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Exposed to the elements, day after day

Wind power generators are one of the most dynamic growth areas for Gurit advanced composites. The demands placed on these materials are high. Whether the high-tech windmills are erected on land or in shallow areas of the sea, their rotor blades are exposed to massive extremes of climate and weather. They have to withstand immense forces while remaining as light as possible.







The slim rotor blades used in wind power plants often have spans as large as the ones found on modern commercial aircraft. And the parallels do not stop there. The lightness, stability and rigidity of advanced composites, combined with their outstanding construction qualities, have made them decisive success factors in ship and boat building, aeronautics and space travel, in sport and the manufacture of automobile and other vehicles, as well as in the construction and mechanical engineering industry.







Gurit specializes in the manufacture and the chemical/physical finishing of synthetic materials. The success of the Industrial Applications Division is founded on a solid basis of expertise and technological prowess in duro-plastic and thermoplastic composites (Gurit Composite Technologies) as well as in the development and manufacture of process-defining key components for the worldwide synthetic yarn industry (Gurit Fiber Technology).





Innovation makes for more convenience

Modern medicine is unthinkable without plastics and silicones. However, for dental purposes Gurit recently reinvented a well-known natural rubber substance: gutta-percha. It is a stable natural resin that has historically been supplied to the dentist in small hard cylindrical cones. These gutta-percha cones soften when heated and are used by the dentist to seal and fill root canals. This traditional and nearly 100 year old technique is now dramatically supplemented by GuttaFlow[®], a cold-flowing form of gutta-percha. This innovative method of inserting the material in the tooth has vastly simplified an important part of the treatment for both dentist and patient.



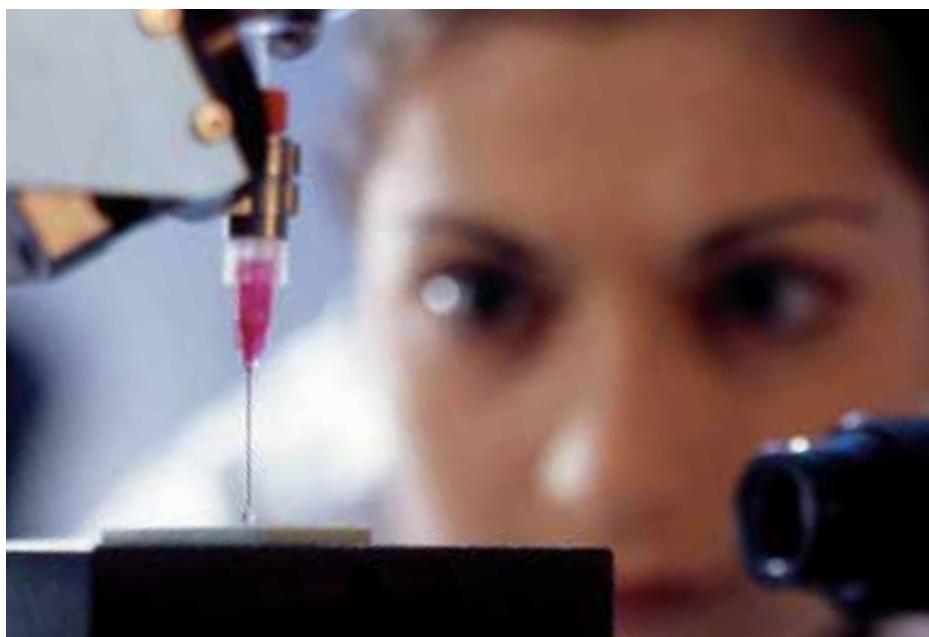
GuttaFlow[®] flows freely when cold. It consists largely of gutta-percha powder ground extremely fine.



The gutta-percha powder is combined with a special medium and polydimethylsiloxane-based sealer.



The dentist can easily apply the cold-flowing GuttaFlow[®] into the root canal with a high degree of precision.



The direction taken by research and development is determined by as yet unfulfilled needs of customers.



In root canal treatment, it is vital that all stages of the treatment are carried out safely, precisely and, above all, quickly. The root canal, which penetrates deep into the biologically active areas of the jaw, needs to be completely filled and sealed with a material that will have no harmful effects on the recipient. Until now, dentists have either painstakingly inserted and condensed individual gutta-percha cones or squeezed minuscule amounts of melted gutta-percha resin around gutta-percha cones placed inside the canal. Now, with GuttaFlow[®], which flows freely when cold, this can all be carried out much more simply and quickly than ever before.



GuttaFlow[®] is applied to a solid gutta-percha cone and flows into the tiniest lateral canals and isthmuses, even when cold.



Solid gutta-percha cones are trimmed to fit the prepared and disinfected root canal.



The remaining hollow spaces are then filled with GuttaFlow[®] and the tips of the gutta-percha cones are shortened with a hot instrument. The remaining cavity can now be filled and sealed to create a clinically satisfying result.





The lower third of the canal is then filled with GuttaFlow® and the gutta-percha cones jiggled up and down to create a network of reinforcement against the walls of the canal.



