %	9.7 %
Maag Technic / Wachendorf, Switzerland, **2007**	**1.4**		8.8 %	4.9 %
Maag Technic / Wachendorf, Switzerland, 2006		1.4	8.9 %	3.8 %
Schuricht Distrelec GmbH, Germany, **2007**	**23.9**		8.8 %	5.1 %
Schuricht Distrelec GmbH, Germany, 2006		23.1	7.9 %	2.7 %
Proditec Ltd., Switzerland, **acquired in 2007**	**5.4**		8.8 %	2.5 %
Daetwyler Group	**65.8**	35.7		

The 2007 review of the carrying amounts did not give rise to any impairment charges. In a sensitivity analysis, changes in the key assumptions used in the DCF analysis also showed that the assets' value in use exceeds their carrying amount and no value adjustments are necessary, barring exceptional circumstances.

22 Deferred income tax

Composition of deferred income tax

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

In CHF millions	**2007**	2006
Deferred tax assets	3.9	9.7
Deferred tax liabilities	–28.7	–24.3
Deferred income tax liabilities (net)	**–24.8**	**–14.6**

Analysis of deferred tax balances

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

In CHF millions	Receivables	Inventories	Property, plant and equipment	Intangible assets	Tax loss carryforwards	Pension liabilities	Other balance sheet items	**Total**
At 1 January 2006								
Temporary differences – assets	0.4	1.0	0.1	0.4	4.4	3.3	2.2	11.8
Temporary differences – liabilities	–0.7	–5.2	–23.0	–4.7	–	–0.1	–0.9	–34.6
Net	**–0.3**	**–4.2**	**–22.9**	**–4.3**	**4.4**	**3.2**	**1.3**	**–22.8**
Year ended 31 December 2006								
At 1 January	–0.3	–4.2	–22.9	–4.3	4.4	3.2	1.3	–22.8
Exchange differences	–	–	–0.5	–0.1	0.1	–	–	–0.5
(Charged) / credited to the income statement – continuing operations	–	–0.9	2.8	–0.9	10.2	–0.6	–0.5	10.1
(Charged) / credited to the income statement – discontinued operation	–0.1	–0.1	–0.3	–	0.4	–	–0.1	–0.2
(Charged) / credited to equity	–	–	–	–	–	–1.0	–	–1.0
Acquisition / disposal of subsidiaries	–	0.1	–0.2	–	–	–	–0.1	–0.2
At 31 December	–0.4	–5.1	–21.1	–5.3	15.1	1.6	0.6	–14.6
At 31 December 2006								
Temporary differences – assets	0.5	0.6	1.1	0.3	15.1	1.9	1.6	21.1
Temporary differences – liabilities	–0.9	–5.7	–22.2	–5.6	–	–0.3	–1.0	–35.7
Net	**–0.4**	**–5.1**	**–21.1**	**–5.3**	**15.1**	**1.6**	**0.6**	**–14.6**
Year ended 31 December 2007								
At 1 January	–0.4	–5.1	–21.1	–5.3	15.1	1.6	0.6	–14.6
Exchange differences	–	–	–0.3	–0.1	–	–	–	–0.4
(Charged) / credited to the income statement – continuing operations	–0.5	–0.4	0.6	0.6	–7.9	–0.1	–1.1	–8.8
(Charged) / credited to the income statement – discontinued operation	0.1	–0.4	0.1	–	–	–	–	–0.2
(Charged) / credited to equity	–	–	–	–	–	1.3	–	1.3
Acquisition / disposal of subsidiaries	–	–0.2	–1.6	–5.9	–	–	0.6	–7.1
Disposal of discontinued operation	0.3	2.5	4.5	–	–0.4	–1.8	–0.1	5.0
At 31 December	–0.5	–3.6	–17.8	–10.7	6.8	1.0	–	–24.8
At 31 December 2007								
Temporary differences – assets	0.4	1.1	1.1	0.4	6.8	1.0	2.1	12.9
Temporary differences – liabilities	–0.9	–4.7	–18.9	–11.1	–	–	–2.1	–37.7
Net	**–0.5**	**–3.6**	**–17.8**	**–10.7**	**6.8**	**1.0**	**–**	**–24.8**

At 31 December 2007, the aggregate amount of temporary differences associated with investments in Group companies for which deferred tax liabilities have not been recognised is CHF 247.6 million (2006: CHF 249.2 million).

Tax loss carryforwards

Deferred tax assets are recognised for tax loss carryforwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. Deferred tax assets have been recognised in respect of tax losses carried forward by companies whose results have been subject to cyclical fluctuations or that have incurred start-up losses and where there are clear indications that they will generate sufficient taxable profits in the foreseeable future. Furthermore, additional tax loss carryforwards are available for offset against future taxable profits due to the 2006 merger to form Daetwyler Switzerland Inc. This led to a reassessment of deferred tax assets by CHF 15.9 million in 2006.

At 31 December 2007, the Daetwyler Group did not recognise tax losses totalling CHF 53.6 million (2006: CHF 57.5 million) carried forward by individual Group companies because it currently seems unlikely that future taxable profits will be available against which the benefits from these tax loss carryforwards can be utilised. Tax losses available for offset against future taxable profits expire as follows:

In CHF millions	**2007**	2006
Expiring in:		
1 year	1.0	1.5
2 years	–	1.2
3 years	0.5	–
4 years	0.1	0.7
5 years or more	52.0	54.1
Total unrecognised tax losses carried forward	**53.6**	**57.5**

23 Financial investments

In CHF millions	**2007**	2006
Long-term loans to third parties	3.5	3.9
Investments in third parties, net	0.0	0.0
Long-term lease receivables	7.2	–
Securities	15.6	15.6
Other financial investments	0.7	10.4
Total financial investments	**27.0**	**29.9**

The securities included in financial investments comprise bonds and units in investment funds held as long-term investments. They are classified as available-for-sale financial assets and measured at fair value. The unrealised gain of CHF 0.6 million for the period (2006: CHF 1.9 million) and the resulting cumulative net gain of CHF 1.4 million (2006: CHF 0.8 million) are recognised in equity and not in the income statement until the securities are disposed of. Realised gains and losses are insignificant. The fair values of long-term loans to third parties and other financial investments equal their carrying amounts. In 2006, other financial investments included an advance payment of CHF 10.0 million for the purchase of Proditec Ltd. at 1 January 2007.

24 Trade payables

Analysis by currency

In CHF millions	2007	2006
CHF	14.5	21.1
EUR	45.5	46.0
USD	4.8	2.8
Other currencies	2.7	4.0
Total trade payables	**67.5**	**73.9**

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

25 Bank borrowings

In CHF millions	2007	2006
Bank overdrafts	165.7	111.9
Total short-term bank borrowings	**165.7**	**111.9**
Bank loans	7.1	21.4
Total long-term bank borrowings	**7.1**	**21.4**
Total bank borrowings	**172.8**	**133.3**
Secured portion of short-term and long-term bank borrowings	*11.3*	*31.3*

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

Bank borrowings by currency	CHF million 2007	% 2007	Ø interest rate 2007	CHF million 2006	% 2006	Ø interest rate 2006
CHF	10.2	5.9	3.1	15.5	11.6	2.9
EUR	137.4	79.5	4.7	70.4	52.8	4.4
USD	24.3	14.1	5.6	39.4	29.6	5.7
Other currencies	0.9	0.5	4.8	8.0	6.0	4.5
Total bank borrowings	**172.8**	**100.0**	**4.8**	**133.3**	**100.0**	**4.6**
Bank borrowings by region						
Switzerland	10.0	5.8		31.5	23.6	
Other countries	162.8	94.2		101.8	76.4	
Total bank borrowings	**172.8**	**100.0**		**133.3**	**100.0**	

Maturity of long-term bank borrowings

In CHF millions	2007	2006
Within 2 years	6.3	5.9
Within 3 years	0.3	5.6
Within 4 years	0.2	8.3
Within 5 years	0.2	0.2
Over 5 years	0.1	1.4
Total long-term bank borrowings	**7.1**	**21.4**

Due to the current interest rate environment and the maturities of the borrowings, the carrying amounts approximate their fair values.

