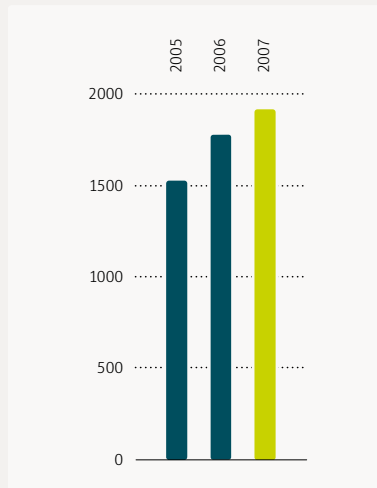


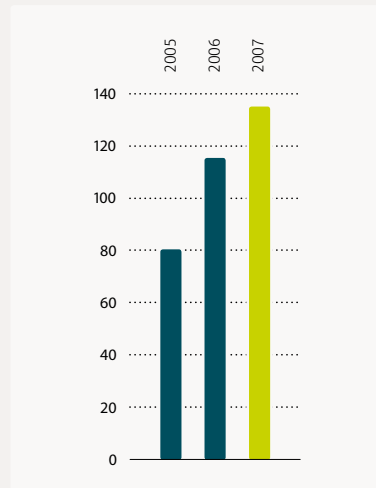


Rieter at a glance

Sales January – June in CHF million



EBIT January – June in CHF million



Net profit January – June in CHF million



CHF million	January – June 2005	January – June 2006	January – June 2007	Change 2006 / 2007	Change in local currencies
Orders received	1 462.6¹	2 024.0¹	2 297.7	14%	12%
• Textile Systems	429.5 ¹	904.1 ¹	1 083.8	20%	18%
Sales	1 525.6	1 771.6	1 920.1	8%	7%
excluding manmade fiber activities	1 471.9 ¹	1 731.0 ¹	1 920.1	11%	9%
• Textile Systems	499.8	651.7	706.2	8%	7%
excluding manmade fiber activities	446.1 ¹	611.1 ¹	706.2	16%	14%
• Automotive Systems	1 023.7	1 119.9	1 213.9	8%	7%
Corporate output	1 497.9	1 731.9	1 897.8	10%	
Operating result before interest and taxes (EBIT)	80.2	116.8	135.8	16%	
• in % of corporate output	5.3	6.7	7.2		
Textile Systems, in % of corporate output	6.0	9.7	13.0		
Automotive Systems, in % of corporate output	5.2	5.4	4.0		
Net profit	54.9	82.1	116.7	42%	
• in % of corporate output	3.7	4.7	6.1		
Cash flow	118.9	138.8	193.7	40%	
• in % of corporate output	7.9	8.0	10.2		
Capital expenditure on tangible and intangible assets	54.7	82.8	66.9	-19%	
Earnings per share	CHF 12.02	18.82	26.40	40%	
Number of employees at end of reporting period	13 990	14 914	15 062	1%	

1. Excluding manmade fiber activities, which were divested in the fourth quarter 2006.

Rieter reports a further rise in sales and profits

Dear shareholders,

The Rieter Group continued its profitable growth during the first half of 2007. Thanks to the favourable investment climate in the Asian textile industry, and higher market shares among the automobile producers in Western Europe and North America, sales reached a new record level. New records were also set by the operating result and net profit.

- Sales, operating result and net profit set a new mid-year record
- Earnings per share 40 percent higher
- Textile Systems orders received exceed 1 billion CHF for the first time

Orders received, adjusted for divestiture of the manmade fiber business in 2006, rose in local currencies by 12 percent to 2 297.7 million CHF (2 024.0 million CHF in 2006). The Textile Systems division took full advantage of favourable market conditions to realize for the first time a half-year order intake of more than one billion CHF. Sales adjusted for divestitures and currency effects rose by 9 percent and nominally by 8 percent to 1 920.1 million CHF (1 771.6 million CHF in 2006), almost exclusively due to organic growth.

