Gurit

Annual Report 2010

Gurit develops and manufactures advanced composites and composite process equipment for the Wind Energy, Tooling, Transportation, Marine, and other selected markets. Our comprehensive product range comprises glass and carbon fibre prepregs, a complete range of structural foam and balsa wood core materials available as sheets or kits, gel coats, adhesives, resins, and consumables as well as tooling moulds and certain finished parts. Gurit combines an unparalleled know-how in materials manufacturing, composite processing, and structural engineering with a comprehensive product offering and a high responsiveness based on our global presence. We hold significant market shares in our target industries both in established as well as emerging economies and are recognized as a world-leading advanced composites materials and technologies specialist.

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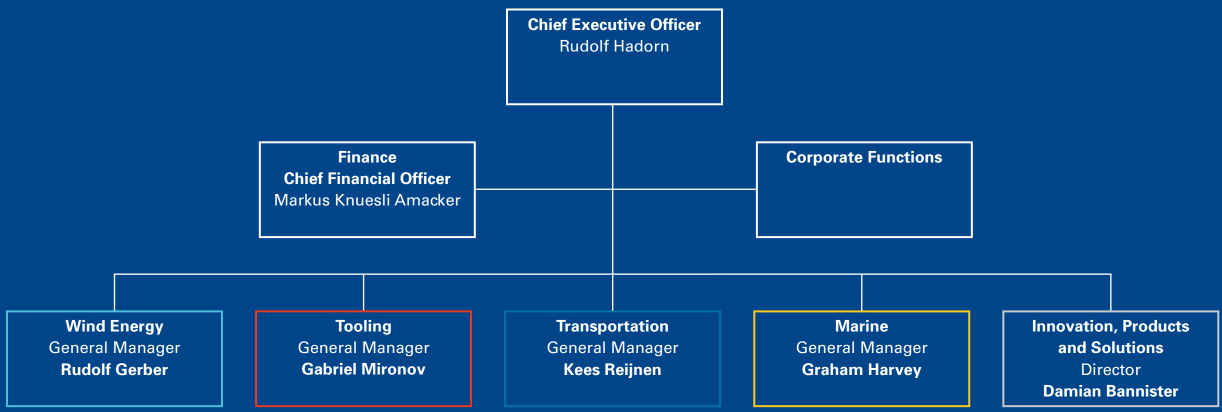
ORGANIZATION

Board and Group Management	As per March 21, 2011
Board of Directors of Gurit Holding AG	Dr Paul Hälg, Wollerau, Chairman of the Board Robert Heberlein, Zumikon, Chairman Audit Committee Nick Huber, Balgach, Chairman Nomination/Compensation Committee Urs Kaufmann, Rapperswil-Jona Peter Leupp, Thalwil
Group Management	Rudolf Hadorn, CEO Markus Knuesli Amacker, CFO Damian Bannister, Director Innovation, Products and Solutions Rudolf Gerber, General Manager Wind Energy Graham Harvey, General Manager Marine Gabriel Mironov, General Manager Tooling Kees Reijnen, General Manager Transportation
Group Communication / Investor Relations	Bernhard Schweizer
Auditors	PricewaterhouseCoopers AG, Zurich

ORGANIZATIONAL CHART



FACTS AT A GLANCE

IN MILLION CHF

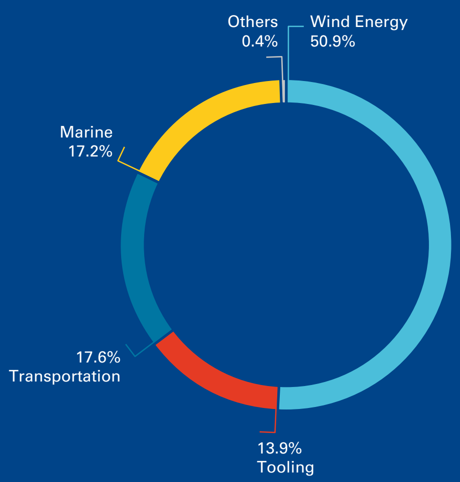
	2010	2009
Group		
Net sales	**311.6**	314.4
Change over previous year in %	**–0.9**	
Net cash flow from operating activities	**16.3**	56.2
Change over previous year in %	**–71.0**	
EBIT	**32.7**	38.0
Change over previous year in %	**–14.0**	
Operational EBIT		
Operating profit	**25.4**	21.9
Less: other operating income and non-recurring expenses	**–1.2**	–4.3
Less: impairment	**0.6**	0.5
Operational EBIT	**24.8**	18.1
Profit before tax	**29.6**	33.2
Change over previous year in %	**–10.8**	
Profit for the year	**24.9**	20.9
Change over previous year in %	**19.2**	
Investments in property, plant and equipment	**22.7**	9.7
Equity	**137.8**	134.7
in % of total assets	**57.2**	55.1
Number of employees at December 31	**1 919**	2 020
Average number of employees during the year	**1 973**	1 328
Net sales per capita in CHF	**157 920**	236 711
Net value added per capita in CHF	**79 052**	104 117

(Value added = Net sales less material expense and change in inventories)

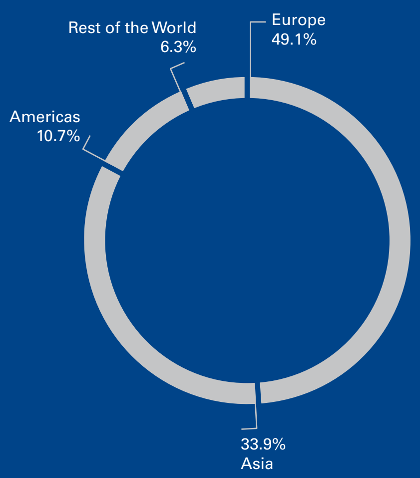
IN MILLION CHF

	2010	2009
Gurit Holding AG		
Profit for the year	**3.0**	9.7
Dividends in % of share capital, as resolved	**–**	30.0
Distribution out of reserves from capital contributions in % of share capital, as proposed	**30.0**	–

SALES 2010 BY MARKETS



SALES 2010 BY REGION



We are a globally present supplier to the Wind Energy industry with a comprehensive materials and services offering comprising prepregs, a full range of structural core materials, low void laminates for structural parts and a blade repair system. We help Wind Energy to gain grid parity by lowering the price of blades through performance, innovation, and growth over time.


Gurit
RENUVO MPS

As the world-wide leading independent and fully integrated manufacturer of quality moulds we support the needs of the Chinese wind turbine blade manufacturers and increasingly expand the export of Wind Energy turbine blade moulds globally.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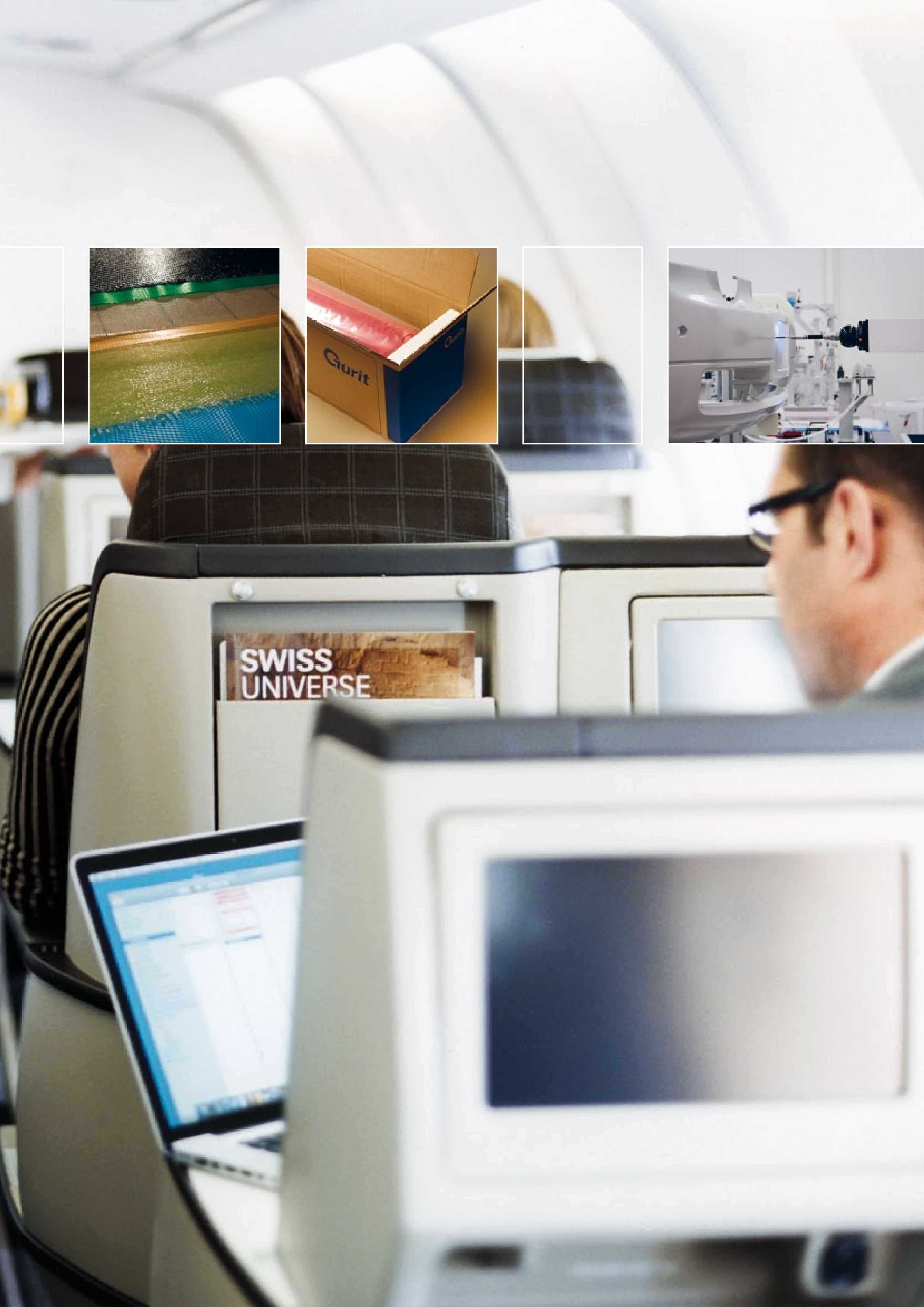
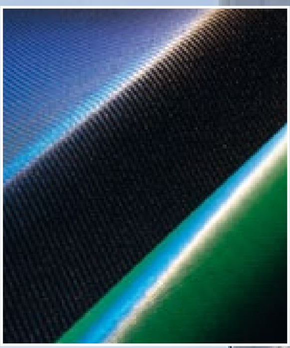
As a leader in composite materials for Aerospace applications we want to leverage our competencies into other selected Transportation markets including Automotive and Rail. Our prepreg materials and parts production enhance the design freedom of our customers and are vital contributions to the efficiency, safety and comfort of today and tomorrow's means of transportation.


Gurit
SWISS
UNIVERSE



With many of the world's leading structural engineers assembled in Gurit's Marine business, we expand our leading position in race boats and superyachts into additional Marine markets including production boats, commercial and certain military vessels based on a full range of materials as well as a compelling engineering and materials package known as B³ SmartPac.


M FOAM
Ville de
Pornic
tour de france à la voile
batistyl
Ville de

DEAR SHAREHOLDERS

In 2010, Gurit's net sales development did not recover the way the industry and Gurit itself had expected. There were, in fact, two major impacts: on the negative side, sales were hit by a recession-triggered slow demand for pre-impregnated glass and carbon fiber materials from our Wind Energy customers in Europe and the US. On the positive side, Gurit's core material strategy started to gain momentum, in particular in Asia, but could not yet offset the lower demand from the European Wind Energy customers. In addition, the global Marine business has only seen a gradual recovery so far.

New entrants in Asia have outgrown the traditional European and American wind energy industry in recent years, turning a formerly mainly European business into a global industry. Given their preference for infusion technology to manufacture blades, we realized back in 2007 that our focus on prepregs which support higher automated manufacturing processes posed a risk for the long-term sustainability of our business and the acquisition of new customers. Gurit therefore decided to go global and to expand the product offering in structural core materials to address all potential blade manufacturers globally. This strategy supported sales in 2010, but could not offset the low prepreg demand in the wake of the economic crisis. For 2011, we expect to see growing net sales both for our Wind Energy business and for Gurit as a whole. In 2010, Group sales only increased because of the acquisitions made in 2009.

On an earnings level, Gurit performed well in 2010: despite the difficult sales situation, underutilized prepreg capacities and rising raw material prices, Gurit achieved the EBIT target defined in 2007. Thanks to tight cost control, ongoing efficiency and performance improvements, and a more favorable target market and product mix, Gurit met its 8 to 10% EBIT goal for the first time at mid-year with a strong operational EBIT margin of 8.5%. We closed the year with an operational EBIT margin of 8.0%, a Group EBIT margin of 10.5% including one-time contributions, an EBITDA margin of 14.8% and a net result of CHF 24.9 million – a strong result in this difficult market.

Dr Paul Hälg
Chairman of the Board of Directors

Rudolf Hadorn
Chief Executive Officer

2010 was a year of strategic investments into new products, new manufacturing capabilities, and the extension of our sales and marketing reach. 2010 saw in China the completion of a new Tooling production campus at Taicang, the establishment of our PVC core material production in Qingdao and – an industry-first in China – the installation of a PET core material line in Tianjin. These investments all bolster future sales growth and represent an important expansion of Gurit's core material offering, which was further complemented by adding traded Balsa wood and increasing the kitting capacities for core material. Another important addition to our product portfolio was the market launch of RENUVO, a new wind turbine blade repair system that marks our entry into the after sales and maintenance market. Last but not least, we made significant and steady progress in expanding our global sales reach in traditional and emerging geographies in all target markets.

A net debt-free and conservatively funded balance sheet coupled with a substantial cash flow facilitated our strategy implementation.

Board and Management of Gurit are confident that we are well positioned to benefit from a more solid recovery in our target markets in 2011. Wind Energy and Tooling are both supported by the growing demand for renewable energies in the long-term. In the short-term, these businesses were characterized in 2010 by volatility and limited visibility and we could prove our high level of operational flexibility and strong leadership. Transportation, by contrast, is a long-cycle industry with very stable and predictable business trends, and Marine offers interesting and attractive business opportunities as a luxury oriented market. The Board remains positive about the long-term outlook for Gurit and proposes to the Annual General Meeting of Shareholders to pay out of the reserves from capital contributions, CHF 15.00 per bearer share for the year 2010. This distribution is not subject to withholding tax deductions.

At this point, we would like to thank all our customers and shareholders for their continued support, our business partners for their professionalism and all Gurit colleagues all over the world for their loyalty and commitment.

Yours sincerely
Gurit Holding AG

Dr Paul Hälg,
Chairman of the Board of Directors

Rudolf Hadorn,
Chief Executive Officer

REPORT OF THE BOARD OF DIRECTORS AND GROUP MANAGEMENT

DISCUSSION OF GROUP RESULTS

In 2010, the sales development of Gurit was impaired by unexpectedly low demand for prepregs, especially from our traditional European Wind Energy customers. In the wake of the global financial crisis, they decelerated or – in certain cases – even halted production to reduce their stocks of finished wind turbine blades at the beginning of the year. In the second half of 2010, the volume recovery predicted by customers did not materialize either. Transportation also saw a slower start into the year due to postponements of certain aerospace projects. The Marine market still suffered badly from the financial crisis and has staged only a gradual recovery. Tooling benefitted from a strong demand for turbine blade moulds in China at the beginning of the year. Overall, the Group saw the trough of the business cycle only in the first quarter of 2010.

Increased profitability despite disappointing sales development

Consolidated sales began to improve but remained vulnerable as evidenced by stronger, yet clearly lower-than-expected levels for the remaining quarters of the year. For the full year 2010, Gurit achieved net sales of CHF 311.6 million. At constant year-to-date December 2010 translation rates, this represents an increase of 2.7%, and amounts to a slight decrease of 0.9% in reported Swiss francs. Excluding the effects of the acquisitions made in 2009, target market sales would have declined by 13.2% at constant rates.

Even despite this weak sales development, painfully underutilized capacities at the prepreg sites, considerable raw material price increases, and certain inevitable sales price concessions, Gurit was able to improve its profitability. Apart from the flexible business model, it was our strong position in the emerging markets, especially in China, that helped protect Group results. In 2010, Gurit generated roughly one third of its sales in China where over half of our staff are now located.

Tight cost control on all levels, coupled with ongoing operational improvements and royalty income on intellectual property contributed to a solid performance.

The swift and smooth execution of our strategy over the last three years has been the single most important boost to our margins and the quality of our business model. The strong presence in these new business activities, mainly core materials and Tooling, resulted in a stronger value-adding position of our sales volumes and a wider and globally more balanced customer structure.

Achieving the mid-term EBIT target

After achieving for a first time the operational EBIT margin target of 8 to 10%, announced in 2007, with a strong 8.5% of sales at mid-year, Gurit closed the year under review with an operational EBIT margin of 8.0%. Including a one-time contribution from the settlement of a legal dispute with a competitor Gurit reports a Group EBIT of CHF 32.7 million or 10.5% of sales, and an EBITDA of CHF 46.1 million or 14.8% of sales.

Net financial expenses decreased from CHF 4.8 million in 2009 to CHF 3.1 million, thanks to a reduction in foreign currency exchange losses and reduced interest expenses as a result of the continuous low level of borrowings.

Income tax expenses decreased significantly from CHF 12.3 million in 2009 (37% of profit before tax) to CHF 4.7 million or 15.8% of profit before tax. Whereas the 2009 tax charge was burdened by significant impairments of deferred tax assets, the Group has benefited in 2010 from the granting of a favorable high-tech status for one of its Chinese subsidiaries with retroactive effects. Gurit thus benefits from lower-than-average tax rates in its profitable business in China. Going forward, we expect to maintain tax expenses in the range of 23 to 25% of profit before tax.

Net debt-free balance sheet supports strategy implementation and investment program

The balance sheet of Gurit continues to be very solid as highlighted by an equity ratio of 57.2%. Net debt-free and conservatively funded, it provides the financial stamina to seize opportunities in the merger and acquisitions market, to swiftly implement the Group's organic growth strategy and to invest significant amounts into capacity and market expansion projects. In 2010, Gurit invested CHF 22.7 million into property, plant and equipment and spent an additional CHF 5.7 million on research and development (R&D).

The financial strength also permitted Gurit to finance necessary additional stock levels to accommodate the needs of our more global and more complex supply chains. In line with our commitment to long-term partnerships we supported some key customers in critical situations by granting extended payment terms. By tightly monitoring trade receivables we ensured that credit losses did not exceed the levels of previous years. Consequently, however, our net trade working capital turn-over increased from 68 to 76 days of net sales and the net cash flow from operating activities decreased to solely CHF 16.3 million in 2010.

For 2010, Gurit reports a net result of CHF 24.9 million. This equals earnings per fully diluted bearer shares for CHF 53.45, up from CHF 44.87 in 2009.