26 Other current liabilities, accruals and deferred income

In CHF millions	2007	2006
Customer advances received	3.5	3.4
Social security liabilities	5.7	3.3
Capital and value added tax liabilities	3.3	3.6
Accruals and deferred income	21.3	18.6
Current finance lease liabilities	0.5	0.2
Other short-term loans payable and financial liabilities	4.0	1.2
Derivative liabilities (see note 36)	0.5	0.6
Other current liabilities	3.6	2.8
Total other current liabilities, accruals and deferred income	**42.4**	**33.7**

27 Other long-term liabilities

In CHF millions	2007	2006
Long-term finance lease liabilities	1.0	0.4
Other long-term loans payable and financial liabilities	–	3.7
Miscellaneous long-term liabilities	0.6	0.7
Total other long-term liabilities	**1.6**	**4.8**

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

28 Financial instruments

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

Financial assets

In CHF millions	2007	2006
Cash, cash equivalents and money market investments:		
Cash and cash equivalents	146.7	138.3
Money market investments	341.5	68.5
Total cash, cash equivalents and money market investments	*488.2*	*206.8*
Loans and receivables:		
Trade receivables	154.4	163.2
Current income tax assets	2.0	3.9
Deferred sales proceeds from disposal of discontinued operation (see note 5)	5.7	–
Withholding, capital and value added tax receivable	6.6	11.2
Prepayments made, advances given and deposits made	1.5	1.1
Other current receivables, net	3.0	3.2
Current lease receivables	1.6	–
Long-term lease receivables	7.2	–
Long-term loans to third parties	3.5	3.9
Total loans and receivables	*185.5*	*186.5*
Available-for-sale financial assets:		
Securities: equities	0.5	0.5
Securities: bonds	3.5	4.2
Securities: equity investment funds	11.6	10.9
Other financial investments	0.7	10.4
Total available-for-sale financial assets	*16.3*	*26.0*
Financial assets at fair value through profit or loss:		
Derivative assets: forward exchange contracts	0.3	0.0
Total financial assets at fair value through profit or loss	*0.3*	*0.0*
Total financial assets	**690.3**	**419.3**

Financial liabilities

In CHF millions	**2007**	2006
Financial liabilities at amortised cost:		
Trade payables	67.5	73.9
Short-term bank borrowings	165.7	111.9
Current income tax liabilities	10.3	11.9
Other short-term loans payable and financial liabilities	4.0	1.2
Social security liabilities	5.7	3.3
Capital and value added tax liabilities	3.3	3.6
Accruals and deferred income	21.3	18.6
Other current liabilities	3.6	2.8
Total current financial liabilities at amortised cost	*281.4*	*227.2*
Long-term bank borrowings	7.1	21.4
Other long-term loans payable and financial liabilities	–	3.7
Miscellaneous long-term liabilities	0.6	0.7
Total long-term financial liabilities at amortised cost	*7.7*	*25.8*
Total financial liabilities at amortised cost	*289.1*	*253.0*
Financial liabilities at fair value through profit or loss:		
Derivative liabilities: forward exchange contracts	0.5	0.6
Total financial liabilities at fair value through profit or loss	*0.5*	*0.6*
Total financial liabilities	**289.6**	**253.6**

With the exception of derivative financial instruments carried at fair value, the Group holds no financial assets or liabilities classified as at fair value through profit or loss or as held for trading, nor does it hold any financial assets classified as held to maturity.

The carrying amounts of financial instruments approximate their fair values.

29 Provisions

In CHF millions	Employees and social security	Warranty and liability claims	Restructuring	Environment and infrastructure	Other	Total
Current provisions:						
At 1 January 2007	28.2	5.0	2.1	5.4	5.1	45.8
Exchange differences	0.3	0.1	0.0	–	0.1	0.5
Charge for the year	23.2	0.9	–	–	5.2	29.3
Used during year	–24.3	–0.5	–2.0	–1.8	–2.1	–30.7
Unused amounts reversed	–1.2	–3.1	–0.1	–0.1	–1.2	–5.7
Acquisition / disposal of subsidiaries	0.1	–	–	–	–	0.1
Transfers	0.2	–	–	1.8	–	2.0
Disposal of discontinued operation	–3.8	–1.0	–	–	–0.1	–4.9
At 31 December 2007	**22.7**	**1.4**	**0.0**	**5.3**	**7.0**	**36.4**
Non-current provisions:						
At 1 January 2007	7.3	5.8	–	4.6	1.1	18.8
Exchange differences	0.2	0.0	–	–	0.0	0.2
Charge for the year	1.1	3.6	–	–	–	4.7
Used during year	–1.0	0.0	–	–	0.0	–1.0
Unused amounts reversed	–	0.0	–	–1.2	–0.6	–1.8
Acquisition / disposal of subsidiaries	0.0	0.3	–	–	–	0.3
Effects of discounting	–	–	–	–	–	–
Transfers	–0.2	–	–	–1.8	–	–2.0
Disposal of discontinued operation	–0.4	–	–	–	–0.2	–0.6
At 31 December 2007	**7.0**	**9.7**	**–**	**1.6**	**0.3**	**18.6**
Total provisions for 2007	**29.7**	**11.1**	**0.0**	**6.9**	**7.3**	**55.0**
Total provisions for 2006	35.5	10.8	2.1	10.0	6.2	64.6

Discounting

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

Employees and social security

This provision covers holiday pay, overtime, bonuses, incentive pay and similar liabilities. The provision is calculated based on actual data. The expected payments generally become due within 24 months.

Warranty and liability claims

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

Restructuring

This provision relates to restructuring measures that have been decided upon and announced for Group companies and are generally implemented within one year.

Environment and infrastructure

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

30 Share capital

Composition

In CHF millions	2007	2006
22 million registered shares of CHF 1 each (2006: 0.22 million of CHF 100 each)	22.0	22.0
12.6 million bearer shares of CHF 5 each (2006: 0.136 million of CHF 500 each)	63.0	68.0
Total share capital	**85.0**	**90.0**

The Annual General Meeting held on 24 April 2007 approved a resolution to cancel 10 000 unissued bearer shares of CHF 500 each, thereby reducing the share capital by CHF 5 million from CHF 90 million to CHF 85 million. A resolution was also adopted to carry out a 100-for-1 share split on 6 July 2007. As a result, the share capital now consists of 12.6 million bearer shares of CHF 5 each and 22 million registered shares of CHF 1 each. The reduction in share capital and share split were registered in the Commercial Register on 2 July 2007.

Per share data

	2007	2006
Bearer shares		
Par value (CHF)	5	500
Number issued	12 600 000	136 000
Number with voting rights and ranking for dividend	11 000 000	110 000
Proposed / approved dividend per bearer share (CHF)	0 [(1)]	175
Registered shares		
Par value (CHF)	1	100
Number issued	22 000 000	220 000
Number ranking for dividend	22 000 000	220 000
Proposed / approved dividend per registered share (CHF)	0 [(1)]	35
Total par value of shares ranking for dividend (CHF millions)	**77.0**	**76.8**
Authorised share capital	none	none
Authorised but unissued share capital	none	none
Registration / voting restrictions	none	none
Opting-out and opting-up provisions	none	none

[(1)] *At the Annual General Meeting on 22 April 2008, the Board of Directors of Daetwyler Holding Inc. will propose that, in place of a dividend payment, the par value of shares be reduced by CHF 4.95 from the current CHF 5.00 to CHF 0.05 per bearer share and by CHF 0.99 from the current CHF 1.00 to CHF 0.01 per registered share.*

31 Earnings per share

Earnings per share is calculated by dividing profit for the year by the weighted average number of shares in issue and ranking for dividend, excluding treasury shares. The weighted value of the 22 000 000 registered shares represents 4 400 000 bearer shares. Prior year figures have been restated to reflect the 100-for-1 share split on 6 July 2007.