Rieter's operating result before interest and taxes rose by 16 percent to 135.8 million CHF (116.8 million CHF in 2006), equivalent to 7.2 percent of corporate output (6.7 percent in 2006). This improvement is attributable to the Textile Systems division's good operating performance. In the context of a challenging automobile industry, Automotive Systems recorded a decline in the operating result. This was also due to higher costs in connection with new start-ups and production relocations in England.

Net profit rose by 42 percent to 116.7 million CHF (82.1 million CHF in 2006), equivalent to 6.1 percent of corporate output (4.7 percent in 2006). This marked increase is attributable to the higher operating result, an excellent financial result, and a slightly lower tax rate. Earnings per share increased by 40 percent to 26.40 CHF (18.82 CHF in 2006).

The 4% bond issued in 2001 of 200 million CHF was repaid per June 21, 2007. The Rieter Group's financial basis remains sound: cash flow increased by 40 percent to 193.7 million CHF, the equity ratio per June 30, 2007 reached 51.7 percent (45.4 percent per June 30, 2006) and net liquidity rose to 143.8 million CHF (-25.5 million CHF per June 30, 2006).

The slight increase of 1 percent in Rieter's workforce to 15 062 (14 914 per June 30, 2006) is primarily attributable to the expansion of Automotive Systems production capacities in low-cost countries.

Rieter Textile Systems with further rise in orders received, sales and operating result

The favourable investment climate in the textile industry improved still further during the first half of 2007. Yarn producers in Asia continued to invest heavily in expanding and modernizing their spinning mill capacities. Apart from export trading with Europe and North America, the main reason for this expansion is a steeply rising demand for textiles in the Asian countries. This goes hand in hand with higher textile quality demands, requiring better quality yarns that can only be produced on modern spinning machines.

Asia is clearly the primary growth driver, partially supported by local business incentive plans. Moreover the upswing in Asia is broadly based: apart from India and China, various other Asian countries are increasingly investing in new spinning mills and the modernization of existing ones.

Adjusted for divestiture of the manmade fiber business in the fourth quarter of 2006 and for slight currency effects, orders received by Rieter Textile Systems in the first half of 2007 rose by 18 percent to 1 083.8 million CHF. Textile Systems half-year order intake not only improved thereby on the very high level of 2006, but also exceeded 1 billion CHF for the first time. The biggest orders were received from Turkey, India, China and Indonesia, whereby order intake from Turkey more than doubled the

mid-year 2006 figure. Thanks to Rieter's innovative product offering, these orders were mainly in the core business of staple fiber machinery and related components. There was also a significant increase in orders received for nonwovens machinery.

Due to the good order situation, sales adjusted for divestitures and currency effects rose by 14 percent and nominally by 8 percent to 706.2 million CHF (651.7 million CHF in 2006). In order to meet the high demand by increasing output, investments were made in expanding production capacities. Nevertheless, the volume of orders received still exceeded delivery capacities in the first half of 2007, and deliveries were further delayed by bottleneck situations among suppliers of components and raw materials.

The operating result before interest and taxes (EBIT) per mid-year 2007 is very pleasing. With no further charges from the manmade fiber business, and thanks to disciplined cost management – also during the upswing – as well as greater order volume, the operating result rose to 93.7 million CHF (62.0 million CHF in 2006). Textile Systems thereby increased the EBIT margin to a record level of 13.0 percent (9.7 percent in 2006).

Rieter will continue to extend production in India and China. During the period under review this already commenced in India by expanding the existing plant in Pune with new production and assembly capacities.

Due to the high volume of orders received, most units of the Textile Systems division will enjoy a full workload well into the second half of 2008. For 2007 Rieter Textile Systems expects to improve further on the good prior-year sales and also to significantly exceed the 2006 operating result.

Rieter Automotive Systems with higher sales but lower earnings

During the first half of 2007 automobile production worldwide totalled 38.3 million vehicles, an increase of 5.2 percent. This growth is attributable to the emerging countries, with 2-digit growth rates among the BRIC nations (Brazil, Russia, India and China), while automobile production in the traditional markets of North America, Western Europe and Japan is stagnating.