Business development

In addition to the four target markets we track, Gurit also investigates new application for advanced composites. Our prime focus here lies on emerging ocean energy applications which will turn ocean currents and tidal movements into electricity. Certain applications in civil engineering such as prefabricated modular bridges or architectural features that cannot easily be achieved using traditional building materials are also of interest to Gurit.

Outlook

2010 was a year of significant strategic investments. In 2011, we will benefit from these strategic moves. At the same time, we see less need to invest in fixed assets for the current year. Our main goal for 2011 is to increase sales in line with our strategic positions. We believe that we will see growing sales in all our target markets in the current year and maintain our regained level of profitability. Our operational EBIT margin target of 8 to 10% of sales remains our key guidance going forward.

STRATEGY IMPLEMENTATION AND OPERATIONAL UPDATE BY TARGET MARKET

Gurit's Group strategy is geared towards maintaining or building strong market positions in the defined target markets and towards generating profitable long-term growth.

WIND ENERGY

Operational update

Wind energy remains an attractive long-term growth market. The strongest underlying growth driver is the trend towards renewable energy generation. In the long run there is no alternative to renewable energy. In the short term, however, factors such as low prices for fossil fuels, tight fiscal and financial conditions in national markets, grid access and power balancing issues are serious obstacles to growth. Onshore wind energy production still makes up for most of the market, but interesting offshore opportunities emerge.

The general wind energy market was severely hit in Europe and America by the global recession and did not recover as fast nor as broadly as anticipated in the second half of 2010. At the same time, we saw special momentum in the emerging markets. Gurit's Wind Energy sales suffered in 2010 from poor shipment volumes to the traditional European customers who mainly use prepregs to build blades. Important customers reduced their stock of finished blades which slowed or even halted production for weeks at the beginning of the year. Wind Energy sales showed the biggest decline of all Gurit target markets with a drop of 22.9% to CHF 158.5 million in reported Swiss francs (–19.5% at constant translation rates). In 2010, Wind Energy accounted for 50.9% of Group sales, down from 65.4% a year ago.

This unfavorable sales development was coupled with severe price pressure on our customers as the global financial crisis altered conditions on financial markets and restrained public support for new wind energy projects. Parallel to that, prices for composite raw materials increased sharply due to certain capacity shortages in the wake of the recession and rising commodity prices. These adverse developments negatively impacted our margins. Gurit renegotiated sales prices in the second half of the year to counteract this effect.

Strategy and strategy execution

Over the last five years, new entrants from emerging markets have reshaped the wind energy industry, turning what was formerly a European business into a global industry. Moreover, they have shown a particular preference for the more labor intensive infusion technology. To gain access to all potential wind turbine blade builders and to reduce the dependency on prepregs, Gurit defined in 2007 two major strategic objectives for its largest target market: we decided to go global and to expand our then predominantly prepreg focused product offering into structural core materials.

Complete structural core material range

In 2010, we have expanded our sales footprint globally, especially in Asia and the Americas. We also enlarged our manufacturing base in China and completed our structural core materials offering. It now comprises all major product categories including CoreCell, PVC, PET, and Balsa wood.

In 2010 we completed our PVC core manufacturing unit at Qingdao, launched a comprehensive range of PVC core grades and decided to double this production unit to supply the Chinese market with locally produced PVC foam. The new unit is expected to come onstream by mid-year 2011. From a starting manufacturing and marketing position in Europe, we built an industry-first PET core material production line in China to serve both the local Chinese and later the world market. In addition, we established a trading position in Balsa wood to complement our offering of custom-tailored, multi-core-material building kits. Last but not least, we expanded our core kitting capabilities in China – a value-adding service that has met with very positive market response and will allow us to recycle particularly PET core material offcuts and sawdust with both environmental and financial benefits.

Entering the growing blade maintenance market

Looking at the whole life cycle of wind energy generation, we have built an important bridgehead in the after-sales market: RENUVO, a UV-light curing repair system for wind turbine blades defines new benchmarks in blade repair. This easy-to-apply system can be used starting from ambient temperatures of as low as five degrees and cures very rapidly using specifically developed UV-lamps. RENUVO greatly expands the climatic window for blade repair and makes maintenance work twice as fast.

Stronger position in wind energy supply chain

While we clearly maintained our strong position in prepregs with those customers who traditionally apply this technology we created new interest for this class of materials for specific structural on- and offshore wind as well as potential ocean energy applications at new customers. Combining our materials and composite engineering know-how with a leading capability in Tooling has further strengthened our position in the global wind energy market.

Based on the strategic steps undertaken and the recovery of the European and the American wind energy market in the coming quarters, we expect to see a sales recovery in Gurit's Wind Energy activities in 2011.

TOOLING

Operational update

In 2010, the Tooling business was consolidated for the first time during a full business year. Its sales grew considerably versus the undisclosed prior year figures and reached CHF 43.4 million. Tooling made up for 13.9% of Group sales in 2010 and achieved above-Group-average margins. After a very strong first half-year when local Chinese orders could only be met with additional work shifts, the demand from Chinese customers became more hesitant in the second half of the year. They held orders back as they awaited government decisions and entered into their own decision making process about the next generation in blade designs.

Local market interest in China is now returning and we expect to see a growing number of different and longer blade designs in the future. With the completion of the new production campus in Taicang, the installation of a CNC machining center to produce accurate master plugs and the ability to produce moulds for blades of wind energy turbines of up to 7 MW, we are well positioned in this market.

Gurit has managed the cyclical demand pattern with a highly flexible cost structure on the one hand and an expansion of the international and out-of-China export business on the other. In 2010, Gurit has successfully supplied two large international blade manufacturers with an increasing number of moulds, won several contracts from smaller international clients and already delivered a first mould to Europe.

As the world leading independent, fully integrated and highly specialized mould manufacturer, Gurit expects to capture a growing share of the global mould making business. Outsourcing their mould making needs partially to Gurit allows blade manufacturers everywhere to overcome the restrictions of their own in-house mould making. They can react faster to new market trends while introducing new blade designs more flexibly.

Strategy and strategy execution

When Gurit acquired the Tooling business in late 2009, Red Maple, the Tooling business of Gurit, exclusively served the Chinese wind energy market with moulds to manufacture infusion technology blades. Tooling provides Gurit with a powerful new way of addressing the local Chinese wind energy market from an additional angle and at a very early stage in production and product cycles. In China, Gurit clearly holds a leading market position with an estimated share of around one third for wind turbine blade moulds.

Growing export business

The integration into an international Group put Red Maple into a position to expand its reach both within China and to start focusing on the global market. 2010 saw a big increase of sales with international customers in China and a growing out-of-China export business. As a fully integrated, highly specialized manufacturer of quality plugs and moulds mastering all key production steps in-house, Gurit offers global wind energy customers additional flexibility and shorter time-to-market. By outsourcing the tooling needs that exceed their own in-house mould making capabilities, they can more quickly produce bigger series of new blade designs in a faster, more flexible and competitively priced manner. In 2010, Gurit has successfully built various moulds for international clients.

The Tooling business follows the pattern of a cyclical equipment industry in the short-term while it holds very promising mid- and long-term growth perspectives. The key growth drivers are the increasing importance of China as a wind turbine blade manufacturing country on the one hand and a globally growing interest in Gurit's attractively priced quality mould making capability.

Based on the strong offering and the growing number of global clients, Gurit expects a positive development of the Tooling activities once the sluggish demand in the Chinese mould business is overcome by the second quarter of 2011. The order book already shows a strong increase of the second quarter.

TRANSPORTATION

Operational update

The sales development in Transportation was impacted by the global financial crisis as this target market also started off slowly into 2010. At the end of the year, the figures show that this market developed quite stably over the course of the year. The 7.7% decline (–3.2% at constant rates) to CHF 55.0 million is largely attributable to the decision to phase out the production of pultruded lamellas which had been included in the prior years sales figures. Transportation contributed 17.6% to the consolidated net sales of Gurit in the financial year 2010 after 19.0% in 2009.

Strategy and strategy execution

Aerospace

Transportation is the most stable and predictable business in the industrial portfolio of Gurit. The long-term focus also shows in the strategic moves in this target market. A key thrust is to maintain and expand the position in aircraft interiors where Gurit holds a clear market leader position in Europe. Important strategic milestones of the year include an agreement with Elbe Flugzeugwerke (EFW), Dresden, to intensify the cooperation for floor materials for Airbus aircraft as well as EFW's nomination of Gurit as a supplier of flooring materials for the new A350 wide body planes. Another objective in our Aerospace business is to build a stronger position in structural applications. In this area, we focus especially on smaller craft and business jets as their shorter product cycles allow for more frequent change. In 2010 we established promising contacts with key players in that area.

Automotive

In Automotive, we offer a best-in-class solution to manufacture ready-to-use (so called Class-A) carbon car body parts for smaller series of premium cars. During the financial crisis we continued to see growing interest in our technology, yet the market saw fewer new models being launched. Gurit today supplies car body parts to a growing number of models of three renowned prestige cars manufacturers. We believe that our position as a tier-1 automotive supplier will continue to increase in the supreme car segment with the addition of further brands to our customer list.

Rail

Transportation also succeeded in widening the scope of activity in the global rail market: Starting from a position as a materials supplier for intercity and high-speed trains both in Europe and even more so in Asia/China, Gurit transportation materials have made promising inroads into urban transit applications. The unique chemical and physical characteristics of advanced composites prove to be superior to many traditional metal/aluminum applications.

Gurit expects this business to develop well in the future not least supported by the growing share of composites in new aircraft models, our ongoing initiatives to position Gurit materials also for additional structural aerospace applications and the targeted ground transportation initiatives, both in the Rail and the Automotive markets.

MARINE

Operational update

Gurit's traditional Marine business is very much a luxury industry as the global financial crisis demonstrated. Its business cycle is linked to corporate profits, since the available sponsoring budgets influence the global yacht racing calendar and the size of the fleets, and the available income or the means of the well-to-do as the main buyers of large one-off superyachts and production boats. Commercial and military boat markets follow more independent cycles. A growing position in these markets should help mitigate sales fluctuations in the future.

Net sales generated in the global Marine market show a strong 26.8% (24.4% at constant rates) increase, compared with the dramatically low prior year figure. This rise, however, is mainly attributable to the acquisition and full-year consolidation of High Modulus. Excluding this effect, the figures indicate that the Marine business has only started to recover. With CHF 53.6 million, Marine sales accounted for 17.2% (2009: 13.4%) of Group sales.

Strategy and strategy execution

With the acquisition of High Modulus in 2009, Gurit today unites a unique capacity in structural engineering, materials competence and global presence in the marine market. Bringing SP and High Modulus together was the prime strategic objective for 2010 – not the easiest of tasks in a depressed market that is only gradually recovering from the impacts of the global financial crisis.

The expanded scope of our offering as well as the truly global reach should allow SP-High Modulus to strengthen their traditional positions as key partners in the prestigious race boat and superyacht markets. In addition, the Marine business of Gurit has embarked on a global marketing strategy, addressing more specifically the Mediterranean and Asian markets as well as new boat categories. On the one hand, Gurit has built up its sales forces in the local markets. On the other hand, SP-High Modulus is focusing more closely on the global production, commercial and military boat market. Our B³ SmartPac concept is a compelling offer for multiple builds of boats. It combines structural engineering, material selection with complete boat-specific material building kits. This innovative and economically attractive boat building concept makes cutting-edge structural engineering and the latest in marine materials now also available to production boats and reduces even the need of the wharfs to maintain and finance large stocks of materials. SP-High Modulus has introduced the B³ SmartPac capability to North America in 2010 and is now rolling this concept out on a global scale.

The establishment of a true global leader in marine structural engineering and materials through the combination of two key players inevitably creates new competition in the market place. On the basis of a unique services and materials offering and a truly global reach, SP-High Modulus is well positioned to meet that challenge and to benefit from an ongoing upswing of the Marine market.

OUR STRATEGY

Build and develop a global structural core material presence

Benefit from our leading position in prepreg

Expand our position in the supply chain

2010 ACHIEVEMENTS

We established a full range of structural core materials complementing our CoreCell offering with PVC, PET, and Balsa wood.

We leveraged our strong position in prepregs as technology and engineering partner for the next-generation of on- and off-shore blades and blade components.

We entered the after-sales market with the blade repair system RENUVO. We bundled our materials, technology and services offering with the Group's new expertise in Tooling.

WIND ENERGY

The 19.5% lower sales of CHF 158.5 million do not reflect the important achievements in executing the Group strategy for the Wind Energy market: We aim at broadening the customer base on a global scale by building and developing a strong position in core materials. This allows us to address all potential customers in the Wind Energy market, including especially those using the more labor-intensive infusion processes in emerging markets. At the same time it reduces the exposure to large European customers who use prepregs. The rapidly growing and significantly value creating core material sales, however, could not yet fully compensate the overall declining prepreg sales.

"We are committed to helping the global Wind Energy industry sustainably gain grid parity."

Rudolf Gerber, General Manager Wind Energy

What were the key achievements in your core material business?

Rudolf Gerber: With the entry of turbine blade builders in China and other emerging markets, a formerly European dominated market became a truly global industry over the last three years. Benefitting from lower labor costs the new entrants favored infusion technology and thus lowered cost targets in the industry. Traditionally holding a strong position in prepregs with the key European players, we identified in 2007 the need to go global and to expand our product portfolio towards core materials to address all key customers in this attractive, yet competitive market. In 2010, we made important steps forward in our core material strategy. This higher value adding business includes apart from the actual foam production also foam expansion and the customer-specific kitting processes. The core material production is partially, some process steps even largely located in emerging markets. This growing business could in 2010, however, not compensate the lower prepreg sales. They declined in Europe because of the economic crisis and they face harsh price competition in the Americas and Asia resulting in unsatisfactory capacity utilization.

What about prepregs?

Gurit traditionally holds a strong position in prepregs mainly with the large European players in the market. During 2010, we saw in Europe not only considerable de-stocking of finished blades, but the production was also halted for various weeks. Nevertheless, prepregs continue to be an important asset for Gurit as we see significant global chances for structural components or super-long on- and offshore blades. We make our materials and technology expertise available to our customers and jointly explore new blade building avenues. With its carbon prepreg offering, Gurit is well positioned in this innovation driven field of technology, jointly reducing the weight of a turbine blade in a partnership approach with our customers.

What were the key innovations in 2010?

Besides our innovative range of core materials already mentioned, we entered the after-sales market with RENUVO, a blade repair system, to meet the growing maintenance needs that are associated with an ever larger installed base of wind turbines. Blade repair was so far limited to fair weather conditions requiring mild temperatures of over 15 °C. RENUVO – a UV cured multi-purpose resin and prepreg system – can be used at ambient temperatures starting at 5 °C and cures within minutes. The close cooperation in market development with Gurit's new Tooling business is another important reinforcement of our strategic position in this long-term attractive renewable energy business.

OUR STRATEGY

2010 ACHIEVEMENTS

Maintain leader position in China for wind turbine blade moulds

We opened a new production facility for longer blade moulds and added a large-scale CNC machining centre to assist Chinese customers in developing their own master plugs.

Expand out-of-China export business of wind turbine blade moulds

We exported more and more moulds to India and Europe in addition to supplying a growing number of international customers in China.

Take Tooling beyond infusion technology

We developed new tooling materials that are suitable for moulds using prepreg technology.

TOOLING

The Tooling business showed solid growth and contributed CHF 43.4 million to Group sales in its first year of consolidation. After a strong start into the year, the oscillating nature of this equipment business's sales development clearly showed in the second half of the year. Apart from accommodating the demand of local Chinese blade manufacturers, Gurit strongly pushed the business with international customers in China and initiated exports to India and Europe to widen the addressable market for large-scale moulds globally.

"We are committed to promoting the use of composites as smart materials by building quality moulds for large structures."

Gabriel Mironov, General Manager Tooling

What were the main challenges in Tooling?

Gabriel Mironov: In the initial phase of wind turbine blade manufacturing in China, many customers used similar concepts based on available Western patents. A next phase will see a broader variety and larger sizes of blades. At Red Maple we timely invested in larger production halls for next-generation blade moulds.

Is length the key issue?

Size matters with blades, yes. But that's not all. As the Chinese market matures we will see a growing number of different building concepts as blade manufacturers want to differentiate themselves with proprietary concepts. To assist our local Chinese customers we invested into an expanded CNC machining capability to develop not only longer but also more individualized master plugs. I believe Gurit has now the largest CNC machining centre operating in all of Asia. This is also important with respect to our growing export business: As a fully integrated company mastering engineering, design, CNC plug manufacturing, assembly and testing, and offering significant manufacturing capacities and short delivery times, we want to establish ourselves as Tooling partner vis-à-vis the large players in this global industry. In addition to their own, but limited in-house tooling capacity, we provide blade builders with the extra flexibility they need to cover peak times or to conduct large and rapid mould model changes.

What about sales development over the course of the year?

As an equipment business Tooling follows a more oscillating sales pattern. In 2010, we saw a very strong first half of the year and a somewhat more hesitant market – especially in China – during the second half of the year. With the international backing of Gurit we focused on expanding our export business from the beginning of the year. We met and meet with a growing number of international customers and soon succeeded in supplying international corporations with moulds delivered to China. We also exported moulds to India and shipped a first mould to a customer in Europe. As an independent mould specialist, we offer quality moulds at very attractive prices and at very short lead times compared to the traditional in-house mould production. More and more international customers are interested in our capabilities.

What about innovation thrusts?

With the help of our R&D colleagues within the whole Group we are developing new high temperature, thermal aging-resistance resins to build moulds that that will also be suitable for prepreg production processes. So far, we have been specializing in infusion technology moulds that require lower curing temperatures. Building prepreg technology moulds is one key focus, looking at large scale moulds in other application areas than Wind Energy is another one.

OUR STRATEGY	2010 ACHIEVEMENTS
Expand our position in aircraft interiors	We agreed with EFW Elbe Flugzeugwerke to expand our cooperation for Airbus Aircraft and we won additional business with aircraft component suppliers in South-Western and Southern Europe through superior product characteristics of cyanate ester prepregs and of carbon fiber UD tapes.
Enter the market for aircraft structures	We started process and component testings with Gurit prepregs suitable for structural applications, with manufacturers of business jets.
Grow Rail and Automotive	We expanded our customer and project list in Automotive.

TRANSPORTATION

Transportation is a very solid, stable and long-cycle business which mainly reflects the build rates of our aerospace customers. Compared with the prior year the sales volume declined by 3.2% to CHF 55.0 million. This is partially attributable to the strategic decision to phase out the production of pultruded lamellas and to focus on core activities. The translation of the euro-driven sales into the reporting currency also impacted the sales volume, as the Swiss franc gained over 16% in value against the euro in 2010. Apart from expanding the position in aircraft interiors' materials, Gurit added new names to its customer list in Automotive and launched marketing initiatives to actively address the emerging market for advanced composites in the global rail industry.

"We are committed to providing light-weight, stable and safe materials to enhance our Transportation customers' efficiency and design freedom."

Kees Reijnen, General Manager Transportation

What was the reason for the slow start in Aerospace?