	2007	2006
Continuing operations:		
Profit for the year reported in the income statement (CHF millions)	86.3	67.1
Weighted average number of shares	15 380 950	15 369 500
Basic earnings per bearer share ranking for dividend (CHF)	5.61	4.37
Diluted number of shares	15 380 950	15 369 500
Diluted earnings per bearer share ranking for dividend (CHF)	5.61	4.37
Discontinued operation:		
Profit for the year reported in the income statement (CHF millions)	133.2	9.4
Weighted average number of shares	15 380 950	15 369 500
Basic earnings per bearer share ranking for dividend (CHF)	8.66	0.61
Diluted number of shares	15 380 950	15 369 500
Diluted earnings per bearer share ranking for dividend (CHF)	8.66	0.61

As all 300 options outstanding under the executive share option plan in existence since 2001 lapsed on 9 January 2006, there were no dilutive effects in 2007 or 2006.

32 Treasury shares and share-based payments

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

Following the resolution passed by the Annual General Meeting on 24 April 2007 to cancel 10 000 unissued bearer shares of CHF 500 each and after the 100-for-1 share split on 6 July 2007, the Company held 1.6 million unissued bearer shares of CHF 5 each at the end of 2007. The par value of these shares totalling CHF 8.0 million (2006: CHF 13.0 million) is deducted from the CHF 85.0 million (2006: CHF 90.0 million) share capital of Daetwyler Holding Inc.

Executive share option plan

The 300 options outstanding under the executive share option plan in existence since 2001 lapsed on 9 January 2006. The 30 000 reserved bearer shares of CHF 5 each then became freely available again as treasury shares. Since then, rather than adopting a new share option plan, a share award plan was established in 2007 as described below.

Share award plan

For 2007, the composition of remuneration for Directors and senior executives was changed. Directors and senior executives now receive a portion of their remuneration in the form of bearer shares in 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 (2007: 10 500) bearer shares of CHF 5 each in Daetwyler Holding Inc. for the financial years 2007 to 2009, and senior executives have been awarded a total of 28 600 (2007: 11 400) bearer shares of CHF 5 each in Daetwyler Holding Inc. for the same period. The expense recognised as employee costs in 2007 for the 2007 to 2009 share award plan amounts to CHF 3.6 million. The shares awarded have a vesting period of 5 years.

33 Shareholders

Pema Holding AG still owns all 22 000 000 registered shares and 4 400 000 of the total of 12 600 000 bearer shares of Daetwyler Holding Inc. This represents 80.00 % (2006: 80.00 %) of the voting rights and 51.76 % (2006: 48.89 %) of the share capital. Non-voting unissued bearer shares have been included in calculating the percentage of capital held but excluded in calculating the percentage of voting rights held. The entire share capital of Pema Holding AG was contributed to Daetwyler Fuehrungs AG, indirectly giving it a majority of the voting rights in Daetwyler Holding Inc.

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

34 Group reserves

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

35 Minority interests

In 2007 and 2006, no subsidiaries of the Daetwyler Group had minority shareholders.

36 Derivative financial instruments

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

Forward exchange contracts

At 31 December in CHF millions	**2007**	2006
Positive fair value	0.3	0.0
Contractual amounts	7.9	3.4
Negative fair value	0.5	0.6
Contractual amounts	17.0	26.9

Forward exchange contracts by currency

At 31 December in CHF millions	**2007**	2006
EUR	5.8	13.8
USD	7.9	9.6
SGD	–	0.3
CZK	11.2	6.6
Total forward exchange contracts	**24.9**	**30.3**

These forward exchange contracts have maturities up to mid-May 2008. Positive fair values are recorded as other receivables, prepayments and accrued income (note 18), while negative fair values are included in other current liabilities, accruals and deferred income (note 26).

37 Contingent liabilities

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

The Daetwyler Group has not given any guarantees in respect of its business relationships with third parties. Intra-group performance bonds and guarantees have been eliminated on consolidation. There are no subordination agreements with third parties.
When the Precision Tubes Division was sold at the end of 2007, the Group granted usual contractual guarantees to the purchasers in respect of environmental contamination, etc. This guarantee is limited to a maximum of CHF 18.4 million and applies to certain cases on a degressive basis for a maximum period of 10 years or until statute-barred. At present, no claims by the purchaser are known.

38 Future lease commitments

Maturities of future operating lease commitments

In CHF millions	2007	2006
Less than one year	1.3	0.8
Between 2 and 5 years	2.4	1.4
Over 5 years	0.7	–
Total future operating lease commitments	**4.4**	**2.2**

The operating lease payments recognised as an expense in the income statement for 2007 amounted to CHF 1.6 million (2006: CHF 1.5 million). There are no individually significant operating leases. Details of finance lease liabilities are presented in notes 26 and 27.

39 Research and development costs

In CHF millions	2007	2006
Employee costs	4.2	3.4
Depreciation and amortisation	0.1	0.1
Other operating expenses	1.3	1.3
Total research and development costs	**5.6**	**4.8**

40 Effect of acquisitions and disposals

In addition to the disposal of the Precision Tubes Division reported separately in note 5, other disposals and acquisitions of subsidiaries had the following effect on the Group's assets and liabilities in 2007 and 2006.

Acquisitions in 2007

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

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

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

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

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

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

Disposals 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. The assets and liabilities had been classified as a disposal group since 2005, see note 17.

41 Events after the balance sheet date

At the Annual General Meeting on 22 April 2008, the Board of Directors of Daetwyler Holding Inc. will propose that, in place of a dividend payment, the par value of shares be reduced by CHF 4.95 from the current CHF 5.00 to CHF 0.05 per bearer share and by CHF 0.99 from the current CHF 1.00 to CHF 0.01 per registered share.

On 18 March 2008, the Board of Directors of Daetwyler Holding Inc. approved the acquisition of the ELFA Group (Sweden). The purchase agreement with Industri Kapital, a private equity firm in Stockholm, was signed the same day. ELFA is the leading catalogue distributor for industrial electronics and automation in Scandinavia, the Baltic and Eastern Europe. Employing 400 people, the group generates revenue of some CHF 180 million and EBITDA of about CHF 35 million, and will contribute to profit from the first year. The purchase price for the debt-free ELFA Group is approximately CHF 350 million. Completion of the agreement with Industri Kapital is planned for the end of April 2008 after the customary regulatory conditions have been met. Following completion of the agreement, the final

purchase price will be determined and allocated. With the strategic acquisition of the ELFA Group, Daetwyler is systematically expanding the Distrelec Group (Technical Components Division).

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

42 Related party transactions

Pema Holding AG

There were no transactions between the companies other than dividend payments to Pema Holding AG and administrative costs of CHF 21,520 charged in 2007 (2006: CHF 26,000) for administration and accounting services provided by Alvest AG. At the end of 2007 and 2006, there were no mutual receivables and payables.

Pension schemes

Alvest AG charged administrative costs of CHF 0.2 million (2006: CHF 0.2 million) to the pension schemes.

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

Welfare fund of Daetwyler Holding Inc.

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

Remuneration of Directors and Executive Board members

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

The remuneration of Directors of Daetwyler Holding Inc. consists of a fixed fee in the form of cash and shares. Their remuneration in the year under review totalled CHF 2.417 million (2006: CHF 0.609 million), of which shares accounted for CHF 1.847 million (2006: none).

The remuneration paid to Executive Board members consists of a fixed salary, a share award and a variable bonus up to a maximum of 100 % of base salary. Former Executive Board members have no form of remuneration other than benefits under the regular and supplementary pension schemes. No legally required termination benefits were paid in 2007 (2006: CHF 2.2 million). The total remuneration of Executive Board members for the year was CHF 7.918 million (2006: CHF 4.339 million). This amount includes pension fund contributions of CHF 0.612 million (2006: CHF 0.609 million). Of the total remuneration, CHF 3.263 million (2006: CHF 3.112 million) was paid as fixed salary, CHF 1.382 million as equity-settled payments in the form of shares valued in accordance with IFRS 2 and CHF 3.273 million (2006: CHF 1.227 million) as cash bonuses.