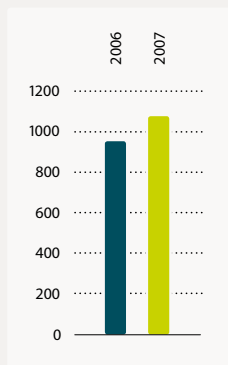
The two primary Rieter markets of Western Europe and North America developed accordingly in the first half of 2007. Production in Western Europe was only 1.1 percent higher than the 2006 level, while in North America production declined by 5.3 percent due to the domestic market sales problems of US manufacturers. Strong growth was recorded by the car producers in Eastern Europe (+14.8 percent), South America (+12.1 percent), India (+8.6 percent) and China (+19.8 percent). China has now taken over from Germany as the world's third largest automobile producer.

Thanks to organic growth, Rieter Automotive sales rose again in all regions – Europe, North America, Latin America, and Asia – by 8 percent during the first half 2007 to 1 213.9 million CHF (1 119.9 million CHF in 2006), exceeding the market average. Sales growth in local currencies amounted to 7 percent.

Rieter Textile Systems

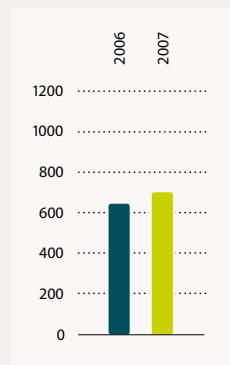
Orders received

January–June in CHF million



Sales

January–June in CHF million

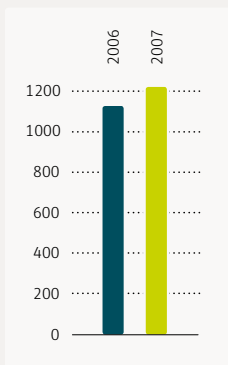


In Europe Rieter has expanded business both in the passenger car and commercial vehicle sectors. In North America, Rieter Automotive Systems recorded modest sales growth despite the unfavourable market conditions, above all with carpeting systems for Japanese and US customers. Rieter Automotive sales growth in the emerging countries was mainly in South America, China and Turkey.

Rieter Automotive Systems operating result (EBIT) for the period under review was 47.3 million CHF (59.0 million CHF in 2006), equivalent to 4.0 percent of corporate output (5.4 percent in 2006), and thus clearly did not meet the internal objectives. The division was challenged by ongoing pricing pressure and high raw material and energy costs. Only some of these additional costs could be passed on to customers in a demanding automobile market situation, but they were partially compensated by internal improvements. Further unexpectedly high costs arose in connection with production relocations in England, where the associated restart of production and several new vehicle launches negatively impacted the operating result. Measures have been introduced for mastering these start-up problems in England, but the additional costs involved will also affect results for the second half of 2007.

Rieter Automotive expects practically unchanged market conditions for the second half of 2007, with rather subdued automobile production in Rieter's main markets and ongoing production growth in the emerging countries. For seasonal reasons, sales in the second half of 2007 will not match those in the first half, but sales for 2007 as a whole are expected to exceed the 2006 level. The operating margin of Rieter Automotive is expected to be slightly higher in the second half of 2007 than in the first half.

Rieter Automotive Systems
Sales
January – June in CHF million



Outlook

Rieter foresees the favourable investment climate in the textile industry to continue during the second half of 2007, and a further increase in worldwide automobile production mainly outside Western Europe and North America. The faster relocation of production capacities to emerging countries will bring higher investments in the second half of 2007 than in the first. Rieter also expects higher sales, operating result, net profit and earnings per share for 2007 as a whole than in 2006.