Kees Reijnen: In the aftermath of the global economic crisis, the somewhat slower start in the aircraft business did not come as too big a surprise – nor did the increase of business during the remainder of the year. We remain positive about the outlook of our stable and attractive aerospace business as we offer technologically advanced solutions for aircraft interiors. The sales development over the year was also influenced by certain project postponements in space craft applications. Despite the oscillating volumes on a half-year basis, this business is also rather stable over time. Our strategic decision to focus on key markets and to phase out the production of pultruded lamellas also shows in a year-over-year analysis. Operationally we had a successful year in aerospace. We delivered on our promises and only seemingly missed targets due to foreign exchange rate effects. From a strategic point of view our agreement with EFW Elbe Flugzeugwerke to intensify the successful cooperation in the area of floor panel materials for Airbus aircraft is an important milestone. EFW also nominated Gurit as supplier of tape material used for the floor panels of the new Airbus A350 planes which are believed to enter production in two years. Again, you see the long-term time frame of this business. We also established important new contacts to developers and manufacturers of smaller aircraft and we plan to position ourselves there as a partner for structures. The regional and business aircraft segment has shorter model cycles and offers more opportunities to make inroads into this market where we have gathered important know-how with some manufacturers already.

What about the markets in Automotive and Rail?

We continue to expand our production capacity in Automotive to produce finished car body parts based on carbon prepregs. We want to grow this part of our business to establish a true market leader position with solid volumes for many years to come. We have added new prestigious names to our customer list and initiated additional projects for next premium car models. After the global economic crisis the interest of luxury car makers in our technology is stronger than ever before. We are confident that we will benefit from this development and capture a sustainable and fair size of the automotive parts business. In Rail, we saw important follow on orders for intercity and high-speed trains from China. The rail network in China is growing at breathtaking speed and they opt for the latest material concepts. We are currently approaching the international Rail market in a targeted manner to establish Gurit as a key materials partner for next-generation long-distance and urban rail transit solutions.

OUR STRATEGY

Leverage globally leading structural engineering position

Expand into new geographic market and boat segments

Penetrate production boat market with B³ SmartPac

2010 ACHIEVEMENTS

We addressed the global marine market based on our world-wide local presence.

We approached the Mediterranean market in a much broader way and actively addressed the commercial and military boat segments.

We introduced the B³ SmartPac capability of combining engineering and full material building packages for multiple boat builds to America and will now roll out the concept globally.

MARINE

The Marine business has started to recover from the severe drop of activity caused by the global economic crisis. With a 24.4% increase to CHF 53.6 million, sales in 2010 are still considerably below pre-crisis years. To gain additional momentum, Gurit has focused on its leading position in structural engineering, new geographic markets and the global rollout of its B³ Smart-Pac offering. This innovative boat building solution combines structural engineering and a full kit of specifically selected and custom-tailored materials for multiple or series builds.

"We are committed to supporting the global boat-building market with state-of-the art engineering, materials and technology solutions."

Graham Harvey, General Manager Marine

How did Gurit benefit from the acquisition of High Modulus?
Graham Harvey: With the acquisition of High Modulus we represent the largest team of structural engineers with a strong global spread and we obviously seek to leverage this leadership position wherever the market allows. But the market is not yet back to pre-crisis levels: There are still fewer superyachts and smaller race boat fleets being built. So we also utilize our engineering capabilities in the B³ SmartPac market. Here we combine marine engineering with an optimized materials package ready to be used at the wharf. This is a very attractive solution of multiple or series builds.

So the Marine market has not recovered, yet?
It is certainly recovering but there is still a considerable gap over pre-crisis levels. We seek to gain additional market momentum by actively addressing markets where we can increase our presence like the Mediterranean or the Asian boat markets to close geographic gaps on our sales map. We also target commercial or military boat building when we look at types of boats. We have established promising new contacts with leading Italian, Turkish, as well as Middle and Far Eastern boat builders. Investing in our marketing and sales teams by hiring new staff familiar with those markets and speaking the respective languages was an important initial step.

You mentioned new boat types.
Traditionally, SP-High Modulus is focused on superyachts and race boats. Performance is of equal importance in other demanding markets such as certain commercial or military boats. Our material systems offer clear advantages over other products, be it in terms of optimized weight and therefore fuel efficiency – which are key criteria for commercial boats – or be it in terms of utmost nautical performance and endurance, features highly valued in military boats. We supplied increasing volumes to both of these market segments last year.

What about production boats?
Production boats are becoming an increasingly interesting market. We want to unlock the volumes that are involved with multiple builds of the same type of boat. With B³ SmartPac we now have a compelling offer to make to production boat yards as this combination of engineering and a custom-made materials package offers them a more efficient solution to boat building: the engineered design and materials packages not only improve the performance of the boat, they also accelerate production at the yard, and eliminate the need to maintain – and finance! – significant stock levels of all the materials involved. Our SmartPacs contain all the various parts needed for a specific build. In 2010 we have successfully introduced this winning concept to America and continued to build on our Australasian position.

INNOVATION, PRODUCTS AND SOLUTIONS

Gurit's Group strategy defines the prime focus of its research and development teams. To expand Gurit's position as a full-range material and technology solution provider especially in Wind Energy, the main focus in 2010 was on developing and launching new core materials to address the large infusion blade market and on entering the after sales market with a new category of blade repair materials.

"We are committed to achieve the biggest return from our R&D investments. Strategic projects are clearly prioritized."

Damian Bannister, Director Innovation Products and Solutions

What was your main focus in R&D in 2010?

Damian Bannister: Strategically, Gurit is putting a lot of emphasis on structural core materials to address the global wind energy market. This focused approach has led to the development and launch of a comprehensive range of PVC core materials manufactured in and for China. PVCell G-Foam complemented our traditional CoreCell structural foam family in the first half of the year. It was impressive to see how quickly we climbed this steep learning curve as PVC was a completely new material category for most of our R&D team. Closely cooperating with our new colleagues at the Gurit factory in Qingdao – China Techno Foam – was key to success here. A similar approach was adopted to create Gurit's own range of PET core materials – again a new chemistry and process to master. Starting from zero, we managed to supply G-PET by mid-year in Europe and ended the year with our own PET extruder coming on stream in China.

R&D seems to be a very global affair at Gurit?

Yes and no. While it is true that we have specific specialists located throughout the organization and that we cater to the varying needs of the global market areas, we are at the same time integrating our development strategies to ensure that our materials complement each other. Therefore, it is crucial R&D programs are coordinated centrally at Group level.

What's new in prepregs and resin?

Epoxy resins and prepregs are traditionally one of our key strengths. Our prepregs go into all target market areas. A broad approach is thus needed. In line with the Group's strategic thrust to expand the position in the supply chains of our target market industries, we developed and industrialized a new resin and prepreg family to enter the growing after-sales market in Wind Energy. While repair work so far was limited to fair weather conditions with temperatures above 15 °C, we launched RENUVO, a new blade repair system that can be used at temperatures as low as 5 °C. The new materials are UV curable and thus provide for rapid and safe repair work. In addition to opening the maintenance window for blade repair the RENUVO system can reduce repair times by up to 50% giving a significant reduction in turbine down time and therefore repair cost.

Gurit R&D teams have also been heavily involved in the development of carbon prepregs and processing technologies during 2010 to meet the increasing demand for these materials for the next generation of structural elements for wind turbine blades. The capabilities and experience we have with tooling, processing, structural design and materials has enabled us to make some major advances in supplying carbon solutions for our customers in 2010.

FINANCE

The global financial and economic crisis on the one hand and the ongoing international expansion of Gurit on the other created a demanding environment for Group Finance. Exchange rates, payment terms and the ramifications of globally extending supply chains were one focal point during the year. Additional major tasks included the financing of the large capital expenditures and the optimisation of the Group's tax structure.

"We are committed to tightly control our net working capital in a difficult environment."

Markus Knuesli Amacker, Chief Financial Officer

What were the main impacts of the financial crisis on your job?

Markus Knuesli Amacker: Managing the accounts receivables as our target markets are only starting to recover and certain customers still suffer from significant cash shortage called for a lot of attention. Days of sales outstanding stood at 55 days at the end of 2010 – somewhat higher than the 51 days the year before. Our strong balance sheet allowed us in specific cases to grant some extended payment terms where this had favorable business impacts and also helped us in developing our business in China where the payment morale is generally lower than in other regions. We have been very cautions in granting such extended terms and as a consequence, we did not suffer any significant receivable write-offs.

What about expansion projects?

Despite the slow recovery in the target markets Gurit continued to expand its offering especially in the Wind market. We increased the structural foam expansion and kitting facilities in China, added new product categories such as PVC, PET and balsa wood core materials as well as the blade repair system RENUVO. With the Tooling business acquired at the end of 2009 we have significantly broadened our presence in the Wind Energy market value chain and are now involved at a much earlier stage in the development of new blades. In order to satisfy the increasing demand for our wind blade moulds as well as to deliver longer and more differentiated moulds we have built a new blade factory in Taicang in 2010. Last but not least we set up an American presence for our B³ SmartPac engineering and materials package in Marine. All these efforts led to considerably higher investments of CHF 22.7 million into property, plant and equipment and made our supply chains more complex, especially due to our stronger presence in China. This resulted in the build-up of additional inventories to satisfy a sometimes still erratic demand.

How did you manage to reduce the income tax charge by 62%?

The main driver was the fact that we obtained a so-called high-tech status in our tooling factory, thanks to the significant investments into modern technologies. Also, we generally profit from below average tax rates in China.

What about foreign exchange?

A lot of our sales are realized in currencies other than the functional currency of the selling entity. Wherever possible, we use natural hedges such as foreign currency purchases of raw materials. The remaining exposures are closely monitored and appropriate foreign currency balance sheet and cash flow hedges are made. However, the translation exposure into the currently strong Swiss franc cannot be hedged in a meaningful way. Our reported sales thus tend to show lower trends than what we actually achieved in the relevant markets.

CORPORATE GOVERNANCE

The following chapter describes the principles of corporate governance applied at Group and senior management level at Gurit in accordance with the "Guidelines concerning information on corporate governance" published by SIX Swiss Exchange. Gurit also publishes a Remuneration Report, included as a separate chapter in this Annual Report. Unless otherwise indicated, all information refers to the financial year 2010 ended December 31, 2010. The key principles and rules on Corporate Governance for Gurit are defined in the statutes and the organizational regulations; they are based on the recommendations set out in the "Swiss Code of Best Practice for Corporate Governance" published by economiesuisse. To make orientation easier, the order and numbering of the individual sections correspond to those used in the "Guidelines concerning information on corporate governance" published by SIX Swiss Exchange. Significant changes that have occurred between year end and the copy deadline for this report have also been indicated as appropriate.

1 Group structure and shareholders

1.1 Group structure

1.1.1 Operative Group structure

The Gurit Group is an international industrial group specializing in the development, production and marketing of advanced composite materials and technologies. Financial statements are prepared as one segment. An organizational chart can be found on the page "Organization" at the beginning of this Report.

1.1.2 Legal structure of subsidiaries

Of all the companies consolidated, Gurit Holding AG (the Gurit Group's holding company) is the only one listed. It is headquartered in Wattwil/SG; Gurit bearer shares (security No. 801223, ISIN CH0008012236, symbol GUR) are listed on SIX Swiss Exchange; the registered shares are not listed. Based on the bearer shares year-end closing price of CHF 573.00 and equally valuating the par-value adjusted registered shares, the market capitalization on December 31, 2010, amounted to some CHF 268,16 million.

1.1.3 Information about the non-listed companies can be found in the overview on page 72 of the Financial Review.

1.2 Major shareholders

On December 31, 2010, the Company knew of the following shareholders holding over 3% of the voting rights in Gurit Holding AG:

Huwa Finanz- und Beteiligungs AG, Bahnhofstrasse 2, 9435 Heerbrugg, holds 220 000 registered shares. This equals 9.4% of the share capital and 33.33% of all voting rights in Gurit Holding. The shares of Huwa Finanz- und Beteiligungs AG are controlled by Hans Huber, Appenzell.

Robert Heberlein, Tobelmülistrasse 20, 8126 Zumikon, held directly and indirectly via Burix Holding AG, Bleicherweg 58, 8027 Zürich, 4.12% of the voting rights in Gurit as per January 28, 2008. 2.96 percentage points stem from the ownership of 19 545 registered shares and 1.14 percentage points from 7 633 bearer shares.

Martin Bisang, 8700 Küsnacht, held with 22 000 bearer shares 3.333% of the voting rights in Gurit Holding AG on March 20, 2008.

BlackRock Inc., 40 East 52nd Street, New York, 10022 USA, held according to a disclosure on May 13, 2010 since a purchase on May 6, 2010 a total of 3.28% of the voting rights in Gurit Holding AG. This position was held directly and indirectly as follows: indirectly through Blackrock Inc.; BlackRock Holdco 2 Inc.; BlackRock Financial Mangement, Inc.; Black Rock Advisors Holdings, Inc.; BlackRock International Holdings Inc.; BlackRock Holdco 4 LLC, BlackRock Holdco 6 LLC, all at 40 East 52nd Street, New York, 10022; BlackRock Delaware Holdings, Inc. c/o The Corporation Trust Company, 1209 Orange Street, Wilmington, Wilmington, New Castle County, Delaware 19801, USA; BR Jersey International LP, Forum House, Grenville Street, St. Helier, JE1 0BR, Jersey; BlackRock Cayco Ltd., c/o Walkers SPV Limited, P.O.B. 908GT, Walker House, Mary Street, George Town, British West Indies, Cayman Islands; BlackRock Trident Holding Company Limited, Riverside Two, Sir John Rogerson's Quay, Grand Canal Dock, Dublin 2, Ireland; BlackRock Japan Holdings GK, Sapia Tower, 1-7-12 Marunouchi, Chiyoda-ku, Tokyo, 100-0005 Japan; BlackRock Group Limited, 33 King William Street, London EC4R 9AS, UK; BlackRock Luxembourg Holdco S.a.r.l., 6C, Route de Trèves, Senningerberg, L-2633 Luxembourg as well as directly through BlackRock Investment Management (UK) Ltd, 33 King William Street, London, EC4R 9AS/UK; BlackRock International Ltd, 40 Torphichen Street, Edinburgh, EH3 8JB/UK; Blackrock (Netherlands) B.V. Forum House, Grenville Street, St. Helier, JE1 0BR Jersey; BlackRock (Luxembourg) S.A., 6D, Route de Trèves, Senningerberg, L-2633 Luxembourg; BlackRock (Channel Islands) Ltd, Forum House, Grenville Street, St. Helier, JE1 0BR Jersey; BlackRock Institutional Trust Company, N.A. 400 Howard St., San Francicso, CA 94105-2618/USA; Blackrock Advisors UK Ltd., Murray House, 1 Royal Mint Court, London, EC3N 4HH/UK; BlackRock Asset Management Japan Limited, Marunouchi Trust Tower Main, 1-8-3 Marunouchi, Chiyoda-ku, Tokyo 100-8217. 3.2% of the voting rights stem from 211 263 bearer shares, 0.08% from 529 CFDs for cash settlement.

In addition, in 2011 the Company was made aware of the following major shareholdings:

Sarasin Investmentfonds AG, Wallstrasse 9, 4002 Basel, disclosed on January 20, 2011 that they held since a purchase on January 19, 2011 with 20 500 bearer shares a total of 3.11% of the voting rights in Gurit Holding AG.

Updated information on major shareholders is available on the SIX Swiss Exchange website at: http://www.six-swiss-exchange.com/shares/companies/major_shareholders_de.html?fromDate=19980101&issuer=14575

1.3 Cross-shareholding
Gurit Holding AG has no cross-shareholding arrangements with other companies.

2 Capital structure
Information about the capital structure can be found in Gurit Holding AG's statutes, in the Financial Report and the Statements on Gurit Holding AG as well as in the Investor Relations section on page 82 of this report. The statutes (in German) are available on the Web site at http://investors.gurit.com/corporate-governance-1.aspx

2.1 Capital
Details on the capital are included in the notes to Gurit Holding AG's financial statements on page 77.

2.2 Authorized or contingent capital in particular
Gurit Holding AG has no authorized or contingent capital.

2.3 Changes in equity
In the past three years (January 1, 2008, to December 31, 2010), the following changes in equity occurred.

IN CHF 1000

	31.12.2010	31.12.2009	31.12.2008
Share capital	23 400	23 400	23 400
General reserves	11 700	11 700	11 700
Reserves for treasury shares	1 249	1 366	1 536
Free reserves	32 845	32 728	32 558
Retained earnings	50 785	54 775	51 162
Total equity	**119 979**	**123 969**	**120 356**

2.4 Shares and participation certificates
The company's share capital consists of 240 000 registered shares at par CHF 10 and 420 000 bearer shares at par CHF 50. Bearer shares are traded in the domestic segment of the SIX Swiss Exchange (security No. 801223, ISIN CH0008012236, symbol GUR). All shares are fully paid up and entitled to dividends. All registered shares and bearer shares, regardless of their nominal value, are entitled to one vote.

Gurit Holding AG has not issued any participation certificates.

2.5 Profit-sharing certificates
Gurit Holding AG has not issued any profit-sharing certificates.

Paul Hälg
Chairman of the Board of Directors
Doctorate in chemistry
Swiss citizen, 1954
Non-executive member

Professional background (main stages)

1986 – 2001	Gurit-Essex AG, from 1995 CEO
2001 – 2004	Group Executive Vice President, Forbo International SA, Eglisau
2004 – present	CEO of Dätwyler Holding AG, Altdorf

Other important activities and vested interests
– Member of the Board of Directors of SIKA AG, Baar
– Member of the Executive Committee of SWISSMEM, Zurich

Robert Heberlein
Member of the Board of Directors
Dr. iur., attorney-at-law
Swiss citizen, 1941
Non-executive member

Professional background (main stages)

Since 1977	Partner/Counsel, Lenz & Staehelin, Zurich

Other important activities and vested interests
– Member of the Board of Directors of Geberit AG, Rapperswil-Jona
– Member of the Board of Directors of COLTENE Holding AG, Altstätten

Nick Huber
Member of the Board of Directors
Businessman
Swiss citizen, 1964
Non-executive member

Professional background (main stages)

1990 – 1995	Account Manager, IBM (Schweiz) AG
1995 – 2005	Divisional Head, SFS Unimarket AG
2005 – present	Member of the Executive Management of SFS Services AG, Heerbrugg SG

Other important activities and vested interests
– Chairman of the Board of Directors of COLTENE Holding AG, Altstätten
– Member of the Board of Directors, Orell Füssli Holding AG, Zürich
– Member of the Board of Directors, Huwa Finanz- und Beteiligungs AG, Heerbrugg SG

Urs Kaufmann
Member of the Board of Directors
Dipl. Ing. ETH Zurich, Senior Executive Program IMD
Swiss citizen, 1962
Non-executive member

Professional background (main stages)

1987 – 1993	Production and Sales Manager with Zellweger Uster AG, Uster and USA
1994 – 1997	Managing Director of Henry Berchtold AG, subsidiary of Huber+Suhner AG
1997 – 2000	Division Manager and Member of the Executive Management Team at Huber+Suhner AG
Since 2001	Member of Group Management Huber+Suhner AG
2002 – present	CEO Huber+Suhner AG

Other important activities and vested interests
– Member of the Executive Committee of SWISSMEM, Zurich
– Member of the Board of Swiss Association for Quality and Management Systems (SQS), Zollikofen
– Vice Chairman Executive Committee of the Institute for Technology Management, University of St Gallen
– Member of the Board of Müller Martini Holding AG, Hergiswil

Peter Leupp
Member of the Board of Directors
El.-ing ETH Zurich
Swiss citizen, 1951

Professional background (main stages)

1977 – 1988	Various functions at BBC (now ABB) in High Voltage Development
1988 – 1989	CEO, Technochemie
1989 – 1999	Various leading positions at High and Medium Voltage, ABB, Switzerland
1999 – 2000	Local head of Power Transmissions and Distribution division at ABB, Switzerland
2001 – 2006	Country Manager in China; Chairman and President of ABB (China) Ltd.
2005 – 2006	Region Manager North Asia
2007 – today	Head Power Systems division, Member of the Group Executive Committee of ABB Ltd., Switzerland

2.6 Restrictions on transferability of shares and nominee registrations

According to paragraph 4 of the statutes, only individuals who are entered in the Share Register may be recognized as the owners or beneficiaries of non-traded registered shares. Registration of ownership may be refused only in cases where the purchaser does not expressly declare that he acquired the registered shares for his own account. Bearer shares listed on the stock market are freely transferable. There are no regulations to any other effect regarding nominee registrations.