Subsidiaries and Investments

Daetwyler Holding Inc. directly or indirectly owned the following companies at 31 December 2007:		Registered office	Local currency	Capital in local currency (in millions)	Group's percentage interest	Footnote	Cables	Rubber	Pharmaceutical Packaging	Technical Components	Service and financial companies
Switzerland	Alvest AG	Altdorf	CHF	15.000	100	C*					■
	Daetwyler Inc.	Altdorf	CHF	0.100	100	C*					■
	Daetwyler Electronics Ltd.	Altdorf	CHF	0.100	100	C*					■
	Daetwyler Pharma Pack Holding AG	Altdorf	CHF	39.000	100	C*			■		
	Daetwyler Switzerland Inc.	Altdorf	CHF	32.000	100	C*	□	□		▒	■
	Daetwyler Teco Holding AG	Altdorf	CHF	9.900	100	C*				■	
	Distrelec Inc.	Altdorf	CHF	0.050	100	C*					■
	Gummi Maag AG	Duebendorf	CHF	0.050	100	C					■
	Ilgenhof AG	St. Gallen	CHF	0.600	100	C*					■
	Kaved AG	Altdorf	CHF	1.500	100	C*	□				
	Maag Technic Inc.	Altdorf	CHF	0.090	100	C*					■
	Mader Technic AG	Duebendorf	CHF	0.100	100	C					■
	MTD-Immobilien AG	Duebendorf	CHF	2.000	100	C				■	
	Pohl Immobilien AG	Altdorf	CHF	1.600	100	C			■		
	Proditec Ltd.	Naenikon	CHF	0.300	100	C*				▒	
	Wachendorf AG	Duebendorf	CHF	0.100	100	C					■

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

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

		Registered office	Local currency	Capital in local currency (in millions)	Group's percentage interest	Footnote	Cables	Rubber	Pharmaceutical Packaging	Technical Components	Service and financial companies
Austria	Distrelec Gesellschaft mbH	Vienna	EUR	0.145	100	C				▒	
Belgium	Helvoet Pharma NV	Alken	EUR	2.603	100	C			■		
	Helvoet Pharma Belgium NV	Alken	EUR	15.778	100	C			□		
	Pharma Packaging Int'l. Services NV	Alken	EUR	107.330	100	C			■		
China	Daetwyler (Suzhou) Cabling Syst.Co.Ltd.	Suzhou	USD	1.700	100	C	□				
	Daetwyler Cables+Systems (Shanghai) Co.Ltd.	Shanghai	USD	10.000	100	C	□				
Czech Republic	Daetwyler Rubber (CZ) sro	Novy Bydzov	CZK	20.000	100	C		▒			
	Maagtechnic sro	Nove Mesto Metuji	CZK	2.000	100	C	▒		□		
France	Daetwyler Rubber France SAS	Boos	EUR	0.873	100	C		□			
	Maagtechnic SAS	Vaulx-en-Velin	EUR	12.050	100	C				■	
	Soded SAS	Saint-Marcellin	EUR	0.400	100	C				□	
	Revol Sonier SAS	Vaulx-en-Velin	EUR	0.780	100	C				□	
	Buttin SAS	Annecy	EUR	0.250	100	C				▒	
Germany	Daetwyler Rubber Deutschland GmbH	Springe	EUR	0.256	100	C		□			
	Daetwyler Kabel+Systeme GmbH	Neufahrn	EUR	1.600	100	C	▒				
	Daetwyler Teco Holding (DE) GmbH	Goeppingen	EUR	3.100	100	C				■	
	Helvoet Pharma Deutschland GmbH	Karlsbad	EUR	2.600	100	C			□		
	Maag Technic GmbH	Goeppingen	EUR	2.600	100	C				▒	
	Schuricht Distrelec GmbH	Bremen	EUR	0.800	100	C				▒	
	Wachendorf GmbH	Loerrach	EUR	0.030	100	C					■
Italy	CIF srl	Veggiano	EUR	0.014	8	F			□		
	Distrelec Italia srl	Milan	EUR	1.275	100	C				▒	
	Helvoet Pharma Italia srl	Pregnana	EUR	2.000	100	C			□		
Luxembourg	Helvoet Pharma International SA	Luxembourg	EUR	21.071	100	C			■		
Netherlands	Maro BV	Roosendaal	EUR	0.005	100	C			□		
Singapore	Daetwyler (Thelma) Cables+Systems Pte Ltd	Singapore	SGD	0.300	100	C	▒				
UK	Daetwyler (UK) Ltd	Swindon	GBP	0.500	100	C	▒				
Ukraine	CJSC Daetwyler Rubber Ukraine	Malyn	UAH	0.438	100	C		▒			
USA	Daetwyler Rubber & Plastics Inc.	Marion, SC	USD	0.500	100	C		□			
	Helvoet Pharma Inc.	Pennsauken, NJ	USD	9.130	100	C			□		

Report of the Group Auditors

To the general meeting of Daetwyler Holding Inc., Altdorf

As auditors of the group, we have audited the consolidated financial statements (income statement, balance sheet, cash flow statement, statement of changes in equity and notes; pages 44–99) of Daetwyler Holding Inc. for the year ended December 31, 2007.

These consolidated financial statements are the responsibility of the board of directors. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with Swiss Auditing Standards and with the International Standards on Auditing, which require that an audit be planned and performed to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the consolidated financial statements. We have also assessed the accounting principles used, significant estimates made and the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

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

Zurich, March 18, 2008
PricewaterhouseCoopers AG

Patrick Balkanyi — Josef Stadelmann
Auditor in charge

Daetwyler Holding Inc.

Contents

Income Statement

For the year ended 31 December in CHF	*	2007	2006
Investment income		**33 000 882**	**31 000 706**
Gain on disposal of investment	1	+179 397 826	0
Finance income	1	+12 030 016	+14 935 536
Finance costs	1	–342 025	–9 866
Net finance income		**191 085 817**	**14 925 670**
Employee costs	2	–1 400 790	–643 274
Administrative expenses	3	–58 296	–51 186
Profit before tax		**222 627 613**	**45 231 916**
Income tax expense		–821 910	–471 034
Profit for the year		**221 805 703**	**44 760 882**

* *Notes 1 to 3, see pages 104 to 106.*

Balance Sheet

Assets at 31 December in CHF	*	2007	2006
Investments	4	190 592 966	208 544 766
Receivables	5	419 211 519	302 210 290
Non-current assets		**609 804 485**	**510 755 056**
Other receivables		90 753 098	7 788
Current assets		**90 753 098**	**7 788**
Total assets		**700 557 583**	**510 762 844**

Equity and liabilities at 31 December in CHF	*	2007	2006
Share capital	6	85 000 000	90 000 000
Statutory reserves	7	95 234 084	100 763 318
General reserve		87 000 000	87 000 000
Reserve for treasury shares	8	8 234 084	13 763 318
Special reserve	9	297 029 234	273 621 921
Retained earnings		222 137 435	45 159 811
Equity		**699 400 753**	**509 545 050**
Other liabilities	10	1 156 830	1 217 794
Liabilities		**1 156 830**	**1 217 794**
Total equity and liabilities		**700 557 583**	**510 762 844**

** Notes 4 to 10, see pages 106 to 108.*

Notes to the Financial Statements

1 Net finance income

Amounts owed by Group companies bear interest in accordance with Group policies. In 2007, the investment in RoRo Holding AG, Rothrist, was sold. This disposal resulted in a gain of CHF 179 397 826.