Winterthur, August 15, 2007

Kurt Feller

Chairman
of the Board of Directors

Hartmut Reuter

Chief Executive
Officer

Consolidated income statement

	January – June 2007		January – June 2006 ¹		January – December 2006 ¹	
	CHF million	% *	CHF million	% *	CHF million	% *
Sales	1 920.1		1 771.6		3 579.9	
Sales deductions, change in semi-finished and finished goods, own work capitalized	- 22.3		- 39.7		- 132.4	
Corporate output	1 897.8	100.0	1 731.9	100.0	3 447.5	100.0
Material costs	- 907.0	- 47.8	- 802.3	- 46.3	- 1 606.1	- 46.6
Employee costs	- 536.5	- 28.3	- 509.1	- 29.4	- 1 011.7	- 29.4
Other operating expenses ²	- 259.6	- 13.6	- 256.2	- 14.8	- 555.5	- 16.1
Other operating income	18.4	1.0	24.0	1.3	51.4	1.5
Depreciation and amortization	- 77.3	- 4.1	- 71.5	- 4.1	- 145.0	- 4.2
Operating result before interest and taxes (EBIT)	135.8	7.2	116.8	6.7	180.6	5.2
Financial result	31.1		4.0		44.5	
Profit before taxes	166.9	8.8	120.8	7.0	225.1	6.5
Income taxes	- 50.2		- 38.7		- 67.7	
Net profit	116.7	6.1	82.1	4.7	157.4	4.6
Attributable to:						
Shareholders of Rieter Holding Ltd.	109.7		78.0		147.4	
Minority interests	7.0		4.1		10.0	
Earnings per share	CHF	26.40	18.82		35.53	
Diluted earnings per share	CHF	26.40	18.82		35.52	

* In % of corporate output

1. Including manmade fiber activities, which were divested in the fourth quarter 2006.

2. Including special charges (cf. note 5 of semi-annual report).

Consolidated balance sheet

CHF million	June 30, 2007	June 30, 2006	December 31, 2006
Assets			
Tangible fixed assets	875.5	831.0	867.6
Intangible assets	163.0	193.3	161.0
Financial assets, deferred tax assets	133.4	125.3	123.4
Non-current assets	1 171.9	1 149.6	1 152.0
Inventories	512.6	490.1	483.0
Trade receivables	658.4	639.5	654.9
Other receivables	146.4	130.1	120.4
Marketable securities	94.5	232.3	175.9
Cash and cash equivalents	194.9	108.6	298.4
Current assets	1 606.8	1 600.6	1 732.6
Assets	2 778.7	2 750.2	2 884.6
Shareholders' equity and liabilities			
Share capital	22.3	22.3	22.3
Share premium account (capital reserve)	27.5	27.5	27.5
Group reserves	1 329.6	1 148.5	1 270.7
Equity attributable to shareholders of Rieter Holding Ltd.	1 379.4	1 198.3	1 320.5
Equity attributable to minority interests	56.3	49.7	54.9
Total shareholders' equity	1 435.7	1 248.0	1 375.4
Long-term financial debt	63.3	81.3	66.8
Provisions, other non-current liabilities	265.5	255.6	251.3
Non-current liabilities	328.8	336.9	318.1
Trade payables	441.9	401.1	399.9
Advance payments by customers	143.0	159.2	160.6
Bonds	0.0	200.0	200.0
Other short-term financial debt	82.3	85.1	60.2
Other current liabilities	347.0	319.9	370.4
Current liabilities	1 014.2	1 165.3	1 191.1
Liabilities	1 343.0	1 502.2	1 509.2
Shareholders' equity and liabilities	2 778.7	2 750.2	2 884.6