Changes in the statutory regulations restricting the transferability of registered shares require at least two-thirds of the votes represented at the Annual General Meeting and an absolute majority of the nominal value of the shares.

2.7 Convertible bonds and warrants/options

Gurit Holding AG has no outstanding convertible bonds nor options.

3 Board of Directors

On December 31, 2010, the Board of Directors of Gurit Holding AG consisted of five members.

3.1 and 3.2 Members of the Board of Directors

The personal details together with the other activities and vested interests of individual members of the Board of Directors are listed on the previous page.

3.3 Cross-involvement

Nick Huber serves as Chairman, Robert Heberlein as member of the Board of Directors of COLTENE Holding AG.

3.4 Election and term of office

The Board of Directors is elected by the General Meeting for a period of three years. At the end of their term of office, members may be re-elected. There is no statutory limit to the period of office or age of members of the Board of Directors. The members of the Board of Directors are elected globally.

Members of the Board of Directors

Name	Born	Position in BoD	Election to BoD	Elected until
Dr Paul Hälg	1954	Chairman	14.6.2001	2011
Robert Heberlein	1941	Member	22.11.1984	2011
Nick Huber	1964	Member	15.6.1995	2011
Urs Kaufmann	1962	Member	12.4.2006	2012
Peter Leupp	1951	Member	23.4.2010	2013

3.5 Internal organization

3.5.1 Allocation of tasks within the Board of Directors

The Board of Directors acts as a joint body. Decisions are taken on the basis of the majority of the votes submitted.

The Chairman of the Board organizes and leads the work of the Board of Directors. In cooperation with the CEO, he makes sure that the other members of the Board receive the necessary information for their decision-making as well as the supervisory functions. He is the formal representative of the Group to the outside world. He may be assisted by one or two additional members defined by the Board.

3.5.2 Membership of the Board's committees, their duties and responsibilities

The Board has formed permanent committees:

Audit and Corporate Governance Committee

Chairman: Robert Heberlein
Members: Paul Hälg, Nick Huber,
Urs Kaufmann, Peter Leupp

The Audit and Corporate Governance Committee assists the Board of Directors in its supervisory financial duties, checks the effectiveness, performance, and compensation of the external auditors. The Audit and Corporate Governance Committee also oversees the financial reporting processes within the Group.

Compensation and Nomination Committee

Chairman: Nick Huber
Members: Paul Hälg, Robert Heberlein,
Urs Kaufmann, Peter Leupp

The Compensation and Nomination Committee defines the compensation of the members of the Board of Directors, proposes to the Board of Directors the principles of compensation for members of the Group Management, and defines the guidelines for the selection and election of potential new members of the Board of Directors as well as the function of the Group's CEO. The committee approves appointments to the extended Group management made by the CEO, the remuneration system for the Group management as well as general principles of the Group's human resource policy.

To consult and execute specific and short-term projects or issues, special ad-hoc committees can be nominated.

3.5.3 Working methods of the Board of Directors and its committees

The Board of Directors meets annually at least for four ordinary meetings, generally one in each quarter. In 2010, the Board of Directors met eight times, seven times personally and once electronically.

The Audit and Corporate Governance Committee met twice in 2010, while the Compensation and Nomination Committee held no separete meetings in 2010 covering issues directly in the context of full Board meetings

Meetings are summoned in writing by the Chairman. An invitation together with a detailed agenda and documentation is sent to all participants at least five days in advance of the date set for the meeting.

As a rule, the Chief Executive Officer and the Chief Financial Officer attend meetings of the Board of Directors. In order to ensure that the Board has sufficient information to make decisions, other members of staff or third parties may also be invited to attend.

The Board is quorate if all members have been duly invited and the majority of its members take part in the decision-making process. Members may participate in deliberations and the passing of resolutions by telephone or other suitable electronic media if all participants are in agreement. The Board's decisions are taken on the basis of the votes submitted. In the event of a tie, the Chairman has the casting vote. Decisions may also be made in writing.

Proposals are sent to all members and they are regarded as passed if the majority of members agree unconditionally and no member insists on discussion of the issues in question within an agreed period of time.

Members of the Board of Directors are obliged to leave meetings when issues are discussed that affect their own interests or the interests of persons close to them.

All proposals and decisions are entered in the minutes to the meeting. The minutes also contain a summary of important requests to speak during deliberations.

3.6 Definition of areas of responsibility

The Board of Directors' main duties are:

- to formulate the general Group policy and the industrial concept behind the Group as a whole, and to decide on any acquisition, sale, foundation or liquidation of subsidiaries as well as to approve of investment decisions exceeding CHF 500 000;
- to define the Group's organizational structure and its organizing regulations;
- to define the Group's financing strategy, decide on collective means of financing as well as to determine accounting, financial control, financial planning and to approve the financial statements;
- to appoint and dismiss Group Management and people entrusted with representation functions.

Apart from this, management is generally delegated to the CEO.

3.7 Information and control instruments vis-à-vis Group Management

As a rule, Group Management updates the Board of Directors and especially the Audit Committee on operations and the Group's financial position every month. In addition, the CEO and CFO report back on business and all matters of relevance to the Group at each Board meeting. Every member of the Board of Directors also has the right to ask any member of Group Management for information about matters within his remit, even outside meetings. The Chairman of the Board of Directors is also informed by the Chief Executive Officer about all business and issues of a fundamental nature or of special importance.

4 Group Management

On December 31, 2010, Gurit Holding AG's Group Management consisted of the CEO and the CFO as well as an Executive Management Team consisting of additional five members.

4.1 and 4.2 Members of Group Management

The personal details together with the other activities and vested interests of individual members of Group Management are listed on the following pages.

4.3 Management contracts

No agreements pertaining to the provision of managerial services exist between Gurit Holding AG and other companies or natural persons outside the Gurit Holding Group.

Rudolf Hadorn
Chief Executive Officer
MBA University of St Gallen
Swiss citizen, 1963

Professional background (main stages)

1989–2000	Various management and executive positions with GM in Europe
2000	CEO Krone GmbH, Berlin, CFO Krone Gruppe
2002	Ascom Group, Berne, CFO
2004–2007	Ascom Group, Berne, CEO
Since 1.11.2007	Gurit, CEO

Other important activities and vested interests
- Member of the Board of Directors of Looser Holding AG, Arbon
- Member of the Board of Directors of Spirella s.a., Embrach
- Advisory Board Member of Cross 1 Private Equity Firm

Markus Knuesli Amacker
Chief Financial Officer
Degree in economics HEC Lausanne
Swiss and French citizen, 1962

Professional background (main stages)

1989–1993	Coopers & Lybrand, Geneva, General Audit Supervisor
1993–1997	Tetra Laval International, Pully, Controlling and Consolidation
1997–2003	Nextrom Group, Morges, CFO
2004–2007	Unicible SA, Prilly, CFO
Since 1.10.2007	Gurit, CFO

Damian Bannister
Director Innovation, Products and Solutions
Bachelor of Science, PhD
British citizen, 1970

Professional background (main stages)

1996	Joined former SP, Technical Support
2000	Wind Energy Sales Project Engineer
2002	Technical Manager Wind Energy
2004	Development and Processing Manager
2005	Head of Technology at SP Systems
2006	Gurit, Chief Technology Officer
Since 2008	Gurit, Director Innovation, Products and Solutions

Rudolf Gerber
General Manager Wind Energy
Bsc. Engineering
Swiss Citizen, 1958

Professional background (main stages)

1986–1988	Varian AG, Zug, Area Sales Manager
1988–1995	Schlatter Ltd., Harrogate/UK, Managing Director
1995–2001	Alcan Airex AG, Sins, Divisional Manager
2002–2008	Armstrong Metal Ceilings Group, St Gallen, CEO
Since 2008	Gurit, General Manager Wind Energy

Graham Harvey
General Manager Marine
BSc Ship Science
British citizen, 1965

Professional background (main stages)

1991–2000	Engineering Consultancy Manager at SP Technologies
2000–2004	Head of Technology at SP Systems
2005	Managing Director SP Systems Europe
2006	Gurit, Business Manager Marine, Sports & Civil Engineering
Since 2008	Gurit, General Manager Marine

Kees Reijnen
General Manager Transportation
MSc in Physics
Dutch citizen, 1957

Professional background (main stages)

1987–1991	Fluid Dynamics Corp. European Sales and Marketing
1991–1995	Schenk Filterbau GmbH, Worldwide Sales and Marketing Director, Filtration systems
1995	WPT GmbH, Co-Founder and Managing Director, Water recycling technology
1998–2006	Enka-Tecnica, Managing Director; Enka-Tecnica was acquired by Gurit in 2000
2006	Gurit, Business Manager Transportation
Since 2008	Gurit, General Manager, Transportation (until 2009 including Winter Sports and Civil Engineering)

Gabriel Colin Mironov
General Manager Tooling
Studies in Mechanical Engineering
Canadian citizen, 1980

Professional background (main stages)

2003	Founded Powerhinge Automation, Montreal/Canada
2003–2006	President of Powerhinge
2007	Founded Suzhou Red Maple, Taicang/China
2007–2009	President and CEO of Suzhou Red Maple
Since 2010	Gurit, General Manager Tooling

5 Compensation, shareholdings and loans

The information on compensation, shareholdings and loans regarding members of the Board of Directors and Group Management are presented in a Remuneration Report as a separate chapter of this Annual Report on pages 38 to 39.

6 Shareholders' participation rights

Details of shareholders' participation rights can be found in the statutes of Gurit Holding AG.

6.1 Voting right restrictions and representation

The statutes contain no restrictions on voting rights. Every registered or bearer share represented at the General Meeting is entitled to one vote. A shareholder may be represented at the General Meeting only by a legally recognized proxy or another shareholder attending the General Meeting.

6.2 Statutory quorums

Unless otherwise determined by law or the statutes, a General Meeting convened in accordance with the statutes is quorate regardless of the number of shareholders attending or the number of votes represented. To be valid, resolutions require an absolute majority of the votes submitted. In the event of a tie, the Chairman, who is always entitled to vote, makes the casting vote.

Important decisions of the General Meeting as defined in article 704 paragraph 1 of the Swiss Code of Obligations, require at least two-thirds of the votes present and the absolute majority of the shares represented.

6.3 Convocation of the General Meeting

The ordinary General Meeting takes place annually within six months of the end of the Company's financial year. Extraordinary general meetings can be called by decision of the General Meeting, the Board of Directors, at the request of the auditors, or if shareholders representing at least a tenth of the Company capital submit a request in writing, stating their purpose, to the Board of Directors. The convocation is announced once in the Schweizerisches Handelsamtsblatt (Swiss Official Gazette of Commerce) and published in various newspapers. Registered shareholders are also informed in writing.

6.4 Agenda

The statutes contain no regulations relating to agendas that differ from those set fourth by the law. Accordingly, shareholders representing shares of a par value of CHF 1 million may request items to be included in the agenda.

6.5 Entries in the share register

The names and addresses of owners and beneficiaries of registered shares are entered in the share register. Shareholders and/or beneficiaries of registered shares are entitled to vote if they are already entered in the share register at the time when invitations are sent out to the General Meeting.

7 Changes of control and defense measures

7.1 Public purchase offers

The threshold at which a shareholder is obliged to make an offer for all Gurit Holding AG's stock in accordance with article 32 paragraph 1 of the Bundesgesetz über die Börsen und den Effektenhandel (Swiss Law on Stock Exchanges and Securities Trading) of March 24, 1995, has been raised to 49% of the total votes.

7.2 Clauses on changes of control

Gurit Holding AG has no agreements containing clauses of this type.

8 Auditors

8.1 Duration of mandate and lead auditor's term of office

If its predecessors are included, Pricewaterhouse-Coopers AG, Zurich, has been Gurit Holding's statutory auditors since 1984 and Group auditors since 1994. Stefan Gerber is lead auditor since 2009.

8.2 Auditing fees

The total sum charged during the year under review by PricewaterhouseCoopers in its capacity as auditor amounted to CHF 698 946.

8.3 Additional fees

Fees for additional services supplied by the auditors during the year under review amounted to CHF 230 921. These fees consist of CHF 164 299 for tax advisory, and CHF 66 622 for other services. There were no transaction fees in 2010.

8.4 Supervisors and control instruments pertaining to the auditors

The supervision and verification of the external audit is exercised by the Audit and Corporate Governance Committee. The Audit and Corporate Governance Committee evaluates together with Group Management the performance of the auditors and recommends the independent external auditor to the Board of Directors for election by the General Assembly. The Audit and Corporate Governance Committee approves the audit plans and meets at least once a year with the auditors. The auditors prepare a report for the Audit and Corporate Governance Committee regarding the findings of the audit, the financial statement, and the internal control. In collaboration with Group Management the independence of the auditors is evaluated annually. In particular and for this purpose the worldwide fees of the audit are presented, discrepancies with the estimated costs analyzed and explained. In the year under review, the auditors attended one of the two meetings of the Audit and Corporate Governance Committee.

9 Information policy

Gurit Holding provides its shareholders with information in the form of the Annual Report and a Half-year Report. Important events are published immediately through press releases and/or letters to shareholders.

10 Internet

Shareholders and other interested parties can also obtain information about the Group on the Internet at www.gurit.com.

E-mail alerts: The latest financial information from Gurit Holding can be received via e-mail alert; sign-up is available in the Publications/Download section of the Gurit Web site at http://investors.gurit.com/news-alert-subscription.aspx

11 Ad hoc publicity

Gurit Holding AG maintains regular contact with the financial world in general and with important investors. At the same time, it abides by the legally prescribed principle of treating all parties equally as regards communication. Relevant new facts are published openly and are available to all interested parties.

Important dates

The most important dates for publications this year and next are:

March 28, 2011	Presentation of annual results 2010; Financial analysts' and media conference; Publication of Annual Report 2010
April 29, 2011	Annual General Meeting Press release on AGM decisions and Q1 sales
September 9, 2011	Publication of half-yearly report Financial analysts' and media conference
October 28, 2011	Press release on Q3 sales
End of March 2012	Presentation of annual results 2011; Financial analysts' and media conference; Publication of Annual Report 2011
April 2012	General Meeting

Contact address

Investor Relations/Media Relations
Bernhard Schweizer
Gurit
Schaffhauserstrasse 339
CH-8050 Zürich
Phone +41 (0)44 316 1550
Telefax +41 (0)44 316 1569
E-mail: bernhard.schweizer@gurit.com

REMUNERATION REPORT

This report, published for a first time, describes the principles of remuneration at the Gurit Group. Unless otherwise indicated, all information refers to the financial year 2010 closed on December 31, 2010. This report also follows the recommendations defined in Appendix 1 to the Swiss Code of Best Practice for Corporate Governance published by economiesuisse and complies with Chapter 5 of the Appendix to the SIX "Guidelines concerning information on corporate governance" and the requirements regarding transparency as defined in art. 663b^{bis} and art. 663c Code of Obligations.

Remuneration policy

Gurit is a globally active industrial group. The Company maintains a remuneration policy in accordance with general market and employment practices in the various countries in which we operate. The compensation reflects the market and employment conditions in the relevant country as well as the individual qualifications and requirements needed for the specific position. In addition, the overall remuneration policy of Gurit reflects individual performance on all Group levels. As a general rule, the compensation for all Gurit employees consists of a fixed and a success-dependent variable salary element; these two form in combination the target market salary for a given position. Production employees on the one hand and Management and other non production employees on the other hand benefit from two different compensation schemes:

Compensation for production employees

Production employees benefit on top of their fixed salary from an Individual Bonus which can represent up to 8% of an employee's fixed salary. The objectives for this bonus are defined at site level and include objectives for health and safety, quality, productivity, and attendance. The achievement of these objectives is discussed with all operations employees four times per year, or in certain cases monthly, and the bonus is paid out on a quarterly basis, reflecting the need for operational flexibility.

Performance Incentive Scheme

The Performance Incentive Scheme for Management and all other non-production employees consists of an Economic Profit Bonus (EP Bonus) element and an individual bonus element. The total bonus per employee may vary between maximum 8% and maximum 150% of the fixed salary, depending on the hierarchical level of the employee in the Group. The Individual Bonus element may contribute 0–40% to the total bonus. The EP Bonus thus defines 60–100% of the total bonus.

EP Bonus: The economic profit is annually calculated by deducting the asset base, multiplied by the weighted average cost of capital, from the EBIT. A targeted EP as well as a lower and upper threshold value are defined each year for the Group and the respective Company units, in line with the budget. If the resulting economic profit of a given year is below the defined lower threshold value, no EP Bonus is paid out. If the EP reaches or exceeds the upper threshold limit, 100% of the EP Bonus is paid out. In between the two threshold limits, the percentage of the EP Bonus which is paid out is calculated linearly. The level of achievement of the EP Bonus has no impact on the level of achievement of the Individual Bonus.

Individual Bonus: The fulfillment of the individual and/or factory related objectives and targets is assessed on a yearly basis by the line manager of each individual, based on objectives defined in January and reviewed mid-year. Bonuses are paid out after the Annual General Meeting of Shareholders.

Share-based compensation for members of the Board of Directors and CEO

Effective starting from the year 2010, the CEO of the Group receives in addition to the cash compensation a fixed number of shares as part of his remuneration. The members of the Board of Directors receive in addition to a fixed amount in cash a fixed number of shares as part of their compensation.

Share-based compensation and shareholdings of Executive Management members and members of the Board of Directors are shown in detail on page 78 and 79 of this report.

Pension scheme for Group Management

A supplementary pension scheme exists for certain members of Group Management according to the practices of the various jurisdictions. Half of the premiums is financed by the Management members themselves.