2 Employee costs

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

Remuneration in 2007

	Base remuneration				Variable remuneration			Total remuneration for 2007
In CHF	Cash payment	Number of shares	Fair value of shares	Total fixed component	Bonuses and incentives	Pension and other benefit expense	Total variable component	
Directors								
Graf Ulrich * Chairman	143 000	22	176 000	319 000	0	19 300	19 300	338 300
Rueegg Hans R. Deputy Chairman	63 000	17	136 000	199 000	0	12 040	12 040	211 040
Faessler Hanspeter Director	43 000	11	88 000	131 000	0	7 926	7 926	138 926
Inderbitzin Werner Director	43 000	11	88 000	131 000	0	7 926	7 926	138 926
Lienhard Ernst Director	76 000	11	88 000	164 000	0	9 922	9 922	173 922
Odermatt Ernst Director	43 000	11	88 000	131 000	0	7 926	7 926	138 926
Steinegger Franz Director	43 000	11	88 000	131 000	0	7 926	7 926	138 926
Wuerth Franz Josef Director	43 000	11	88 000	131 000	0	0	0	131 000
Total for Directors	**497 000**	**105**	**840 000**	**1 337 000**	**0**	**72 966**	**72 966**	**1 409 966**
Executive Board members								
Haelg Paul J. * CEO	650 000	50	400 000	1 050 000	1 125 000	303 411	1 428 411	2 478 411
Total for Executive Board members	**2 222 978**	**94**	**752 000**	**2 974 978**	**3 272 500**	**1 040 654**	**4 313 154**	**7 288 132**

* *Highest remuneration*

Explanatory notes:
1. Directors and Executive Board members receive a base remuneration in the form of a cash payment and shares. The share award for 2007 was determined by the HR Committee and approved by the Board of Directors. The shares awarded on 1 June 2007 at the then market value of CHF 8 000.00 vest over a period of 5 years. After the end of this period, the shares are at the free disposal of the beneficiary or his legal successor regardless of death, disability or termination.
2. The amounts shown in the table under variable remuneration represent the expense actually recognised for bonuses granted for 2007, which will be paid in March 2008.
3. The heading "pension and other benefit expense" includes all costs of pension plans, other employee benefits and benefits in kind.
4. One Director (shareholders' representative under Art. 709 of the Swiss Code of Obligations) receives a higher remuneration for his services to bearer shareholders.

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

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

Interests
At 31 December 2007, individual Directors and Executive Board members including persons connected with them held the following number of interests in the Company:

Interests in 2007

In CHF		Number of shares	Percentage voting rights 2007	Of which vesting over 5 years 2012	2013	2014	2015	2016
Directors								
Graf Ulrich	Chairman	3 450	0.010455	2 200				
Rueegg Hans R.	Deputy Chairman	2 200	0.006667	1 700				
Faessler Hanspeter	Director	1 100	0.003333	1 100				
Inderbitzin Werner	Director	1 100	0.003333	1 100				
Lienhard Ernst	Director	1 100	0.003333	1 100				
Odermatt Ernst	Director	1 500	0.004545	1 100				
Steinegger Franz	Director	1 200	0.003636	1 100				
Wuerth Franz Josef	Director	1 100	0.003333	1 100				
Executive Board members								
Haelg Paul J.	CEO	7 000	0.021212	5 000				
Magagna Silvio A.	CFO	11 700	0.035455	1 700				
Mueller Johannes	Division Head	1 000	0.003030	1 000				
Lambrecht Dirk	Division Head	1 300	0.003939	900				
Trauffer René	Division Head	800	0.002424	800				
Wallraff Guido	Division Head	0	0.000000	0				

Class of share: bearer share of CHF 5 each
Percentage voting rights: 0.00000303 per bearer share

3 Administrative expenses

This item comprises general business expenses of Daetwyler Holding Inc.

4 Investments

At 31 December 2007, Daetwyler Holding Inc. directly held investments in the following companies after the disposal of the Precision Tubes Division:

Company	Company activity	Share capital
Switzerland		in CHF
Distrelec Inc., Altdorf	Finance	50 000
Alvest AG, Altdorf	Finance	15 000 000
Maag Technic Inc., Altdorf	Finance	90 000
Daetwyler Switzerland Inc., Altdorf	Manufacturing	32 000 000
Daetwyler Pharma Pack Holding AG, Altdorf	Investments	39 000 000
Daetwyler Teco Holding AG, Altdorf	Investments	9 900 000
Daetwyler Electronics Ltd., Altdorf	Finance	100 000
Ilgenhof AG, St. Gallen	Property	600 000
Kaved AG, Altdorf	Manufacturing	1 500 000
Daetwyler Inc., Altdorf	Finance	100 000

All these investments are wholly owned by Daetwyler Holding Inc.

The Precision Tubes Division under the umbrella of RoRo Holding AG, Rothrist, was sold in 2007. The gain on this disposal is included in net finance income. The sale was completed on 28 December 2007.

During 2006, Daetwyler Holding Inc., Altdorf, first acquired the investments in Distrelec Inc., Uster, and Maag Technic AG, Duebendorf, from its subsidiary Daetwyler Teco Holding AG, Altdorf, at book value. Then in a second step, these companies were merged by absorption with Daetwyler Inc., Altdorf, which was renamed Daetwyler Switzerland Inc., Altdorf.

Event after the balance sheet date

At its meeting on 5 December 2007, the Board of Directors adopted a resolution to merge Kaved AG domiciled in Altdorf UR with Daetwyler Cables, a unit of Daetwyler Switzerland Inc., Altdorf, during the first half of 2008 with retrospective effect from 1 January 2008.

5 Receivables

Receivables comprise long-term loans denominated in Swiss francs to Group companies. Loans granted to Alvest AG, the Daetwyler Group's financial and management company, account for a total of CHF 281 051 789 (2006: CHF 150 225 295). The year-on-year change is largely the result of dividend and interest payments from Group companies, dividend payments to shareholders and the cash inflow from the sale of the Precision Tubes Division.

6 Share capital

In CHF	2007	2006
22 000 000 registered shares of CHF 1 each	22 000 000	22 000 000
12 600 000 bearer shares of CHF 5 each	63 000 000	68 000 000
Share capital	**85 000 000**	**90 000 000**

Per share data	31.12.2007	31.12.2006
Registered shares (of CHF 1 each)		
Number issued	22 000 000	220 000
Number ranking for dividend	22 000 000	220 000
Bearer shares (of CHF 5 each)		
Number issued	12 600 000	136 000
Number ranking for dividend	11 000 000	110 000
Total par value of shares ranking for dividend (CHF)	**77 000 000**	**77 000 000**
Authorised share capital	none	none
Authorised but unissued share capital	none	none
Voting restrictions	none	none
Opting-out and opting-up provisions	none	none

The Annual General Meeting held on 24 April 2007 approved the resolution proposed by the Board to reduce the share capital by CHF 5 000 000 from CHF 90 000 000 to CHF 85 000 000 by cancelling

10 000 unissued shares of CHF 500 each and to carry out a 100-for-1 share split. The share capital is now divided into 22 000 000 registered shares of CHF 1 each and 12 600 000 bearer shares of CHF 5 each.

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

All 22 000 000 registered shares and 4 400 000 of the total of 12 600 000 bearer shares are owned by Pema Holding AG, Altdorf, which consequently holds 51.76 % of the share capital and 80.00 % of the voting rights.

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

Event after the balance sheet date

At the Annual General Meeting on 22 April 2008, the Board of Directors will propose that, in place of a dividend payment, the par value of shares be reduced by CHF 4.95 from the current CHF 5.00 to CHF 0.05 per bearer share and by CHF 0.99 from the current CHF 1.00 to CHF 0.01 per registered share.

7 Statutory reserves

In CHF	2007	2006
Transfer from profit	4 000 000	4 000 000
Share premium	83 000 000	83 000 000
General reserve	**87 000 000**	**87 000 000**
Reserve for treasury shares: unissued shares	8 000 000	13 000 000
Reserve for treasury shares: other	234 084	763 318
Reserve for treasury shares (according to Art. 659a par. 2 CO)	**8 234 084**	**13 763 318**
Total	**95 234 084**	**100 763 318**

Art. 659a par. 2 and Art. 671a of the Swiss Code of Obligations (CO) require the Company to recognise the cost of acquiring its own shares as a separate reserve.