Consolidated statement of cash flows

CHF million	January – June 2007	January – June 2006	January – December 2006
Net profit	116.7	82.1	157.4
Depreciation, amortization and other non-cash income and expenses	77.0	56.7	172.2
Change in net working capital, other	-36.4	-122.9	-77.0
Cash provided by operations	157.3	15.9	252.6
Capital expenditure / disposals of tangible and intangible assets	-64.6	-65.4	-153.5
Investments in / disposals of non-current financial assets	-5.6	8.5	7.7
Change in holdings of marketable securities	81.0	-3.0	67.1
Acquisitions	0.0	-3.9	-3.9
Divestments	0.0	0.0	-2.3
Cash used for investing activities	10.8	-63.8	-84.9
Dividend paid to shareholders of Rieter Holding Ltd.	-62.1	-41.5	-41.5
Change in holding of own shares	-21.6	-13.5	3.5
Buyout of minority interests	0.0	-14.9	-14.9
Other changes in minority interests	-6.9	-4.2	-7.4
Change in financial debt	-181.4	32.6	-7.2
Cash used for financing activities	-272.0	-41.5	-67.5
Currency effects	0.4	-0.5	-0.3
Change in cash and cash equivalents	-103.5	-89.9	99.9
Cash and cash equivalents at beginning of year	298.4	198.5	198.5
Cash and cash equivalents at end of reporting period	194.9	108.6	298.4

Changes in consolidated equity

CHF million	January – June 2007	January – June 2006	January – December 2006
Total shareholders' equity at end of previous period	1 375.4	1 262.2	1 262.2
Currency effects	33.5	-18.8	5.3
Change in marketable securities available for sale	0.7	-3.4	7.7
Results recognized directly in equity	34.2	-22.2	13.0
Net profit	116.7	82.1	157.4
Total recognized results	150.9	59.9	170.4
Dividend of Rieter Holding Ltd.	-62.1	-41.5	-41.5
Buyout of minority interests	0.0	-14.9	-14.9
Other changes in minority interests	-6.9	-4.2	-4.4
Change in holding of own shares ¹	-21.6	-13.5	3.6
Total shareholders' equity at end of reporting period	1 435.7	1 248.0	1 375.4

1. Holding of own shares on June 30, 2007: 51 919 (on December 31, 2006: 15 514).

Notes to the semi-annual financial statements

1 Principles of consolidation and accounting principles

The consolidated semi-annual financial statements have been prepared in accordance with IAS 34 “Interim Financial Reporting”. They are based on the financial statements of the individual group companies drawn up according to uniform accounting policies as of June 30, 2007. The principles of consolidation and accounting principles set forth in the 2006 annual report have been amended for 2007 by the new and revised IFRS standards, without this having a material impact on the consolidated semi-annual financial statements.

The semi-annual report is published in English and German and has not been audited by the group auditors. The consolidated income statement, balance sheet, statement of cash flows and changes in consolidated equity are presented in a condensed form.

2.1 Segment information by division

Sales			
	January – June 2007	January – June 2006	January – December 2006
CHF million			
Textile Systems	706.2	651.7	1 400.7
Automotive Systems	1 213.9	1 119.9	2 179.2
Total	1 920.1	1 771.6	3 579.9
Operating result before interest and taxes (EBIT)			
	January – June 2007	January – June 2006	January – December 2006
CHF million			
Textile Systems	93.7	62.0	92.7
Automotive Systems	47.3	59.0	94.7
Other units, including group costs	-5.2	-4.2	-6.8
Total	135.8	116.8	180.6
Capital expenditure on tangible and intangible assets			
	January – June 2007	January – June 2006	January – December 2006
CHF million			
Textile Systems	24.6	16.1	58.7
Automotive Systems	38.8	64.1	121.3
Other units	3.5	2.6	6.2
Total	66.9	82.8	186.2
Number of employees			
	June 30, 2007	June 30, 2006	December 31, 2006
Textile Systems	5 239	5 370	5 219
Automotive Systems	9 680	9 416	9 485
Other units	143	128	122
Total	15 062	14 914	14 826

2.2 Segment information by geographical region

Sales			
	January – June 2007	January – June 2006	January – December 2006
CHF million			
Europe	876.0	814.4	1 598.0
Asia ¹	545.4	453.8	1 002.9
North America	374.8	392.0	726.0
Latin America	93.4	84.1	171.5
Africa	30.5	27.3	81.5
Total	1 920.1	1 771.6	3 579.9