Compensation for members or the Board of Directors and Group Management

The compensation paid to the Chief Executive Officer is determined by the Compensation and Nomination Committee. The fixed compensation is based on what has been assessed as industry standard for comparable Swiss industrial companies of similar size and complexity based on the Compensation and Nomination Committee's members experience. The CEO also benefits from the Performance Incentive Scheme and the share-based compensation as described above.

The fixed amount paid to the other members of Group Management is determined by the Chief Executive Officer, subject to approval by the Compensation and Nomination Committee. The salaries are decided based on the market and employment conditions in the relevant country as gathered from various sources as well as the individual qualifications and requirements needed for the specific position. The members of the Executive Group Management team also participate in the Performance Incentive Scheme, taking both the respective business unit and Group performance into accout. During the year under review, the variable compensation paid to members of Group Management varied from 0% to 30% of the individual fixed compensation. The total amount paid to Group Management declined in 2010 compared with 2009 as a consequence of the lower economic profit of the Group and lower fulfillment levels of individual targets and objectives.

Members of the Board of Directors are paid a fixed amount in cash for their services in addition to the yearly share allotment disclosed above. The yearly compensation is determined by the Board of Directors upon recommendation by the Compensation and Nomination Committee. The Compensation and Nomination Committee bases its judgment on industry standards for comparable Swiss industrial companies of similar size and complexity. The yearly compensation remained unchanged versus 2009.

Gurit has no executive members of the Board of Directors. Non-executive members of the Board of Directors do not receive any variable, performance or target-oriented compensation. There are no additional share participation or option programs for members of the Board of Directors or Executive Group Management members apart from the above disclosed and discussed compensation scheme and the disclosed share-based compensation.

Definition and review of remuneration policy and compensation

The Compensation and Nomination Committee of the Board of Directors annually reviews the remuneration policy. The yearly variable compensation of the Group Management is discussed by the Compensation and Nomination Committee once the full income statement is available and submitted to the Board of Directors.

Gurit did not appoint an external consultant to develop its remuneration policy.

Gurit did not pay any exit remuneration to anyone leaving office during the year under review. There was no remuneration paid to former members of governing bodies during the year under review.

No loans, securities, advantages or credits are granted to members of the Board of Directors of Executive Group Management or parties closely linked to them.

There were no options issued on Gurit bearer shares on December 31, 2010 in the context of a participation program.

Disclosure of compensation payments during the year under review

Compensation of members of the Board of Directors, the Group Management as well as the highest-paid member of the Group Management are disclosed in accordance with art. 663b^{bis} and art. 663c of the Swiss Code of Obligations in the financial report of Gurit Holding AG under note 9, Management compensation, on page 78.

Share ownership of governing bodies

The members of the Group Management held together on December 31, 2010 directly and indirectly a total of 1 181 bearer shares or 0.18% of the voting rights of Gurit. The members of the Board of Directors held together on December 31, 2010 directly and indirectly a total of 11 275 bearer and 19 545 registered shares. This equates 4.67% of the voting rights in Gurit.

FINANCIAL REPORT

GURIT GROUP

GURIT HOLDING AG

CONSOLIDATED INCOME STATEMENT

IN CHF 1000

	Note	Year ended December 31, 2010	Year ended December 31, 2009
Net sales	5	311 576	314 352
Other operating income	6	2 671	5 654
Change in inventories of finished and unfinished goods		5 041	–15 678
Material expense		–160 647	–160 407
Personnel expense	7	–76 895	–70 656
Other operating expenses	8	–42 922	–39 783
Impairment	19	–627	–487
Depreciation	19	–11 923	–10 175
Amortization	20	–844	–833
Operating profit		25 430	21 987
Finance expense	9	–5 510	–7 078
Finance income	10	2 409	2 243
Ordinary result		22 329	17 152
Extraordinary result	11	7 283	16 062
Profit before tax		29 612	33 214
Income tax expense	12	–4 682	–12 291
Profit for the year		**24 930**	**20 923**

Earnings per share	13		
Basic earnings per bearer share		CHF 53.45	CHF 44.87
Diluted earnings per bearer share		CHF 53.45	CHF 44.87
Basic earnings per registered share		CHF 10.69	CHF 8.97
Diluted earnings per registered share		CHF 10.69	CHF 8.97

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET

IN CHF 1000

	Note	At December 31, 2010	At December 31, 2009
Assets			
Cash and cash equivalents		40 055	51 890
Securities		135	129
Derivative financial instruments	15	130	826
Trade receivables	16	46 915	44 029
Other receivables	17	8 255	5 519
Prepayments and accrued income	17	2 972	2 912
Inventories	18	36 226	31 938
Current assets		134 688	137 243
Derivative financial instruments	15	–	127
Other receivables	17	437	63
Deferred income tax assets	23	2 507	3 094
Property, plant and equipment	19	97 112	99 843
Intangible assets	20	5 986	3 913
Non-current assets		106 042	107 040
Total assets		**240 730**	**244 283**
Liabilities and equity			
Borrowings	21	16 506	12 424
Derivative financial instruments	15	940	194
Trade payables		18 391	17 336
Other payables		4 934	8 203
Accrued liabilities and deferred income	22	17 352	23 189
Provisions	24	7 735	2 998
Current liabilities		65 858	64 344
Borrowings	21	14 035	15 055
Derivative financial instruments	15	–	220
Deferred income tax liabilities	23	12 635	13 737
Provisions	24	10 413	16 257
Non-current liabilities		37 083	45 269
Total liabilities		**102 941**	**109 613**
Share capital		23 400	23 400
Additional paid-in capital		28 642	28 642
Treasury shares		–1 249	–1 366
Hedging reserve		–729	404
Currency translation adjustments		–29 795	–15 920
Offset goodwill		–29 230	–29 230
Retained earnings		146 750	128 740
Total equity	**25**	**137 789**	**134 670**
Total liabilities and equity		**240 730**	**244 283**

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

IN CHF 1000

	Note	Year ended December 31, 2010	Year ended December 31, 2009
Profit for the year		24 930	20 923
Adjustments for:			
Impairment	19	627	487
Depreciation and amortization	19, 20	12 767	11 008
Finance income and expense, net	9, 10	3 101	4 835
Income tax expense	12	4 682	12 291
Net gains from disposal of subsidiaries	6	–	–929
Net gains from disposal of fixed assets	6	–93	–1 395
Losses from disposal of intangible assets	6	69	–
Other non-cash items		2 906	2 334
Working capital changes (excluding the effects of acquisitions and disposals of subsidiaries):			
Change in trade receivables		–9 635	10 599
Change in inventories		–11 255	15 678
Change in other receivables and prepayments and accrued income		–4 034	14 259
Change in trade and other payables and accrued liabilities and deferred income		449	–20 041
Change in provisions		71	–747
Cash generated from operations		24 585	69 302
Finance cost, net paid		–1 236	–1 900
Income tax paid		–7 037	–11 180
Net cash flow from operating activities		**16 312**	**56 222**
Purchase of property, plant and equipment	19	–22 747	–9 720
Proceeds from sale of property, plant and equipment		5 395	2 385
Purchase of intangible assets	20	–3 542	–1 146
Investments in loans receivable		–411	–
Repayments of loans receivable		–	778
Acquisition of subsidiaries	28	–	–22 479
Proceeds from disposal of subsidiaries	29	–	3 468
Net cash flow from investing activities		**–21 305**	**–26 714**
Proceeds from/(repayments of) current borrowings		1 564	–22 557
Proceeds from/(repayments of) non-current borrowings		3 567	2 982
Dividend distribution	14	–6 997	–6 062
Net cash flow from financing activities		**–1 866**	**–25 637**
Net change in cash and cash equivalents		**–6 859**	**3 871**
Cash and cash equivalents at the beginning of the year		51 890	45 900
Net change in cash and cash equivalents		–6 859	3 871
Exchange (losses)/gains on cash		–4 976	2 119
Cash and cash equivalents at the end of the year		**40 055**	**51 890**

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

IN CHF 1000

	Share capital	Additional paid-in capital	Treasury shares	Hedging reserve	Currency translation adjustments	Offset goodwill	Retained earnings	Total equity
Balance at January 1, 2009	**23 400**	**28 642**	**–1 536**	**–1 341**	**–23 901**	**–**	**113 977**	**139 241**
Profit for the year	–	–	–	–	–	–	20 923	20 923
Changes in hedging reserve	–	–	–	1 745	–	–	–	1 745
Currency translation adjustments	–	–	–	–	7 981	–	–	7 981
Total income and expense for the year	–	–	–	*1 745*	*7 981*	–	*20 923*	*30 649*
Dividend distribution (note 14)	–	–	–	–	–	–	–6 062	–6 062
Usage of treasury shares for share-based compensation	–	–	170	–	–	–	–170	–
Share-based compensation (note 31)	–	–	–	–	–	–	72	72
Total transactions with shareholders	–	–	*170*	–	–	–	*–6 160*	*–5 990*
Goodwill directly offset with equity (note 28)		–	–	–	–	*–29 230*	–	*–29 230*
Balance at December 31, 2009	**23 400**	**28 642**	**–1 366**	**404**	**–15 920**	**–29 230**	**128 740**	**134 670**
Profit for the year	–	–	–	–	–	–	24 930	24 930
Changes in hedging reserve	–	–	–	–1 133	–	–	–	–1 133
Currency translation adjustments	–	–	–	–	–13 875	–	–	–13 875
Total income and expense for the year	–	–	–	*–1 133*	*–13 875*	–	*24 930*	*9 922*
Dividend distribution (note 14)	–	–	–	–	–	–	–6 997	–6 997
Usage of treasury shares for share-based compensation	–	–	117	–	–	–	–117	–
Share-based compensation (note 31)	–	–	–	–	–	–	194	194
Total transactions with shareholders	–	–	*117*	–	–	–	*–6 920*	*–6 803*
Balance at December 31, 2010	**23 400**	**28 642**	**–1 249**	**–729**	**–29 795**	**–29 230**	**146 750**	**137 789**

The accompanying notes form an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 General information

These consolidated financial statements are also available in German. The English version is binding.

Gurit Holding AG, incorporated in Wattwil, Switzerland ("the Company") and its subsidiaries (together "the Group") are specialized in the development and manufacture of high-end composite materials and related technologies featuring bespoke physical and chemical characteristics. The comprehensive product range comprises fiber reinforced prepregs, structural foam, gel coats, adhesives, resins and consumables as well as certain finished parts. Gurit supplies growth markets in Wind Energy, Tooling, Transportation and Marine.

The bearer shares of Gurit Holding AG are listed on SIX Swiss Exchange; the registered shares are mostly in firm hands and are not listed.

These consolidated financial statements were signed off by the Board of Directors on March 21, 2011, for publication. The Annual General Meeting of shareholders, scheduled for April 29, 2011, will vote on these consolidated financial statements.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of Gurit Holding AG have been prepared in accordance with Swiss GAAP FER and are in conformity with the Swiss law and the requirements of the SIX Swiss exchange. They have been prepared under the historical cost convention, as modified by the revaluation of securities (including derivative financial instruments) at fair value through profit or loss. All financial information included in the consolidated financial statements and notes to the consolidated financial statements are presented in Swiss francs and rounded to the nearest thousand unless otherwise stated.

The preparation of financial statements in conformity with Swiss GAAP FER requires the use of certain critical accounting estimates. It also requires Management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 3.

2.2 Consolidation

2.2.1 Changes in the scope of consolidation

During 2010, the Group liquidated its wholly owned subsidiaries Arova Schaffhausen AG, in Switzerland, High Modulus Corporation, in the USA, and High Modulus (USA) LLC, in the USA. On the other hand, the new subsidiaries Gurit Automotive Ltd., in UK, and Gurit (Italy) S.R.L., in Italy were incorporated during 2010. As at July 11, 2009, the Group acquired 100% of the ownership interest in China Techno Foam Co., Ltd in China. On December 4, 2009, the Group acquired 100% of the ownership interest in High Modulus International Ltd. in New Zealand together with its wholly owned subsidiaries. On December 18, 2009, the Group acquired 100% of the ownership interest in Cheer Tech Investment Limited in Hong Kong together with its wholly owned subsidiary Suzhou Red Maple Wind Blade Mould Co., Ltd in China. Furthermore, the Group fully disposed of its joint venture interest in GuMa Sarl. in Italy as per November 24, 2009. In addition, during 2009, the Group liquidated its fully owned subsidiaries Gurit (Scandinavia) in Denmark and Gurit (France) SAS in France.

If all the acquisitions and disposals in the year 2009 had occurred on January 1, 2009, total net sales of the Group would have been higher by CHF 39 330 000 in 2009. Further details on the scope of consolidation and changes in the scope of consolidation are provided in notes 28, 29 and 33.

2.2.2 Subsidiaries
Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. The net assets taken over in an acquisition are measured initially at fair value at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the Group's share of the newly valued net assets taken over is designated as goodwill. At the date of the acquisition, the acquired goodwill is offset with equity. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is also offset in equity. Subsequent adjustments to any contingent purchase consideration are recorded as an adjustment to the acquisition's cost and to goodwill. Adjustments to the fair values of the acquired net assets are recorded in the income statement in subsequent periods.

Intercompany transactions, balances, and unrealized gains and losses on transactions between Group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.2.3 Joint ventures
During 2009 the Group had an interest in a joint venture which was a jointly controlled entity. A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control, and a jointly controlled entity is a joint venture that involves the establishment of a separate entity in which each venturer has an interest.

The Group records its interest in jointly controlled entities using proportionate consolidation. The Group's share of the assets, liabilities, income and expense of jointly controlled entities are combined with the equivalent items in the consolidated financial statements on a line-by-line basis.

Where the Group transacts with its jointly controlled entities, unrealized profits and losses are eliminated to the extent of the Group's interest in the joint venture.

2.3 Foreign currency translation

2.3.1 Functional and presentation currency
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Swiss francs, which is the Company's functional and the Group's presentation currency.

2.3.2 Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement, except when deferred in equity as qualifying cash flow hedges.

2.3.3 Group companies
The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
(a) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
(b) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
(c) all resulting exchange differences are recognized as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to shareholders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognized in the income statement as part of the gain or loss on sale.

Fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. For purposes of the disclosure of the effects of a theoretical capitalization, goodwill is treated as an asset of Gurit Holding AG and is carried in the Company's functional currency.

The principal exchange rates used were as follows:

	December 31, 2010	Ø 2010	December 31, 2009	Ø 2009
1 USD	0.9408	1.0433	1.0380	1.0857
1 EUR	1.2468	1.3833	1.4877	1.5102
1 GBP	1.4554	1.6112	1.6533	1.6958
1 CAD	0.9409	1.0126	0.9894	0.9529
1 CNY	0.1427	0.1543	0.1523	0.1592

2.4 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates, and discounts and after eliminating sales within the Group.

The Group recognizes revenue when the amount of revenue can be reliably measured and when it is probable that future economic benefits will flow to the entity. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved.

2.5 Employee benefits

2.5.1 Pension obligations

The Swiss companies of the Group have joined a pension plan with full insurance character. The obligations of foreign Group companies in respect of retirement, death and disability are based on local rules and regulations in the respective countries. The obligation in respect of the pension plans of all Group companies is with the pension institution and not with the Group companies.

2.5.2 Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal termination date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than twelve months after the balance sheet date are discounted to present value. Provisions for termination benefits are recorded in the consolidated balance sheet within "provisions."

2.5.3 Share-based compensation

The Group operates different equity-settled share-based compensation schemes, under which the entity receives services from directors and from the Chief Executive Officer as consideration for equity instruments of the Company (see note 31). The fair value of the services received in exchange for the grant of equity instruments is recognized as an expense. The total amount to be expensed is determined by reference to the fair value of the equity instruments granted.

2.6 Current and deferred income tax

The tax expense for the period comprises current and deferred income tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized directly in equity. In this case, the tax is also recognized in equity.

The "current income tax" charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes "provisions" where appropriate on the basis of amounts expected to be paid to the tax authorities.

"Deferred income tax" is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the "deferred income tax" is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. "Deferred income tax" is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related "deferred income tax asset" is realized or the "deferred income tax liability" is settled.

"Deferred income tax assets" are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

2.7 Dividend distribution

"Dividend distribution" to the Company's shareholders is recognized as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

2.8 Derivative financial instruments and hedging activities

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either: hedges of the fair value of recognized assets or liabilities or a firm commitment (fair value hedge); or hedges of variability in cash flow for a particular risk associated with a recognized asset or liability or a highly probable forecast transaction (cash flow hedge).

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative instruments used for hedging purposes are disclosed in note 15. Movements on the "hedging reserve" in shareholders' equity are shown in the statement of changes in equity. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining hedged item is more than twelve months, and as a current asset or liability when the remaining maturity of the hedged item is less than twelve months. Trading derivatives are classified as a current asset or liability.

2.8.1 Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as "cash flow hedges" is recognized in equity. The gain or loss relating to the ineffective portion is recognized immediately in the income statement. Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item affects profit or loss (for example, when the forecast sale that is hedged takes place).

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

2.8.2 Derivates accounted for at fair value through profit or loss

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any of these derivative instruments are recognized immediately in the income statement.

2.9 Cash and cash equivalents

"Cash and cash equivalents" include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

2.10 Trade receivables

"Trade receivables" are valued at par value less impairment, if any. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognized in the income statement within "other operating expenses." When a trade receivable is uncollectible, it is written off against the allowance account for "trade receivables". Subsequent recoveries of amounts previously written off are credited against "other operating expenses" in the income statement.

2.11 Inventories

"Inventories" are stated at the lower of average cost price or manufacturing cost and net realizable value. The cost of "finished goods" and "work in progress" comprises "raw materials", direct labor, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Early payment discounts are treated as a deduction of the purchase price. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.12 Property, plant and equipment

"Property, plant and equipment" are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

- Plant and equipment: 5–10 years, in exceptional cases 15 years
- Buildings: 40–50 years

Any "property, plant and equipment" acquired under "finance leases" is depreciated over the shorter of the useful life of the asset and the lease term.

The assets' useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2.14). Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within "other operating income" or within "other operating expenses" in the income statement.

2.13 Intangible assets

"Intangible assets" contain patents, software, land-use rights and other intangible assets. They are carried at historical cost less accumulated amortization. Amortization is calculated using the straight-line method to allocate the cost of the "intangible assets" over their estimated useful lives, which for patents, software and other intangible assets normally do not exceed five years, but can extend to twelve years in exceptional cases. Land-use rights are amortized over the period of the use rights.

Internally generated "intangible assets" are not recognized as assets.

2.14 Impairment of assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.15 Borrowings

"Borrowings" are recognized initially normally at par value, net of transaction costs incurred. "Borrowings" are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the "borrowings" using the effective interest method.

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

2.16 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Leases of property, plant and equipment, where the Group has substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalized at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

2.17 Trade payables and other payables

"Trade payables" and "other payables" are recognized at par value.

2.18 Provisions

"Provisions" for contingent purchase consideration, restructuring costs, legal cases, warranties and others are recognized when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. "Provisions" are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

"Provisions" are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as "interest expense".