8 Treasury shares

a) Unissued shares

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

Following the reduction in share capital and share split, 1 600 000 unissued bearer shares were still held at 31 December 2007 and are recorded in the balance sheet of Alvest AG at par value of CHF 5 each, making a total of CHF 8 000 000. These bearer shares created before the new Swiss Corporation Law was enacted on 4 October 1991 now represent 9.411 % of the total share capital and are thus within the 10 % limit which Art. 659 par. 1 of the Swiss Code of Obligations imposes on holdings of the Company's own bearer shares.

b) Other treasury shares

In addition to 320 Company bearer shares with a value of CHF 777 700 that were already held on 31 December 2000, another 1 680 own bearer shares valued at CHF 4 311 091 were repurchased in the open market in 2001. In accordance with Art. 659a par. 2 of the Swiss Code of Obligations, the Company recognised the acquisition cost of CHF 5 088 791 as a separate reserve for treasury shares. The purpose of these treasury shares was to meet the requirements for shares under the executive share option plan established on 9 January 2001. Each of the options entitled its holder to purchase one bearer share of Daetwyler Holding Inc. with a par value of CHF 500 at an exercise price of CHF 2 500. In 2004, 80 options were exercised so the Board decreased the above reserve by CHF 203 552 to CHF 4 885 239 to reflect the 80 shares issued, as prescribed by Art. 671a of the Swiss Code of Obligations. On the exercise of 1 600 options in 2005, the Board then reduced this reserve by CHF 4 071 033 to CHF 814 206 to account for the 1 600 shares issued. Another 20 options were exercised in 2006. The Board therefore decreased the reserve by an amount of CHF 50 888 to CHF 763 318. The 300 unexercised options lapsed without compensation upon expiry of the exercise period on 9 January 2006.

Some of the 300 bearer shares (a total of 219) remaining after the above transactions were required for the new employee share award plan established for Directors and Executive Board members before the share split in 2007. The rest of these shares are held by the Daetwyler Group's financial and management company, Alvest AG in Altdorf, as treasury shares at market value with all rights and obligations attached.

Following the share split, the Company's holdings of its own shares therefore consist of 1 600 000 unissued shares and 8 100 other shares, which represent a nominal amount of CHF 8 040 500 or 9.459 % of the total share capital.

9 Special reserve

The special reserve is an unrestricted reserve available for distribution by the general meeting. It was increased by CHF 17 878 079 to CHF 291 500 000 by a resolution passed at the Annual General Meeting held on 24 April 2007.

Under Art. 659a par. 2 and Art. 671a of the Swiss Code of Obligations, the Company is required to recognise the cost of acquiring its own shares as a separate reserve. The Board adjusts that reserve by transfers from and to the special reserve. In 2007, an amount of CHF 529 234 was transferred to the special reserve. In addition, the CHF 5 000 000 becoming available when the share capital was reduced from CHF 90 000 000 to CHF 85 000 000 was transferred from the reserve for treasury shares: "unissued shares" to the special reserve. As a result, the special reserve amounted to CHF 297 029 234 at 31 December 2007.

10 Other liabilities

In CHF	2007	2006
Accruals and deferred income	1 135 477	1 198 184
Uncashed dividend coupons	21 353	19 610
Total	**1 156 830**	**1 217 794**

Accruals and deferred income comprise accrued tax and audit expense.

11 Bonds, guarantees and pledges in favour of third parties

Borrowing facilities of CHF 91.9 million (2006: CHF 98.0 million) backed by joint and several guarantees were extended to various Group companies, of which CHF 1.4 million (2006: CHF 16.5 million) was drawn.

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

Proposed Appropriation of Retained Earnings

In CHF	2007	2006
The Board of Directors proposes to the Annual General Meeting that retained earnings consisting of		
Profit for the year	221 805 703	44 760 882
Retained earnings brought forward	331 732	398 929
Retained earnings	222 137 435	45 159 811
be appropriated as follows:		
Transfer to special reserve	0	17 878 079
Payment of a 0 % dividend (2006: 35 %) on share capital of CHF 77 000 000 (2006: CHF 77 000 000) eligible for dividend (1)	0	26 950 000
Balance to be carried forward	222 137 435	331 732
Total	**222 137 435**	**45 159 811**

For information:
At the Annual General Meeting on 22 April 2008, the Board will propose that, in place of a dividend, the par value of shares be reduced by CHF 4.95 from the current CHF 5.00 to CHF 0.05 per bearer share and by CHF 0.99 from the current CHF 1.00 to CHF 0.01 per registered share. This represents an absolute par value reduction of CHF 84 150 000.00.

(1) *Following the reduction in share capital and share split, 1 600 000 unissued bearer shares reserved to provide for the exercise of options, warrants or conversion rights and for other purposes in the Company's interest at the Board's discretion pursuant to the resolution of the Annual General Meeting on 18 November 1989 do not rank for dividend.*

Report of the Statutory Auditors

To the general meeting of Daetwyler Holding Inc., Altdorf

As statutory auditors, we have audited the accounting records and the financial statements (income statement, balance sheet and notes; pages 102 – 109) of Daetwyler Holding Inc. for the year ended December 31, 2007.

These financial statements are the responsibility of the board of directors. Our responsibility is to express an opinion on these financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with Swiss Auditing Standards, which require that an audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the financial statements. We have also assessed the accounting principles used, significant estimates made and the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accounting records and financial statements and the proposed appropriation of available earnings comply with Swiss law and the company's articles of incorporation.

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

Zurich, March 18, 2008
PricewaterhouseCoopers AG

Patrick Balkanyi
Auditor in charge

Nicole Grau

Value Added Statement (on operating profit)

In CHF thousands		2007	%	2006	%
Origin of value added					
Total revenue [1]		1 513 399	100.0	1 299 960	100.0
Bought-in materials and services [2]		–936 675	–61.9	–803 941	–61.8
Gross value added		**576 724**	**38.1**	**496 019**	**38.2**
Depreciation and amortisation		–64 201	–4.2	–67 535	–5.2
Total net value added		512 523	33.9	428 484	33.0
Distribution of net value added					
Employees	= wages, salary and benefits	364 741	71.1	331 522	77.4
Lenders	= interest paid	12 331	2.4	15 079	3.5
Shareholders	= dividends	26 986	5.3	13 860	3.2
Government	= taxes	27 490	5.4	5 368	1.3
Retained in business	= profit - dividends	80 975	15.8	62 655	14.6
Total net value added		**512 523**	**100.0**	**428 484**	**100.0**
Net value added per employee		**120**		**97**	

[1] *Total revenue: invoiced sales plus incidental revenue, neutral income, other income less revenue deductions.*

[2] *Bought-in materials and services: raw materials, consumables, energy and services.*

Free Cash Flow (based on profit for the year)

In CHF thousands			2007	%	2006	%
Profit for the year			219 494	77.4	76 515	53.1
+ Depreciation and amortisation			64 201	22.6	67 535	46.9
Cash flow			**283 695**	**100.0**	**144 050**	**100.0**
–	Net capital expenditure [1]		–78 914	–27.8	–73 673	–51.1
+/–	Change:	Intangible assets	–56 785	–20.0	–4 888	–3.4
		Other non-current assets	6 962	2.5	–14 481	–10.1
		Current assets	2 940	1.0	–27 108	–18.8
Free cash flow after dividend			**157 898**	**55.7**	**23 900**	**16.6**

[1] *Purchases, disposals, +/- exchange differences on property, plant and equipment.*