1. Including Turkey.

3 Sales

Change in sales			
	January – June 2007	January – June 2006	January – December 2006
CHF million			
Change in sales due to volume and price, Textile Systems	43.1	101.4	236.7
Change in sales due to volume and price, Automotive Systems	73.5	53.6	98.9
Change in sales due to volume and price, other units	0.0	-2.1	-5.2
Impact of acquisitions	1.0	47.5	73.2
Currency effects	30.9	45.6	54.3
Total change in sales	148.5	246.0	457.9

4 Changes in the scope of consolidation

There were no changes in the scope of consolidation in the first half of 2007.

As of January 1, 2006 Rieter acquired a 51% interest in the Chinese automotive supplier Tianjin Rieter Nittoku Automotive Sound-Proof Co., Ltd. and at the end of April 2006, Rieter raised its holding in the Indian automotive supplier Rieter Automotive India Pvt. Ltd. (formerly Unikeller India Pvt. Ltd.) to 100%. In the first half of 2007 the two companies contributed an immaterial amount to group sales and operating profit before interest and taxes. No adjustments to the provisionally determined initial accounting were necessary.

As of October 31, 2006 Rieter sold the activities in cabling, twisting and texturing machines. The former subsidiary Rieter Textile Machinery France SAS posted sales of approximately 50 million CHF in 2006 until the divestment, thereof about 22 million CHF in the first half of the year. As of December 14, 2006 Rieter sold the assets and liabilities of the business in machinery and systems for manufacturing synthetic continuous filament yarns. In 2006 this unit of Rieter Machine Works Ltd., Winterthur generated sales of approximately 30 million CHF prior to its sale, thereof about 19 million CHF in the first half of the year.

5 Other operating expenses

Other operating expenses include special charges as follows:

CHF million	January – June 2007	January – June 2006	January – December 2006
Restructuring costs Textile Systems	0.0	0.2	7.0
Restructuring costs Automotive Systems	4.8	11.3	20.2
Loss on divestments Textile Systems	0.0	0.0	48.5
Total	4.8	11.5	75.7

The restructuring costs include cost reduction measures and transfers of production facilities from Western to Eastern Europe. The loss on divestments in 2006 resulted from the divestment of the manmade fiber business.

6 Short-term financial debt

The 4% bond 2001 – 2007 in the amount of 200 million CHF was repaid per June 21, 2007.

7 Exchange rates for currency translation

Average rates	January – June 2007	January – June 2006	Change	January – December 2006
1 EUR	1.63	1.56	4%	1.57
1 USD	1.23	1.27	- 3%	1.25
1 GBP	2.42	2.27	7%	2.31

Closing rates	June 30, 2007	June 30, 2006	Change	December 31, 2006
1 EUR	1.65	1.57	5%	1.61
1 USD	1.23	1.23	0%	1.22
1 GBP	2.46	2.27	8%	2.39

8 Annual General Meeting and dividend

The Annual General Meeting of Rieter Holding Ltd. held on Thursday, May 10, 2007, fixed the gross dividend for the 2006 financial year at 15.00 CHF (previous year 10.00 CHF) per registered share of 5.00 CHF par value. This dividend was payable to shareholders on May 18, 2007.

9 Events after the balance sheet date and financial calendar

The semi-annual report for 2007 was approved for publication by the Board of Directors on August 10, 2007. No events have occurred up to August 10, 2007, which would necessitate adjustments to the semi-annual report.

Publication of sales figures for the 2007 financial year	January 31, 2008
Results press conference and presentation of the 2007 financial statements	March 20, 2008
Annual General Meeting	May 8, 2008



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All statements in this report which do not refer to historical facts are statements related to the future which offer no guarantee with regard to future performance; they are subject to risks and uncertainties including, but not confined to, future global economic conditions, exchange rates, legal provisions, market conditions, activities by competitors and other factors outside the company's control.



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