2.19 Equity

2.19.1 Ordinary shares

Ordinary registered and bearer shares are classified as "equity". Incremental costs directly attributable to the issue of new shares or options are shown in "equity" as a deduction, net of tax, from the proceeds.

2.19.2 Treasury shares

Where any Group company purchases the Company's equity share capital ("treasury shares"), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from "equity" until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in "equity".

2.19.3 Goodwill offset in equity

"Goodwill" represents the excess of the cost of an acquisition over the Group's share of the newly valued net assets taken over. At the date of the acquisition, the acquired "goodwill" is offset with "equity".

For purposes of the disclosure of the effects of a theoretical capitalization, acquired "goodwill" is amortized over five years and carried at cost less accumulated amortization and impairment losses. Impairment losses on "goodwill" are not reversed.

In case of a disposal, acquired "goodwill" offset with equity at an earlier date is considered at original cost to determine the profit or loss recognized in the income statement.

2.20 Government grants

Government grants are recognized when there is reasonable assurance that the entity will comply with the conditions related to them and that the grants will be received. The benefit of a government loan at a below-market rate of interest is treated as a government grant. The benefit of the below-market rate of interest shall be measured as the difference between the initial carrying value of the loan and the proceeds received.

Grants related to income are recognized over the periods necessary to match them with the related costs that they are intended to compensate. The timing of such recognition in the income statement will depend on the fulfillment of any conditions or obligations attaching to the grant.

Government grants related to assets are presented in the balance sheet by deducting the grant in arriving at the carrying amount of the asset. The income statement will be affected by a reduced depreciation charge over the useful life of the related asset.

3 Critical accounting estimates and assumptions

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

3.1 Impairment of property, plant and equipment

Certain production facilities were under-utilized in 2010 and in 2009. The Group therefore carried out an impairment test. The test showed that the carrying amount of the assets exceeds its recoverable amount and that therefore no impairment occurred. The recoverable amount has been determined based on value-in-use calculations. These calculations use cash flow projections covering the period of the remaining average useful life of the assets. Significant assumptions were required in respect to the future development of the demand of the market and the Group's customers, the Group's share in this demand, the future operating profit margin of these production facilities and the discount rate.

4 Risk management

Risk management forms an integral part of the Group's conduct of business and is therefore an important part of each managers and employees daily business responsibility. Risk management is carried out by the Executive Committee (EC) and the Business Units' management, under the supervision of the Board of Directors.

A formal risk management review and subsequently an update of the risk profiles are done by the Business Units and the Chief Executive Officer, which present their findings to the EC. The EC ensures that appropriate measures are taken to mitigate the risks. The Board of Directors is informed in the Board of Directors meetings of the Group's risk profile and the mitigating action plans. If the Group is exposed to major new risks, the Chief Executive Officer or his deputy will inform the chairman of the Board of Directors immediately after he became aware of the risk in line with the delegation of authority and the standing orders of the Board of Directors with the Chief Executive Officer.

4.1 Risk assessment

Risks are categorized and prioritized by the Business Units' management for market specific risks as well as by the EC for global Group risks. The risks are categorized into the following three categories:

(a) Strategy execution risks: risks which endanger the going concern of the Company and/or the implementation of the Group's strategy.
(b) Operational risks: risks related to inadequate business processes, human resources and systems. Such risks are normally of a short and medium term nature.
(c) Financial risks: although all risks can ultimately be reduced to a financial impact, this category includes short or long term financial risks, which are not or only in a limited way linked to operational processes or the strategy implementation.

The different risks are assessed and prioritized according to their financial impact and their likelihood.

4.2 Strategy execution and operational risks

Strategy execution risks are captured and assessed annually during the strategy workshops. Operational risks are closely linked to the internal control system. They are reviewed and assessed as part of the operational reviews of the Business Units as well as by the EC reviews.

4.3 Financial risk management

Due to the global activities of Gurit, the Group is exposed to certain financial risks such as currency risks, interest rate risks, credit risks as well as liquidity risks. The EC defines the principles for the financial risk management. Rules exist for the management of liquid and financial assets. The respective legal entities manage their financial risks according to the defined risk policies with the aim of minimizing the above mentioned risks. If appropriate, "derivative financial instruments" are used to hedge certain risk positions.

4.3.1 Currency risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar, the Euro, the GB pound, the Canadian dollar and the Chinese yuan (renminbi). Foreign exchange risk arises when future commercial transactions or recognized assets or liabilities are denominated in a currency that is not the entity's functional currency.

Management has set up a policy to require Group companies to manage their foreign exchange risk against their functional currency. The Group companies are required to hedge significant foreign exchange risk exposures in accordance with this policy. To manage their foreign exchange risk arising from future commercial transactions and recognized assets and liabilities, entities in the Group use natural hedges (e.g. purchasing "raw materials" in the currency, in which the related sales are invoiced, and the utilization of loans and deposits denominated in the foreign currency of future commercial transactions and recognized assets and liabilities) and forward contracts, transacted in co-operation with Group treasury.

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the translation of the net assets of the Group's foreign operations is not hedged.

4.3.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relate primarily to the Group's borrowings issued at variable interest rates. The potential effect on the Group's profit arising from this risk is assessed to be not significant.

4.3.3 Credit risk

Credit risk arises from "cash and cash equivalents", "derivative financial instruments" and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. The Group assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by Management. The utilization of credit limits is regularly monitored.

Gurit has Group-wide credit insuring instruments in place. Management thus does not expect any substantial losses from risks on receivables.

4.3.4 Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding from an adequate amount of committed and uncommitted credit facilities. Due to the dynamic nature of the underlying businesses, Group treasury maintains flexibility in funding by maintaining availability under committed credit lines. The Group monitors its risk to a shortage of funds by reviewing short-term cash forecasts on monthly basis and performs annual cash forecasts once a year.

At the reporting date, the Group analyzed liquidity as follows:

IN CHF 1000

	2010	2009
Liquidity reserves and available credit lines		
Cash and cash equivalents	40 055	51 890
Securities	135	129
Undrawn available committed credit lines	23 243	30 421
Total liquidity reserves and available credit lines	**63 433**	**82 440**

4.3.5 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital using the ratios and calculations as shown below.

IN CHF 1000

	2010	2009
Debt	30 541	27 479
EBITDA	46 107	49 544
Debt / EBITDA ratio	**0.7**	**0.6**
Assets	240 730	244 283
Equity	137 789	134 670
Equity ratio	**57.2%**	**55.1%**

5 Net sales

IN CHF 1000

	2010	2009
Net sales by markets		
Wind Energy	158 481	205 442
Tooling	43 381	–
Transportation	54 972	59 576
Marine	53 581	42 273
Total net sales target markets	**310 415**	**307 291**
Others	1 161	7 061
Total net sales	**311 576**	**314 352**

IN CHF 1000

	2010	2009
Net sales by regions		
Europe	152 840	223 789
Asia	105 670	48 371
Americas	33 471	28 257
Rest of the World	19 595	13 935
Total net sales	**311 576**	**314 352**

6 Other operating income and non-recurring expenses

IN CHF 1000

	2010	2009
Release of provision relating to prior-year disposal of subsidiaries	–	989
Gains from disposals of fixed assets	332	1 596
Reversal of impairment of other receivables	1 095	783
Income from settlement of a legal case	–	1 867
Other income	1 244	419
Total other operating income	**2 671**	**5 654**
Losses from disposals of fixed assets	–239	–201
Losses from disposals of intangibles	–69	–
Losses from disposal of subsidiaries (note 29)	–	–60
Restructuring costs	–878	–631
Other expenses	–232	–417
Total non-recurring expenses (note 8)	**–1 418**	**–1 309**
Total other operating income and non-recurring expenses, net	**1 253**	**4 345**

7 Personnel expense

IN CHF 1000

	2010	2009
Salaries and wages	61 483	58 569
Pension expenses	3 051	3 283
Social security expenses	8 517	7 433
Other personnel expenses	3 844	1 371
Total personnel expense	**76 895**	**70 656**

8 Other operating expenses

IN CHF 1000

	2010	2009
Utilities, maintenance and rent expenses	15 533	14 500
Other operating expenses	25 971	23 974
Non-recurring expenses (note 6)	1 418	1 309
Total other operating expenses	**42 922**	**39 783**

9 Finance expense

IN CHF 1000

	2010	2009
Interest expenses	1 471	2 623
Exchange rate losses	3 861	4 430
Other finance expenses	178	25
Total finance expense	**5 510**	**7 078**

IN CHF 1000

					2010
Exchange rate gains and (losses) per currency	EUR	GBP	USD	Other	Total
Net gains per currency (note 10)	550	60	514	1 019	**2 143**
Net losses per currency	–1 660	–95	–1 215	–891	**–3 861**
Total	–1 110	–35	–701	128	**–1 718**
Whereof:					
Gains per currency and balance sheet position	783	573	1 691	1 271	**4 318**
Losses per currency and balance sheet position	–1 893	–608	–2 392	–1 143	**–6 036**

IN CHF 1000

					2009
Exchange rate gains and (losses) per currency	EUR	GBP	USD	Other	Total
Net gains per currency (note 10)	86	290	799	630	**1 805**
Net losses per currency	–3 257	–19	–1 084	–70	**–4 430**
Total	–3 171	271	–285	560	**–2 625**
Whereof:					
Gains per currency and balance sheet position	2 901	494	2 161	665	**6 221**
Losses per currency and balance sheet position	–6 072	–223	–2 446	–105	**–8 846**

10 Finance income

IN CHF 1000

	2010	2009
Interest income	253	188
Exchange rate gains (note 9)	2 143	1 805
Other finance income	13	250
Total finance income	**2 409**	**2 243**

11 Extraordinary result

The extraordinary result of CHF 7 283 000 in 2010 mainly reflects the legal settlement of the SPRINT patent dispute which was achieved with a competitor in January 2010. The extraordinary result of CHF 16 062 000 in 2009 relates to a damage compensation payment resulting from a law suit against a supplier. The extraordinary income is presented net of the related legal costs.

12 Income tax expense/(credit)

IN CHF 1000

	2010	2009
Deferred income tax expense/(credit) (note 23)	–611	2 156
Current income tax expense/(credit)	5 293	10 135
Total income tax expense/(credit)	**4 682**	**12 291**

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the average tax rate applicable to profits of the consolidated entities, as follows:

IN CHF 1000

	2010	2009
Profit before tax	29 612	33 214
Tax expense at the average tax rate of 17.9% (2009: 26.5%)	5 292	8 793
Utilization of previously unrecognized tax losses	–483	–955
Tax losses for which no deferred income tax asset was recognized	1 399	14
Derecognition of previously recognized tax losses	627	4 757
Recognition of previously unrecognized tax asset from temporary differences	–	–1 267
Derecognition of previously recognized tax liabilities from temporary differences	–1 175	–
Expenses not deductible for tax purposes	873	418
Adjustment in respect of prior years	–1 675	213
Income not subject to tax	–	–200
Others	–176	518
Income tax expense/(credit) recognized in profit or loss	**4 682**	**12 291**

13 Earnings per share

Basic and diluted earnings per share are calculated on the basis of the profit of the year and the weighted average number of ordinary shares in issue during the year excluding ordinary shares purchased by the Company and held as treasury shares. The calculation takes into account the different par values of the bearer and registered shares. The Company does not have any categories of dilutive potential ordinary shares.

	2010	2009
Profit for the year (in CHF 1000):	24 930	20 923
Weighted average number of shares in issue during the year:		
Bearer shares	418 468	418 322
Registered shares	239 800	239 800
Basic and also diluted earnings per share (in CHF):		
Bearer shares (par value of CHF 50)	CHF 53.45	CHF 44.87
Registered shares (par value of CHF 10)	CHF 10.69	CHF 8.97

14 Dividends and other distributions to shareholders

The dividends paid in 2010 and 2009 amounted to CHF 6 997 000 (CHF 3.00 per registered share and CHF 15.00 per bearer share) and CHF 6 062 000 (CHF 2.60 per registered share and CHF 13.00 per bearer share), respectively. A distribution out of "reserves from capital contributions" of CHF 3.00 per registered share and CHF 15.00 per bearer share, amounting to a total distribution of CHF 7 020 000, is to be proposed at the Annual General Meeting on April 29, 2011. These financial statements do not reflect this distribution payable.

15 Derivative financial instruments

IN CHF 1000

	2010		2009	
	Assets	Liabilities	Assets	Liabilities
Cash flow hedges, categorized as derivatives used for hedging	130	–623	743	–220
Cash flow hedges, categorized as derivatives at fair value through profit and loss	–	–317	210	–194
Total derivative financial instruments	**130**	**–940**	**953**	**–414**
Whereof:				
Current portion	130	–940	826	–194
Non-current portion	–	–	127	–220

All of the Group's "cash flow hedges" relate to forward foreign exchange contracts. The hedged highly probable forecast transactions denominated in foreign currency are expected to occur at various dates within the next year.

16 Trade receivables

IN CHF 1000

	2010	2009
Trade receivables	48 076	44 947
Less: provision for impairment	–1 161	–918
Trade receivables – net	**46 915**	**44 029**

IN CHF 1000

	2010	2009
Aging of trade receivables		
Not due	37 013	36 446
Overdue 1–15 days	4 818	4 383
Overdue 16–30 days	2 265	1 920
Overdue more than 30 days	3 980	2 198
Total trade receivables	**48 076**	**44 947**
Less: provision for impairment	–1 161	–918
Total trade receivables – net	**46 915**	**44 029**

IN CHF 1000

	2010	2009
Movements on the provision for impairment		
Balance at January 1	918	1 383
Provision for receivables impairment	592	734
Receivables written off as uncollectible	–129	–164
Unused amounts reversed	–187	–298
Reclassification to other receivables	–	–798
Exchange differences	–33	61
Balance at December 31	**1 161**	**918**

IN CHF 1000

	2010	2009
Trade receivables by currency		
Swiss franc	–	88
US dollar	13 898	12 787
GB pound	2 203	2 228
Euro	14 565	19 476
Chinese yuan (renminbi)	14 910	7 480
Others	1 339	1 970
Total trade receivables – net	**46 915**	**44 029**

17 Other receivables and prepayments and accrued income

IN CHF 1000	2010	2009
Other receivables	8 073	5 326
Loans	619	256
Total other receivables	**8 692**	**5 582**
Whereof:		
Current portion	8 255	5 519
Non-current portion	437	63

IN CHF 1000	2010	2009
Current income tax assets	185	672
Prepaid expenses	2 787	2 240
Total prepayments and accrued income	**2 972**	**2 912**

18 Inventories

IN CHF 1000	2010	2009
Raw materials	14 091	11 426
Work in progress	4 451	2 520
Semi-finished and finished goods	23 794	25 303
Total inventories	**42 336**	**39 249**
Less: inventory provision	–6 110	–7 311
Total inventories – net	**36 226**	**31 938**

19 Property, plant and equipment

IN CHF 1000

	Plant and equipment	Land	Buildings	Equipment under construction	Total property, plant and equipment
Cost					
Balance at January 1, 2009	96 719	8 677	49 023	835	155 254
Additions	4 337	–	344	5 039	9 720
Acquisition of subsidiaries (note 28)	5 640	–	2 276	1 528	9 444
Disposals	–1 133	–100	–794	–	–2 027
Disposal of subsidiaries (note 29)	–2 097	–	–173	–546	–2 816
Exchange differences	6 290	18	1 357	–57	7 608
Reclassifications	–1 209	–289	218	–16	–1 296
Balance at December 31, 2009	108 547	8 306	52 251	6 783	175 887
Additions	8 056	–	5 207	9 484	22 747
Disposals	–1 347	–2 058	–13 268	–	–16 673
Exchange differences	–8 903	–171	–3 024	–1 195	–13 293
Balance at December 31, 2010	**106 353**	**6 077**	**41 166**	**15 072**	**168 668**
Accumulated depreciation					
Balance at January 1, 2009	41 931	1 455	20 581	–	63 967
Depreciation charge	8 656	–	1 519	–	10 175
Impairment charge	487	–	–	–	487
Disposals	–838	–	–199	–	–1 037
Disposal of subsidiaries (note 29)	–280	–	–42	–	–322
Exchange differences	2 364	–	298	–	2 662
Reclassifications	–2	–11	125	–	112
Balance at December 31, 2009	52 318	1 444	22 282	–	76 044
Depreciation charge	10 039	–	1 884	–	11 923
Impairment charge	627	–	–	–	627
Disposals	–993	–	–10 378	–	–11 371
Exchange differences	–4 780	–	–887	–	–5 667
Balance at December 31, 2010	**57 211**	**1 444**	**12 901**	**–**	**71 556**
Net book values					
Balance at January 1, 2009	54 788	7 222	28 442	835	91 287
Balance at December 31, 2009	56 229	6 862	29 969	6 783	99 843
Balance at December 31, 2010	**49 142**	**4 633**	**28 265**	**15 072**	**97 112**

At December 31, 2010 the net book value of leased property, plant and equipment amounted to CHF 107 000 (2009: CHF 179 000). At December 31, 2010, undeveloped land, included within the category land, amounted to CHF 2 000 000 (2009: CHF 2 877 000). Fire insurance values of property, plant and equipment amounted to CHF 194 000 000 (2009: CHF 199 000 000).

In 2009, an item with a net book value of CHF 278 000 was reclassified from "property, plant and equipment" to "intangible assets". During 2009, the Group recorded a reclassification between the cost of property, plant and equipment and accumulated depreciation of plant and equipment in the amount of CHF 122 000. In addition, in 2009, an amount of CHF 1 130 000 was reclassified out of "property, plant and equipment" in relation to government grants received.

The "impairment charge" in 2010 of CHF 627 000 (2009: CHF 487 000) relates to specific equipment, which will no longer be used.

20 Intangible assets

IN CHF 1000

	Intangible assets
Cost	
Balance at January 1, 2009	8 446
Additions	1 146
Acquisition of subsidiaries (note 28)	278
Disposal of subsidiaries (note 29)	–377
Exchange differences	419
Reclassifications	289
Balance at December 31, 2009	10 201
Additions	3 542
Disposals	–71
Exchange differences	–1 126
Balance at December 31, 2010	**12 546**
Accumulated amortization	
Balance at January 1, 2009	5 349
Amortization charge	833
Disposal of subsidiaries (note 29)	–124
Exchange differences	219
Reclassifications	11
Balance at December 31, 2009	6 288
Amortization charge	844
Disposals	–2
Exchange differences	–570
Balance at December 31, 2010	**6 560**
Net book values	
Balance at January 1, 2009	3 097
Balance at December 31, 2009	3 913
Balance at December 31, 2010	**5 986**

In 2009, an item with a net book value of CHF 278 000 was reclassified from "property, plant and equipment" to "intangible assets".

21 Borrowings

IN CHF 1000

	2010	2009
Current		
Bank overdrafts	13 118	2 359
Bank loans	1 462	8 105
Other loans	1 926	1 960
Total current borrowings	**16 506**	**12 424**
Non-current		
Bank loans	11 620	10 418
Other loans	2 415	4 637
Total non-current borrowings	**14 035**	**15 055**
Total borrowings	**30 541**	**27 479**

"Bank loans" mature until 2014 and bear average interest rates of 4.1% annually (2009: 3.1%). "Other loans" mature until 2014 and bear average interest rates of 0.2% (2009: 0.3%). "Finance lease liabilities" included in total borrowings amounted to CHF 67 000 at December 31, 2010 (2009: CHF 117 000).