Five Year Summary

Daetwyler Group (amounts in CHF millions)	**2007**	2006	2005	2004	2003
Gross revenue	1 443.8	1 226.8	1 103.9	1 063.0	1 003.9
Year-on-year change (%)	17.7	11.1	3.8	5.9	–3.2
Net revenue	**1 429.4**	**1 214.8**	**1 091.8**	**1 049.1**	**991.0**
Year-on-year change (%)	17.7	11.3	4.1	5.9	–3.4
EBITDA	**201.1**	**157.5**	**141.4**	**106.0**	**97.9**
Depreciation and amortisation	**64.2**	**67.6**	**70.5**	**63.2**	**57.1**
Goodwill amortisation	**0.0**	**0.0**	**7.6**	**2.9**	**7.0**
As % of net revenue	4.5	5.6	7.2	6.3	6.5
Year-on-year change (%)	–5.0	–13.4	18.2	3.1	2.2
Operating profit (EBIT)	**136.9**	**90.0**	**64.7**	**39.9**	**33.8**
As % of net revenue	9.6	7.4	5.9	3.8	3.4
Profit for the year	**219.5**	**76.5**	**40.4**	**24.2**	**22.1**
As % of net revenue	15.4	6.3	3.7	2.3	2.2
As % of equity	23.5	10.4	6.1	3.8	3.6
Year-on-year change (%)	186.9	89.4	66.9	9.5	230.8
Cash flow	**283.7**	**144.1**	**118.5**	**90.3**	**86.2**
As % of net revenue	19.8	11.9	10.9	8.6	8.7
Year-on-year change (%)	96.9	21.6	31.2	4.8	–1.6
Free cash flow	**157.9**	**23.9**	**38.6**	**–6.5**	**39.3**
Non–current assets	**449.5**	**458.9**	**437.4**	**462.1**	**439.6**
Year-on-year change (%)	–2.0	4.9	–5.3	5.1	–6.0
Current assets	**867.2**	**633.5**	**576.0**	**533.2**	**575.9**
Year-on-year change (%)	36.9	10.0	8.0	–7.4	6.1
Total assets	**1 316.7**	**1 092.5**	**1 013.4**	**995.3**	**1 017.7**
Equity	**933.0**	**736.9**	**659.9**	**633.8**	**618.8**
Year-on-year change (%)	26.6	11.7	4.1	2.4	3.7
As % of total capital	70.9	67.5	65.1	63.7	60.8
Minority interests	–	–	–	–	–
Total liabilities	**383.7**	**355.6**	**353.5**	**361.5**	**398.9**
Year-on-year change (%)	7.9	0.6	–2.2	–9.4	–3.6
Current liabilities	322.3	277.2	253.1	264.7	312.4
Non-current liabilities	61.4	78.4	100.4	96.8	86.5
Capital expenditure on property, plant and equipment	**77.6**	**73.5**	**61.2**	**54.2**	**42.5**
Year-on-year change (%)	5.6	20.1	12.9	27.5	–35.4
Employee costs	**364.7**	**331.5**	**314.6**	**313.4**	**305.0**
Year-on-year change (%)	10.0	5.4	0.4	2.8	–1.8
Number of employees	**4 340**	**4 510**	**4 626**	**4 480**	**4 301**
Year-on-year change (%)	–3.8	–2.5	3.3	4.2	–0.8

Daetwyler Holding Inc. (amounts in CHF millions)	**2007**	2006	2005	2004	2003
Finance and investment income	224.1	45.9	45.3	42.7	39.0
Profit for the year	221.8	44.8	43.3	40.8	27.2
Equity	699.4	509.5	478.7	443.8	410.7
Equity ratio (%)	99.8	99.8	99.7	97.3	81.6
Share capital	85.0	90.0	90.0	90.0	90.0
Distribution	84.2 (1)	27.0	13.9	8.5	7.7

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

Selected Data in US Dollars

Daetwyler Group (in USD millions)	**2007**	2006
Gross revenue	1 202.7	1 021.9
Year-on-year change (%)	17.7 %	11.1 %
Net revenue	**1 190.7**	**1 011.9**
Year-on-year change (%)	17.7 %	11.3 %
Operating profit before depreciation and amortisation (EBITDA)	**167.5**	**131.2**
Margin (as % of net revenue)	14.1 %	13.0 %
Operating profit (EBIT)	**114.0**	**75.0**
Margin (as % of net revenue)	9.6 %	7.4 %
Profit for the year	**182.8**	**63.7**
Margin (as % of net revenue)	15.4 %	6.3 %
Cash flow	**236.3**	**120.0**
Margin (as % of net revenue)	19.8 %	11.9 %
Free cash flow	**131.5**	**19.9**
Capital expenditure on property, plant and equipment	**64.6**	**61.2**
Total assets	**1 096.8**	**910.0**
Equity	**777.2**	**613.8**
Equity ratio (%)	70.9 %	67.5 %
Cash, cash equivalents and money market investments	**406.7**	**172.3**
Net cash surplus	**258.1**	**58.6**
Number of employees	**4 340**	**4 510**

Daetwyler Holding Inc. (in USD millions)	**2007**	2006
Finance and investment income	186.7	38.2
Profit for the year	184.8	37.3
Equity	582.6	424.4
Equity ratio (%)	99.8 %	99.8 %
Share capital [1]	70.8	75.0
Distribution	70.1 [2]	22.5

Per share data (in USD) [3]	**2007**	2006
Earnings per bearer share ranking for dividend:		
Continuing operations	4.67	3.60
Discontinued operation	7.21	0.50
Total earnings per bearer share ranking for dividend	11.88	4.10
Par value repayment/dividend per bearer share	4.12 [2]	1.50
Distribution yield at 31 December	6.5 %	2.5 %

USD / CHF exchange rate used for both years: 1.2005 (average rate for 2007).

(1) *CHF 77.0 million eligible for a dividend.*

(2) *Par value repayment, Board of Directors' proposal to the Annual General Meeting. For details, see page 109.*

(3) *Prior year figures have been restated to reflect the share split on 6 July 2007.*

Selected Data in Euros

Daetwyler Group (in EUR millions)		**2007**	2006
	Gross revenue	878.5	746.5
	Year-on-year change (%)	17.7 %	11.1 %
	Net revenue	**869.8**	**739.2**
	Year-on-year change (%)	17.7 %	11.3 %
	Operating profit before depreciation and amortisation (EBITDA)	**122.4**	**95.8**
	Margin (as % of net revenue)	14.1 %	13.0 %
	Operating profit (EBIT)	**83.3**	**54.8**
	Margin (as % of net revenue)	9.6 %	7.4 %
	Profit for the year	**133.6**	**46.5**
	Margin (as % of net revenue)	15.4 %	6.3 %
	Cash flow	**172.6**	**87.7**
	Equity ratio (%)	19.8 %	11.9 %
	Free cash flow	**96.1**	**14.5**
	Capital expenditure on property, plant and equipment	**47.2**	**44.7**
	Total assets	**801.2**	**664.8**
	Equity	**567.7**	**448.4**
	Equity ratio (%)	70.9 %	67.5 %
	Cash, cash equivalents and money market investments	**297.1**	**125.8**
	Net cash surplus	**188.5**	**42.7**
	Number of employees	**4 340**	**4 510**

Daetwyler Holding Inc. (in EUR millions)		**2007**	2006
	Finance and investment income	136.4	27.9
	Profit for the year	135.0	27.3
	Equity	425.6	310.0
	Equity ratio (%)	99.8 %	99.8 %
	Share capital (1)	51.7	54.8
	Distribution	51.2 (2)	16.4

Per share data (in EUR) (3)		**2007**	2006
	Earnings per bearer share ranking for dividend:		
	Continuing operations	3.41	2.70
	Discontinued operation	5.27	0.40
	Total earnings per bearer share ranking for dividend	8.68	3.10
	Par value repayment/dividend per bearer share	3.01 (2)	1.10
	Distribution yield at 31 December	6.5 %	2.5 %

EUR / CHF exchange rate used for both years: 1.64342 (average rate for 2007).