Total borrowings include secured bank borrowings of CHF 3 122 000 (2009: CHF 6 178 000) which are secured as follows:

IN CHF 1000

	2010	2009
Cash and cash equivalents	1 941	274
Receivables	14 521	11 209
Inventories	8 909	6 728
Property, plant and equipment	28 887	39 142
Total net book value of pledged assets	**54 258**	**57 353**

Borrowings become due as follows:

IN CHF 1000

	2010	2009
3 months or less	13 812	4 567
4–12 months	2 694	7 857
1–5 years	14 035	14 952
Over 5 years	–	103
Total borrowings	**30 541**	**27 479**

The carrying amounts of the Group's borrowings are denominated in the following currencies:

IN CHF 1000

	2010	2009
Currency		
Swiss franc	3 000	3 000
Canadian dollar	11 507	14 544
Chinese yuan (renminbi)	6 024	3 440
Euro	–	393
US dollar	9 943	5 902
Others currencies	67	200
Total borrowings	**30 541**	**27 479**

22 Accrued liabilities and deferred income

IN CHF 1000

	2010	2009
Current income tax liabilities	1 369	4 979
Advance payments from customers	2 740	3 829
Accruals	13 243	14 381
Total accrued liabilities and deferred income	**17 352**	**23 189**

23 Deferred income tax

IN CHF 1000

	2010	2009
Deferred income tax assets	–2 507	–3 094
Deferred income tax liabilities	12 635	13 737
Deferred income tax liabilities, net	**10 128**	**10 643**

The movement on the deferred income tax account is as follows:

IN CHF 1000

	2010 Deferred tax liabilities, net	2009 Deferred tax liabilities, net
Balance at January 1	10 643	11 470
Deferred income tax expense/(credit) (note 12)	–611	2 156
Tax effect recorded in equity	–	–1 406
Acquisition of subsidiaries (note 28)	–	–1 161
Disposal of subsidiaries (note 29)	–	421
Reclassification	–	–537
Exchange differences	96	–300
Balance at December 31	**10 128**	**10 643**

Deferred income tax assets and liabilities arise from temporary differences between the tax bases and their carrying amounts in the Group's financial statements in the following balance sheet items:

IN CHF 1000

	2010		2009	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Trade receivables	227	83	612	45
Other receivables	995	2	–	93
Inventories	761	148	574	153
Property, plant and equipment	197	616	190	464
Intangible assets	644	–	845	–
Investments in subsidiaries	–	12 701	–	13 875
Current borrowings	596	110	592	199
Non-current liabilities	183	71	205	88
Deferred income taxes from losses carried forward	–	–	1 256	–
Offset of deferred income tax assets and liabilities	–1 096	–1 096	–1 180	–1 180
Total	**2 507**	**12 635**	**3 094**	**13 737**

The Group did not recognize "deferred income tax assets" of CHF 10 951 000 (2009: CHF 18 547 000) in respect of unused tax losses amounting to CHF 48 637 000 (2009: CHF 77 355 000). These tax losses expire as shown in the table below:

IN CHF 1000	2010	2009
0–3 years	24 014	47 413
4–6 years	9 607	18 112
Over 6 years	15 016	11 830
Total unrecognized tax losses	**48 637**	**77 355**

24 Provisions

IN CHF 1000	Contingent purchase consideration	Legal cases	Restructuring	Other	Total provisions
Balance at January 1, 2010	15 842	363	207	2 843	**19 255**
Utilized during the year	–	–98	–111	–1 192	**–1 401**
Additions	–	431	138	1 982	**2 551**
Unused amounts reversed	–	–256	–81	–639	**–976**
Revaluation	–1 058	–	–	–	**–1 058**
Exchange differences	–	–51	–26	–146	**–223**
Balance at December 31, 2010	**14 784**	**389**	**127**	**2 848**	**18 148**
Whereof at January 1, 2010:					
Current portion	–	181	128	2 689	**2 998**
Non-current portion	15 842	182	79	154	**16 257**
Whereof at December 31, 2010:					
Current portion	4 579	389	127	2 640	**7 735**
Non-current portion	10 205	–	–	208	**10 413**

The "provisions for contingent purchase considerations" relate to the acquisition of subsidiaries during 2009 (note 28). A portion of the total purchase considerations is contingent on the acquired companies' future performances. The amount of the provisions corresponds to Management's best estimate of the total amount of future payments in 2011 and 2012.

Other provisions comprise principally warranty and site restoration provisions.

25 Equity

The issued share capital of the Company consists of 420 000 bearer shares (2009: 420 000 shares) with a par value of CHF 50.00 each and 240 000 registered shares (2009: 240 000 shares) with a par value of CHF 10.00 each. All issued shares are fully paid. The Company has no authorized or conditional capital.

The entitlement to dividend payments is based on the par value of the shares, while the voting power is defined by the number of shares.

The Company's statutory or legal reserves that may not be distributed amounted to CHF 5 929 000 at December 31, 2010 (2009: CHF 6 046 000).

At December 31, 2010, "treasury shares" consisted of 1 496 bearer shares (2009: 1 641 shares) and 200 registered shares (2009: 200 shares).

Goodwill

The table below shows the movements in goodwill as if it had not been offset with equity at the date of the acquisition.

IN CHF 1000

	Goodwill
Cost	
Balance at December 31, 2009	29 230
Balance at December 31, 2010	**29 230**
Accumulated amortization	
Balance at December 31, 2009	61
Amortization charge	5 846
Balance at December 31, 2010	**5 907**
Net book values	
Balance at December 31, 2009	29 169
Balance at December 31, 2010	**23 323**

26 Contingent liabilities

Zoltek Corporation did not appeal to the US Supreme Court an thus their claim against Gurit, filed on March 6, 2008, was abandoned.

On January 26, 2010, Seaway Domus has filed a claim against Gurit for potential damages which Seaway Domus may incur following a claim filed by Chantier Poncin against Seaway Domus in relation to problems incurred by Chantier Poncin in the construction of a certain number of yachts during 2001 and 2002. No significant developments took place since the claim was filed. Based on the limited information available to Gurit, the situation remains unclear. Management assumes that the claim would be partially covered by the Group's product and professional liability insurance. At this stage of the claim, it is impossible to evaluate a potential damage to the Gurit Group and no provision has been recorded.

The Group has other contingent liabilities in respect of legal claims arising in the ordinary course of business. It is not anticipated that any material liabilities will arise from these contingent liabilities.

27 Commitments

Capital expenditures for the "purchase of property, plant and equipment" contracted for at the balance sheet date but not yet incurred amount to CHF 1 673 000 (2009: CHF 10 977 000).

The future aggregate minimum lease payments under non-cancelable operating leases are as follows:

IN CHF 1000	2010	2009
No later than 1 year	2 783	3 215
Later than 1 year, no later than 5 years	8 844	8 587
Later than 5 years	9 775	12 723
Total	**21 402**	**24 525**

28 Acquisition of subsidiaries

During 2009, the Group acquired 100% ownership interests in China Techno Foam Co., Ltd. in China, High Modulus International Ltd. in New Zealand and Cheer Tech Investment Limited in Hong Kong (see also note 2.2.1). The transactions are summarized as follows:

IN CHF 1000	2010	2009
Cash paid	–	33 557
Direct costs related to the acquisitions	–	1 056
Deferred and contingent consideration	–	16 807
Total purchase consideration	**–**	**51 420**
Fair value of net assets acquired	–	–22 190
Goodwill (note 25)	**–**	**29 230**

The values of the assets and liabilities as per the dates of the acquisitions are as follows:

Cash and cash equivalents	–	12 134
Trade and other receivables	–	9 621
Inventories	–	7 208
Deferred income tax assets (note 23)	–	1 161
Property, plant and equipment (note 19)	–	9 444
Intangible assets (note 20)	–	278
Borrowings	–	–1 097
Trade and other payables	–	–13 848
Provisions	–	–1 017
Other liabilities	–	–1 694
Total net assets acquired	**–**	**22 190**

The cash outflow on acquisitions is summarized as follows:

Purchase consideration settled in cash	–	34 613
Less: cash and cash equivalents in subsidiaries acquired	–	–12 134
Cash outflow on acquisition of subsidiaries	**–**	**22 479**

29 Disposal of subsidiaries

On November 24, 2009, the Group sold its 50% ownership interest in the joint venture, GuMa Sarl., Italy. The transaction is summarized as follows:

IN CHF 1000

	2010	2009
Cash received	–	3 468
Direct costs related to the disposal	–	–
Obligations assumed	–	–
Total disposal consideration received, net	**–**	**3 468**
Net assets disposed of:		
Cash and cash equivalents	–	–
Trade and other receivables	–	1 360
Inventories	–	1 432
Deferred income tax assets (note 23)	–	421
Property, plant and equipment (note 19)	–	2 494
Intangible assets (note 20)	–	253
Trade and other payables	–	–1 079
Provisions	–	–363
Other liabilities	–	–1 295
Total net assets disposed of	**–**	**3 223**
Total disposal consideration received, net	–	3 468
Less: total net assets disposed of	–	–3 223
Plus: recovery of currency translation adjustments charged to equity	–	–305
(Loss)/gain on disposal of subsidiaries (note 6)	**–**	**–60**
Disposal consideration received in cash	–	3 468
Less: cash and cash equivalents in subsidiary disposed	–	–
Cash inflow from disposal of subsidiaries	**–**	**3 468**

For reasons of prudence, the total disposal consideration in respect of the sale of GuMa in the amount of CHF 3 468 000 did not include the deferred sales consideration of CHF 3 340 000 (EUR 2 245 000) as at the date of disposal. Per the sales agreement, payments shall be made in equal installments until December 1, 2013. In 2010 all installments have been received on schedule and were recognized as “other operating income”. Nevertheless, the provision for impairment will be maintained on the remaining outstanding installments as at December 31, 2010, for reasons of prudence.

30 Stakes in joint ventures

The Group held a 50% interest in a joint venture, GuMa Sarl., Italy. As at November 24, 2009, the Group fully disposed of its ownership interest in GuMa (note 29). The following amounts represent the Group's 50% share of the assets, liabilities, sales and results of the joint venture. They are included in the consolidated balance sheet and income statement:

IN CHF 1000

	2010	2009
Income statement		
Net sales	–	6 692
Operating profit before depreciation	–	461
Depreciation	–	–428
Operating profit	–	33
Financial result	–	–53
Profit before tax	–	–20
Income tax expense	–	–97
Group's share of GuMa's profit for the year	**–**	**–117**

31 Related party transactions

IN CHF 1000

	2010	2009
Key Management compensation		
Salaries and other short-term employee benefits	2 812	4 256
Post-employment benefits	198	254
Share-based compensation	194	72
Termination benefits	–	17
Total Key Management compensation	**3 204**	**4 599**

Further details are provided in note 9 to the financial statements of Gurit Holding AG. Key Management includes members of the Board of Directors and members of the Executive Committee.

The members of the Board of Directors receive a fixed number of bearer shares as part of their total annual remuneration. These shares are subject to a lock-up period of three years. The plan was first approved and adopted on January 12, 2007. This date represented the grant date until the date when the Board of Directors passed a new resolution in respect of this plan. As at June 30, 2009, the Board of Directors resolved to continue this share-based compensation plan under unchanged conditions. The grant date for 2009 was therefore June 30, 2009. In 2010, the Board of Directors did not pass any new resolution in respect of this plan and therefore, for 2010, the grant date remained to be June 30, 2009. For the year 2010, the Board of Directors receive, in aggregate, 150 bearer shares, which are expensed at a fair value of CHF 494 each, amounting to a total expense of CHF 74 100 (2009: 145 bearer shares at a fair value of CHF 494 each, amounting to a total expense of CHF 71 630).

In accordance with the employment contract and effective as of January 1, 2010, the Chief Executive Officer receives a fixed number of 300 bearer shares per year as part of his total annual compensation. These shares are subject to a lock-up period of three years. The amended employment contract was signed on April 21, 2009. This date represents the grant date for all future periods as long as the employment contract is not modified. The fair value of the shares at the grant date is CHF 399 per share.

32 Subsequent events

No significant events occurred between the balance sheet date and March 21, 2011, the date when the consolidated financial statements were signed off by the Board of Directors for publication.

33 Subsidiaries and jointly controlled entities

Company	Activity	Registered capital	Group ownership and voting rights 2010	2009
Australia				
Gurit (Australia) Pty Ltd., Mona Vale	Sales of composite materials	AUD 55 000	100%	100%
Canada				
Gurit (Canada) Inc., Magog (Quebec)	Production and sales of composite materials	CAD 34 626 898	100%	100%
China				
Cheer Tech Investment, Hong Kong	Holding company	HKD 1	100%	100%
China Techno Foam, Qingdao	Production and sales of composite materials	CNY 57 080 489	100%	100%
Gurit (Tianjin), Tianjin	Production and sales of composite materials	CNY 128 856 923	100%	100%
Suzhou Red Maple, Taicang	Production and sales of composite process equipment	CNY 68 559 206	100%	100%
Germany				
Gurit (Kassel) GmbH, Kassel	Production and sales of composite materials	EUR 100 000	100%	100%
India				
Gurit (India) Pvt. Ltd, Pune	Sales of composite materials	INR 3 269 080	100%	100%
Italy				
Gurit (Italy) S.R.L., Dusino San Michele**	Production and sales of composite materials	EUR 10 000	100%	0%
New Zealand				
Gurit (New Zealand) Ltd., Auckland	Sales of composite materials	NZD 100	100%	100%
High Modulus International, Auckland	Holding company	NZD 400 002	100%	100%
Gurit (Asia Pacific) Ltd., Auckland	Structural engineering and sales of composite materials	NZD 400 001	100%	100%
Spain				
Gurit (Spain) S.A., Albacete	Production and sales of composite materials	EUR 1 552 774	100%	100%
Switzerland				
Arova Schaffhausen AG, Schaffhausen*	Real estate company	–	0%	100%
Heberlein & Co. AG, Wattwil	Real estate and service company	CHF 1 000 000	100%	100%
Gurit (Ittigen) AG, Ittigen	Real estate company	CHF 6 500 000	100%	100%
Gurit Services AG, Zurich	Management service company	CHF 500 000	100%	100%
Gurit (Zullwil) AG, Zullwil	Production and sales of composite materials	CHF 7 500 000	100%	100%
United Kingdom				
Gurit Automotive Ltd., Newport, Isle of Wight**	Production and sales of car body panels	GBP 1	100%	0%
Gurit Material Systems Ltd., Newport, Isle of Wight	Holding company	GBP 52 011 300	100%	100%
Gurit (Newport) Ltd., Newport, Isle of Wight	Production and sales of composite materials	GBP 50 000	100%	100%
Gurit (UK) Ltd., Newport, Isle of Wight	Production and sales of composite materials	GBP 142 571	100%	100%
High Modulus Europe, Hamble	Structural engineering and sales of composite materials	GBP 400	100%	100%
SP Group Ltd., Newport, Isle of Wight	Holding company	GBP 3 333 324	100%	100%
SP Holdings, Newport, Isle of Wight	Holding company	GBP 1 394 554	100%	100%
USA				
Gurit (USA) Inc., Gloucester	Sales of composite materials	USD 3 000	100%	100%
High Modulus Corporation, Gloucester*	Structural engineering and sales of composite materials	–	0%	100%
High Modulus (USA) LLC, Gloucester*	Structural engineering and sales of composite materials	–	0%	100%

* Company liquidated
** Company incorporated

REPORT OF THE STATUTORY AUDITOR TO THE GENERAL MEETING ON THE CONSOLIDATED FINANCIAL STATEMENTS

As statutory auditor, we have audited the consolidated financial statements of Gurit Holding AG, which comprise the income statement, balance sheet, cash flow statement, statement of changes in equity and notes (pages 42 to 72), for the year ended December 31, 2010.

Board of Directors' Responsibility
The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Swiss GAAP FER and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements for the year ended December 31, 2010, give a true and fair view of the financial position, the results of operations, and the cash flows in accordance with Swiss GAAP FER and comply with Swiss law.

Report on other legal requirements
We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

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

PricewaterhouseCoopers AG

Stefan Gerber Audit expert Auditor in charge	Marcel Tobler

Zurich, March 21, 2011

INCOME STATEMENT

IN CHF 1000

	Year ended December 31, 2010	Year ended December 31, 2009
Income from investments	4 338	3 532
Other income	1 631	1 710
Income from sale of investments	–	338
Release of provision on loans to Group companies	1 633	–
Finance income	4 692	6 554
Total income	**12 294**	**12 134**
Finance expense	–7 332	–506
Administration expenses	–1 932	–1 931
Total operating expenses	**–9 264**	**–2 437**
Profit for the year	**3 030**	**9 697**

BALANCE SHEET

IN CHF 1000

	Note	At December 31, 2010	At December 31, 2009
Assets			
Cash and cash equivalents		9 447	13 081
Securities		135	129
Other receivables from third parties		845	138
Other receivables from Group companies		618	646
Prepayments and accrued income		–	17
Current assets		11 045	14 011
Loans to Group companies (whereof subordinated CHF 13 730 951)		36 863	77 680
Investments	2	96 951	90 178
Treasury shares		880	975
Non-current assets		134 694	168 833
Total assets		**145 739**	**182 844**
Liabilities and equity			
Other payables to third parties		1 196	1 411
Other payables to Group companies		348	1 273
Loans from Group companies		5 600	36 336
Accruals and provisions		5 307	1 116
Current liabilities		12 451	40 136
Bank loans		3 000	3 000
Provisions		10 309	15 739
Non-current liabilities		13 309	18 739
Total liabilities		**25 760**	**58 875**
Share capital	4	23 400	23 400
General reserves:	5		
Reserves from capital contributions		11 700	11 700
Free reserves	6	32 845	32 728
Reserves for treasury shares	7	1 249	1 366
Retained earnings		50 785	54 775
Total equity		**119 979**	**123 969**
Total liabilities and equity		**145 739**	**182 844**

NOTES TO THE FINANCIAL STATEMENTS

1 Contingent liabilities

IN CHF 1000

	2010	2009
Guarantees in favor of banks of subsidiaries, as security for bank loans of these subsidiaries	1 255	11 076
Guarantees in favor of banks of the Group, in respect to credit frame agreements of the Group	58 616	41 652
Other guarantees	623	744

2 Investments

Company	Activity	Registered capital	Group ownership and voting rights 2010	2009
Canada				
Gurit (Canada) Inc., Magog (Quebec)	Production and sales of composite materials	CAD 34 626 898	29%	0%
China				
Cheer Tech Investment, Hong Kong	Holding company	HKD 1	100%	100%
China Techno Foam, Qingdao	Production and sales of composite materials	CNY 57 080 489	100%	100%
Gurit (Tianjin), Tianjin	Production and sales of composite materials	CNY 128 856 923	100%	100%
India				
Gurit (India) Pvt. Ltd, Pune	Sales of composite materials	INR 3 269 080	100%	100%
Italy				
Gurit (Italy) S.R.L., Dusino San Michele**	Production and sales of composite materials	EUR 10 000	100%	0%
New Zealand				
High Modulus International, Auckland	Holding company	NZD 400 002	100%	100%
Switzerland				
Arova Schaffhausen AG, Schaffhausen*	Real estate company	–	0%	100%
Heberlein & Co. AG, Wattwil	Real estate and service company	CHF 1 000 000	100%	100%
Gurit (Ittigen) AG, Ittigen	Real estate company	CHF 6 500 000	100%	100%
Gurit Services AG, Zurich	Management service company	CHF 500 000	100%	100%
Gurit (Zullwil) AG, Zullwil	Production and sales of composite materials	CHF 7 500 000	100%	100%
United Kingdom				
Gurit Material Systems Ltd., Newport, Isle of Wight	Holding company	GBP 52 011 300	100%	100%
Gurit Automotive Ltd., Newport, Isle of Wight**	Production and sales of car body panels	GBP 1	100%	0%

* Company liquidated
** Company incorporated

3 Significant shareholders

In percentage of all voting rights (all above 3%)

	2010	2009
Huwa Finanz- und Beteiligungs AG, Heerbrugg, registered shares	33.33%	33.33%
Robert Heberlein, Zumikon	4.12%	4.12%
Martin Bisang, Küsnacht	3.33%	3.33%
BlackRock Inc., New York, USA	3.28%	< 3%

4 Share capital

IN CHF 1000

	2010	2009
The share capital at December 31 consisted of:		
240 000 registered shares at CHF 10	2 400	2 400
420 000 bearer shares at CHF 50	21 000	21 000
Total share capital	**23 400**	**23 400**

5 General reserves

As of January 1, 2011, the change from the nominal principle to the capital contribution principle has been executed in the Swiss tax system. In order to comply with the new tax regulations, the balance sheet of Gurit Holding AG contains for the first time a separate account for "reserves from capital contributions". Gurit has already been granted a minimum amount of CHF 37 021 600 of "reserves from capital contributions" by the tax authorities. A possible additional amount of "reserves from capital contributions" up to a total maximum amount of CHF 67 441 600 is still under discussion with the tax authorities. However, only CHF 11 700 000 have been reported as "reserves from capital contributions" at December 31, 2010. This amount corresponds to the general reserve balance carried forward from prior year. The increase of the reported "reserves from capital contributions" to the total available "reserves from capital contributions" requires a reclassification from "free reserves" and possibly also from "retained earnings" to "general reserves". The respective reclassifications are to be proposed at the Annual General Meeting on April 29, 2011.