(1) *CHF 77.0 million eligible for a dividend.*

(2) *Par value repayment, Board of Directors' proposal to the Annual General Meeting. For details, see page 109.*

(3) *Prior year figures have been restated to reflect the share split on 6 July 2007.*

Share Information

Year ended 31 December			2007 [5]	2006	2005	2004	2003
Share capital	**CHF millions**		**85**	**90**	**90**	**90**	**90**
Eligible for a dividend	CHF millions		77	77	77	77	77
Number of shares							
Bearer shares of CHF 5.– each		[5]	12 600 000	136 000	136 000	136 000	136 000
Unissued shares			1 600 000	26 000	26 000	26 000	26 000
Bearer shares in issue			11 000 000	110 000	110 000	110 000	110 000
Registered shares of CHF 1.– each		[5]	22 000 000	220 000	220 000	220 000	220 000
Market price (high / low)		[1]					
Bearer share - high	CHF	[2]	94.45	7 100	4 300	2 698	2 200
Bearer share - low	CHF	[2]	62.00	4 210	2 500	1 970	1 620
Trading volume							
Number of shares			1 845 789	22 310	38 819	22 423	9 955
Value	CHF millions		144	104	135	54	19
Gross dividend							
Bearer share	CHF		4.95 [3]	175	90	55	50
Registered share	CHF		0.99 [3]	35	18	11	10
Group earnings per share		[4]					
Bearer share	CHF		14.27	498	263	159	144
Bearer share - diluted	CHF		14.27	498	262	159	144
Registered share	CHF		2.85	100	53	32	29
Group cash flow per share		[4]					
Bearer share	CHF		18.42	935	794	586	560
Registered share	CHF		3.68	187	159	117	112
Price/earnings ratio (average)			5.50	11	13	15	13
Group net assets per share		[4]					
Bearer share	CHF		66	4 785	4 378	4 119	4 018
Registered share	CHF		13	957	876	824	804
Market capitalisation							
Average for the year	CHF millions		1 204	871	524	359	294
As % of equity			119	118	78	57	47
At 31 December	CHF millions		1 175	1 063	647	412	303
As % of equity			116	144	96	65	49

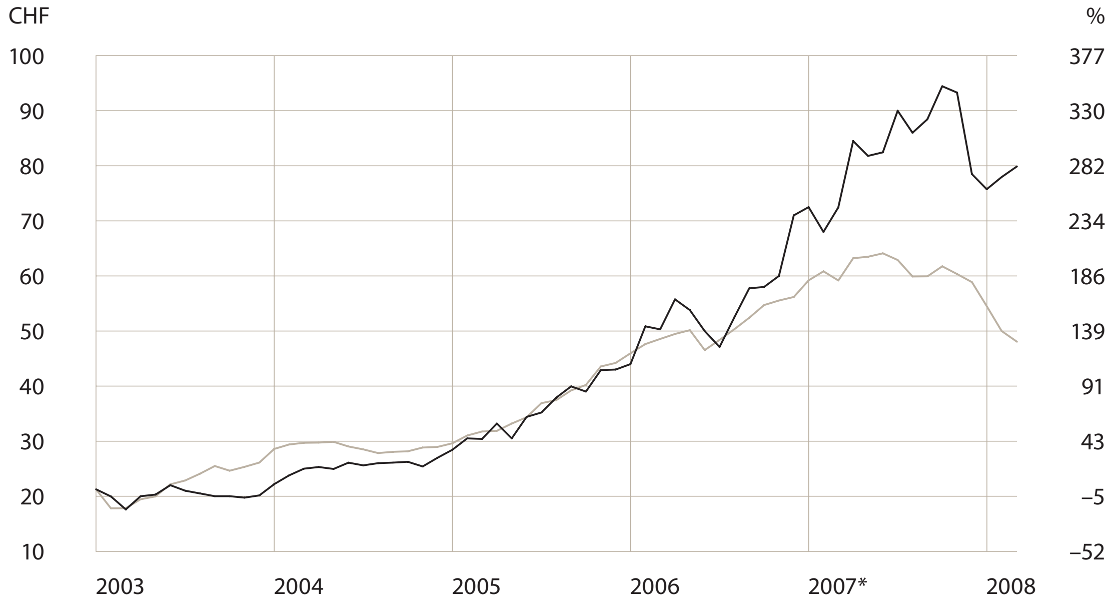
The Articles of Association of Daetwyler Holding Inc. do not contain any opting out or opting up provisions pursuant to the Swiss Stock Exchange Act.

[1] *Swiss Stock Exchange (SWX).* [2] *Issued at a price of CHF 2 250.- in October 1986.* [3] *Par value repayment, Board of Directors' proposal to the Annual General Meeting.* [4] *As adjusted per share ranking for dividend.*

[5] *Starting in 2007, the data reflect the 100-for-1 share split on 6 July 2007.*

Share Price Performance

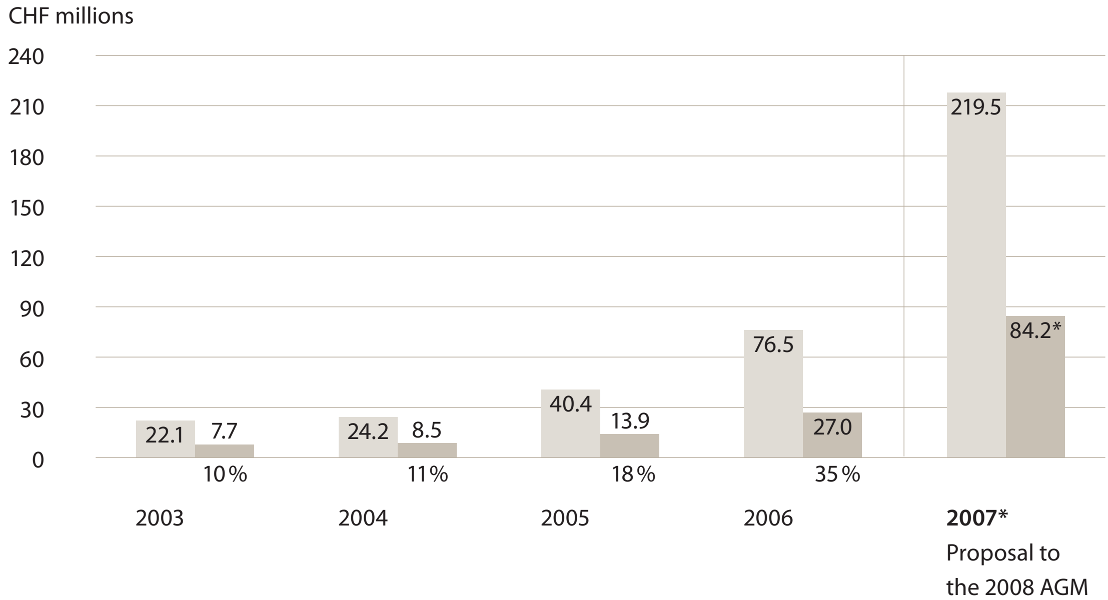
Daetwyler bearer share price (compared with the SPI index; basis: monthly highs)



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

Dividend Performance

Dividend



■ Profit for the year.
■ Dividend in absolute terms and as a percentage of share capital eligible for a dividend (CHF 77 million).
* *Profit distribution in the form of a par value repayment.*

General Information

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

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

Share trading
Bearer shares traded on the SWX Swiss Exchange

Ticker symbols

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

Taxable value set by the Swiss Federal Tax Administration at 31 December 2007
Bearer share: CHF 76.30

Important dates

2008	
Annual General Meeting	22 April 2008
Interim Report	29 August 2008
2009	
Annual Press Conference	31 March 2009
Analyst Conference	31 March 2009
Annual General Meeting	28 April 2009

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

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

Daetwyler Group at 31 March 2008

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Full-page illustrations

Superior quality and custom designed features make Daetwyler products stand out. While they may not always be visible as components in the classical sense, they play a critical role in the functioning of integrated systems used in a variety of industries. The full-page illustrations in this Annual Report show a product or selection of products from each division depicted in the centre, while the images above and below shed light on their application and provide a glimpse into the manufacturing process.

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

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

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