6 Free reserves carried forward

IN CHF 1000

	2010	2009
Balance at January 1	32 728	32 558
Transfers from reserves for treasury shares	117	170
Balance at December 31	**32 845**	**32 728**

7 Reserves for treasury shares

The "reserves for treasury shares" were valued at cost. At December 31, 2010, the "reserves for treasury shares" amounted to CHF 1 249 000 (2009: CHF 1 366 000) and thereby covered the treasury shares recognized as assets of CHF 880 000 (2009: CHF 975 000).

In number of shares

	2010	2009
Registered shares:		
Balance at January 1	200	200
Additions	–	–
Disposals	–	–
Balance at December 31	**200**	**200**
Bearer shares:		
Balance at January 1	1 641	1 791
Disposals (used for share-based compensation of Board of Directors)	–145	–150
Balance at December 31	**1 496**	**1 641**

8 Hidden reserves

IN CHF 1000	2010	2009
Release of hidden reserves	–	8 260

9 Management compensation

The following table shows the compensation of Key Management personnel in line with § 663b bis and § 663c of the Swiss Code of Obligations. Variable compensation contains the accrued bonuses for the year 2010, which will be paid out in 2011. Other compensation comprises pension contributions, social benefits and car allowances.

IN CHF 1000					2010
	Fixed cash compensation	Fixed share-based compensation	Variable cash compensation	Other compensation	Total compensation
Board of Directors					
Dr Paul Hälg (Chairman)	250	26	–	15	291
Robert Heberlein (member)	80	12	–	4	96
Nick Huber (member)	80	12	–	5	97
Urs Kaufmann (member)	80	12	–	5	97
Peter Leupp (member)	56	12	–	4	72
Total Board of Directors	**546**	**74**	**–**	**33**	**653**
Executive Committee					
Rudolf Hadorn (CEO)					715
Other members					1 836
Total Executive Committee	**2 004**	**120**	**186**	**241**	**2 551**
Total Management compensation	**2 550**	**194**	**186**	**274**	**3 204**

IN CHF 1000					2009
	Fixed cash compensation	Fixed share-based compensation	Variable cash compensation	Other compensation	Total compensation
Board of Directors					
Dr Paul Hälg (Chairman)	250	25	–	14	289
Robert Heberlein (member)	80	12	–	4	96
Nick Huber (member)	80	12	–	5	97
Urs Kaufmann (member)	80	12	–	5	97
Heinrich Fischer (former member)	60	11	–	4	75
Total Board of Directors	**550**	**72**	**–**	**32**	**654**
Executive Committee					
Rudolf Hadorn (CEO)					1 769
Other members					2 176
Total Executive Committee	**1 814**	**–**	**1 800**	**331**	**3 945**
Total Management compensation	**2 364**	**72**	**1 800**	**363**	**4 599**

In 2009, an exit remuneration of CHF 16 500 was paid to a person leaving office during the year. No other compensations of former members of the Board of Directors or the Executive Committee took place in 2010 and in 2009. There were no transactions with current or former members of the Board of Directors or the Executive Committee (or their close family members) at conditions, which are not at arm's length. No loans or advances were granted to members of the Board of Directors or the Executive Committee (or their close family members).

10 Management participation

In number of shares	2010 Bearer shares	2010 Registered shares
Board of Directors		
Dr Paul Hälg (Chairman)	450	–
Robert Heberlein (member)	10 215	19 545
Nick Huber (member)	400	–
Urs Kaufmann (member)	210	–
Total Board of Directors	**11 275**	**19 545**
Executive Committee		
Rudolf Hadorn (CEO)	500	–
Rudolf Gerber (member)	100	–
Graham Harvey (member)	74	–
Kees Reijnen (member)	350	–
Damian Bannister (member)	157	–
Total Executive Committee	**1 181**	**–**
Total Management participation	**12 456**	**19 545**

In number of shares	2009 Bearer shares	2009 Registered shares
Board of Directors		
Dr Paul Hälg (Chairman)	400	–
Robert Heberlein (member)	10 190	19 545
Nick Huber (member)	375	–
Urs Kaufmann (member)	135	–
Total Board of Directors	**11 100**	**19 545**
Executive Committee		
Rudolf Hadorn (CEO)	500	–
Rudolf Gerber (member)	100	–
Graham Harvey (member)	74	–
Kees Reijnen (member)	350	–
Damian Bannister (member)	79	–
Total Executive Committee	**1 103**	**–**
Total Management participation	**12 203**	**19 545**

11 Risk Management

Gurit Holding AG is fully integrated into the Group-wide risk assessment process which is described in note 4.1 to the consolidated financial statements.

PROPOSAL OF THE BOARD OF DIRECTORS FOR THE APPROPRIATION OF AVAILABLE EARNINGS

IN CHF 1000

	2010	2009
Retained earnings carried forward from previous year	47 755	45 078
Net profit for the year	3 030	9 697
Release of reserves from capital contributions	7 020	–
Retained earnings available to the Annual General Meeting	**57 805**	**54 775**

IN CHF 1000

	2010 Proposal of the Board of Directors	2009 Resolution of the Annual General Meeting
Dividend of 30% of the share capital	–	7 020
Distribution out of reserves from capital contributions	7 020	–
To be carried forward	50 785	47 755
Total	**57 805**	**54 775**

Subject to approval by the Annual General Meeting of Shareholders, distributions will be made as follows:

CHF 3.00 per registered share
CHF 15.00 per bearer share

The distribution is payable on submission of voucher number 30.

The distribution is made fully out of "reserves from capital contributions" and is therefore in Switzerland exempt from withholding taxes and from income taxes.

REPORT OF THE STATUTORY AUDITOR TO THE GENERAL MEETING ON THE FINANCIAL STATEMENTS

As statutory auditor, we have audited the financial statements of Gurit Holding AG, which comprise the income statement, balance sheet and notes (pages 74 to 80), for the year ended December 31, 2010.

Board of Directors' Responsibility
The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the Company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements for the year ended December 31, 2010, comply with Swiss law and the Company's articles of incorporation.

Report on other legal requirements
We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the Company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Stefan Gerber
Audit expert
Auditor in charge

Marcel Tobler

Zurich, March 21, 2011

INVESTOR RELATIONS

Company capital:

The share capital of Gurit Holding AG consists of:

240 000 registered shares	
at CHF 10.00 par value	security number 185 039
420 000 bearer shares	
at CHF 50.00 par value	security number 801 223

Par value adjusted to CHF 50, this results arithmetically in a total of 468 000 shares.

Stock market trading:

The Gurit bearer shares are listed on SIX Swiss Exchange. Prices are published in the Swiss daily and financial press as well as in electronic price information systems under the following symbols or numbers:

Bearer Share:	Reuters	GUR.S
	Telekurs	GUR
	Security number	801 223

Important dates:

April 29, 2011	Annual General Meeting Press release on Q1 sales
September 9, 2011	Half-year report 2011 Analyst/Media conference
October 28, 2011	Press release on Q3 sales
End of March 2012	Presentation full year results 2011; Analyst/Media conference Publication of Annual Report
April 2012	Annual General Meeting

The key dates are continuously updated at http://investors.gurit.com/default.aspx.

Internet/e-mail:

Further information about Gurit can be found at www.gurit.com.

To obtain a subscription to the Group's news service, please register in the investor relations section of the Gurit website at http://investors.gurit.com/news-alert-subscription.aspx

Key figures per bearer share

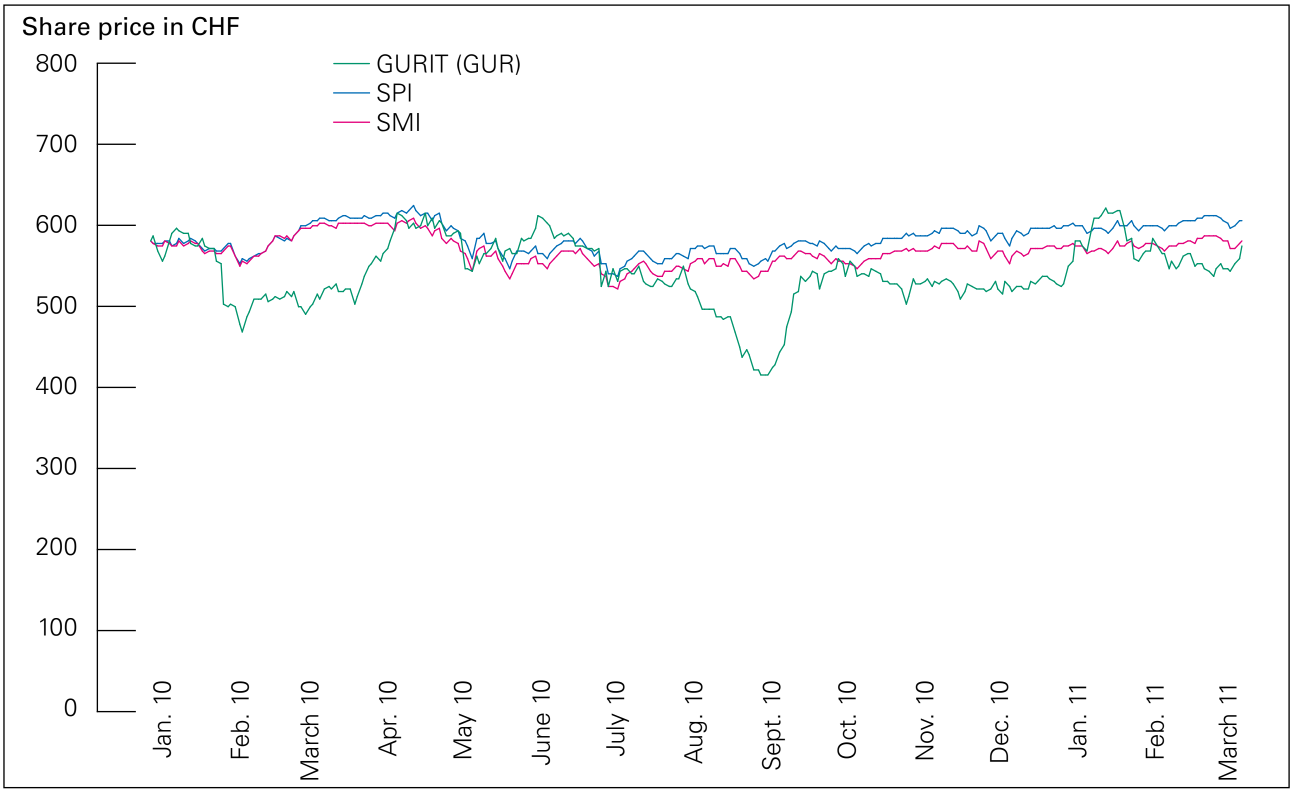
	Gurit Holding AG				Gurit-Heberlein AG
	2010	2009	2008	2007	2006
Price at year end	CHF 573.00	CHF 580.00	CHF 450.00	CHF 1 121.00	CHF 1 064.00
Highest price	CHF 629.00	CHF 728.00	CHF 1 119.00	CHF 1 705.00	CHF 1 064.00
Date	12.4.2010	29.9.2009	3.1.2008	11.7.2007	29.12.2006
Lowest price	CHF 406.25	CHF 246.00	CHF 340.00	CHF 738.00	CHF 665.00
Date	31.8.2010	9.3.2008	20.11.2008	22.11.2007	23.6.2006
Earnings per share	CHF 53.45	CHF 44.87	CHF 36.81	CHF 2.06	CHF 36.75
Gross dividend	–	CHF 15.00	CHF 13.00	CHF 6.50	CHF 13.00
Distribution out of reserves from capital contributions	CHF 15.00	–	–	–	–

Taxable values of traded securities

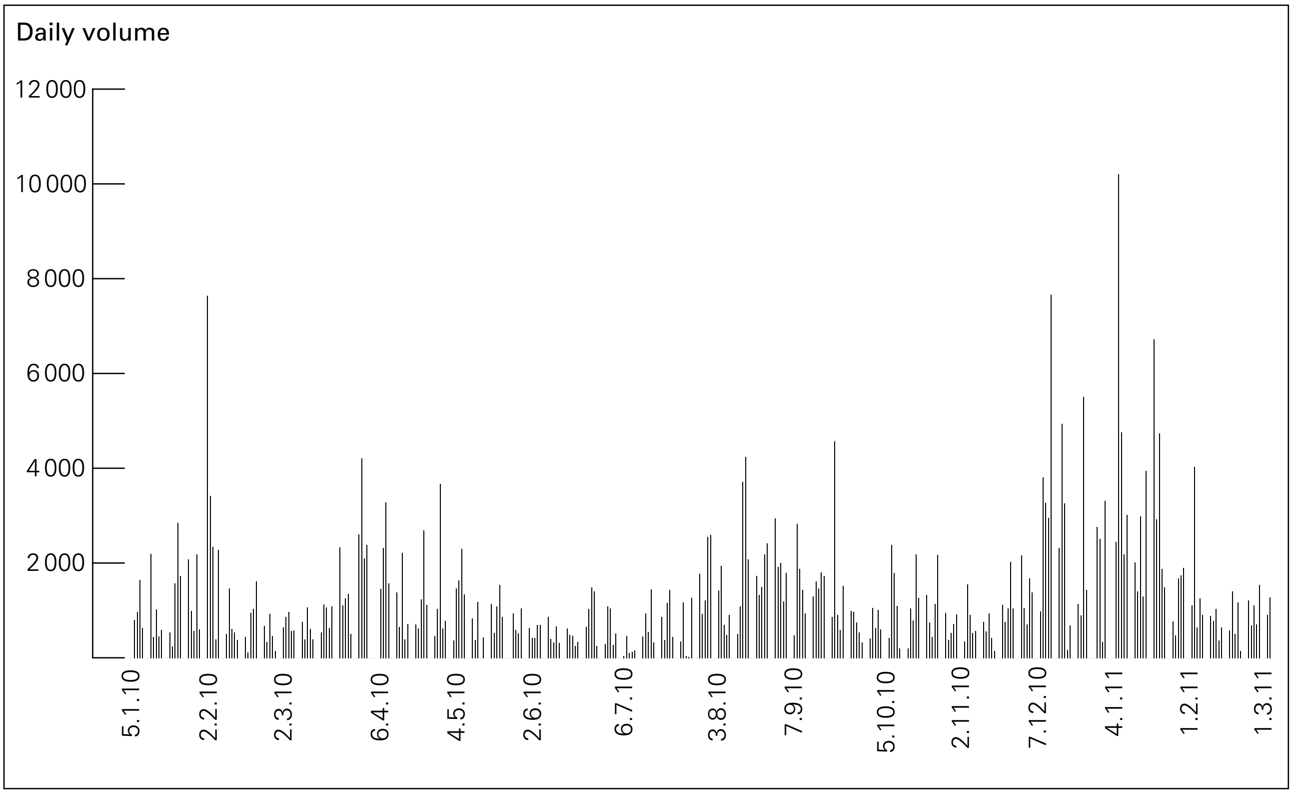
	31.12.2010	31.12.2009	31.12.2008	31.12.2007	31.12.2006
Bearer shares CHF 50.00 (resp. CHF 100.00)	CHF 573.00	CHF 580.00	CHF 450.00	CHF 1 121.00	CHF 1 064.00

STOCK PRICE CHART

Gurit bearer shares and respective indices



Trading volumes in Gurit bearer shares



GURIT ADDRESSES

Registered office

Gurit Holding AG
Ebnater Strasse 79
CH-9630 Wattwil
Switzerland

Phone +41 (0)71 987 10 10
Telefax +41 (0)71 987 10 05

Gurit Group Management

Gurit Services AG
Linda Jenni; Executive Assistant
Schaffhauserstrasse 339
CH-8050 Zurich Oerlikon
Switzerland

Phone +41 (0)44 316 15 50
Telefax +41 (0)44 316 15 69

www.gurit.com
Corporate E-Mail: info@gurit.ch

Imprint

Gurit Holding AG, Wattwil, Switzerland
Bernhard Schweizer, Group Communications / Investor Relations

Pictures:
Photo archives of Gurit companies; (6, 7) Swiss International Air Lines;
(8, 9) photo © Jean-Marie Liot; (10, 19, 23, 25, 27) Christian Höfliger;
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Layout and printing:
Neidhart + Schön AG, Zurich

This Annual Report is also available in German.
The English financial section is binding.

This Annual Report contains forward-looking statements that include risk and uncertainties regarding the future global developments that cannot be influenced by the Company.

Gurit Holding AG
Ebnater Strasse 79
CH-9630 Wattwil
www.gurit.com