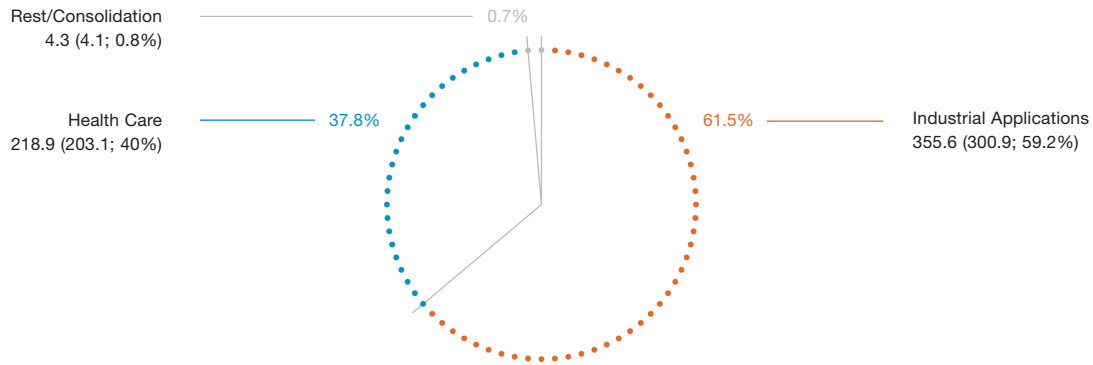
FACTS AT A GLANCE

Group	2004	2003
Group net sales in CHF million	578.8	508.4
Change over previous year	+13.8%	
Cash flow in CHF million	52.0	57.1
Change over previous year	-8.9%	
EBITDA in CHF million	66.3	65.3
Change over previous year	+1.6%	
EBIT in CHF million	30.0	31.2
Change over previous year	-4.1%	
Group profit (excl. Minority interests) in CHF million	15.8	23.1
Change over previous year	-31.8%	
Investment in fixed assets in CHF million	29.9	41.8
Equity (excl. Minority interests) in CHF million	453.7	452.2
as % of total assets	61.6%	
Number of employees	Ø = 2 586	Ø = 2 180
Net sales per capita in CHF	223 810	233 230
Net value added per capita in CHF	126 940	140 390
(Net value added = Net sales minus material costs of products)		

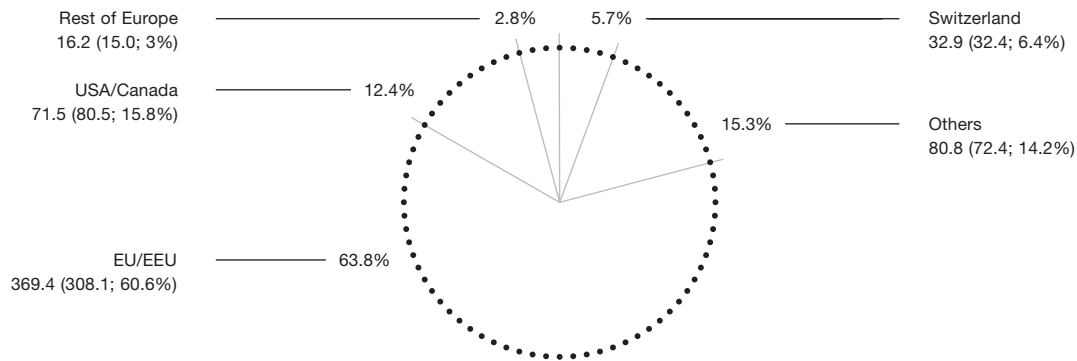
For 5 year comparisons see financial review on page 42/43

Gurit-Heberlein AG	2004	2003
Result in CHF million	13,5	15,3
Dividend	24%	24%
in CHF per bearer share at par CHF 100.–	24.–	24.–
in CHF per registered share at par CHF 20.–	4.80	4.80

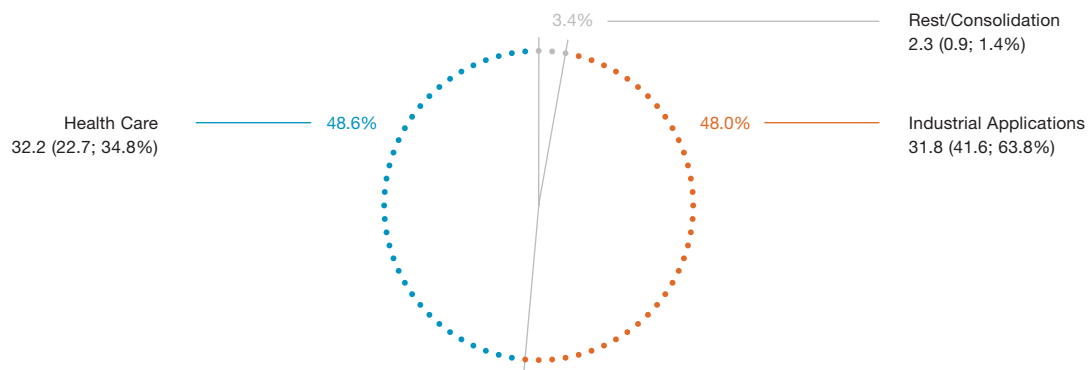
Sales by Divisions in 2004



Share of sales by region in 2004



Contributions towards EBITDA by Divisions in 2004



BOARD AND MANAGEMENT

Board and Group Management

As per April 1, 2005

Board of Directors

Dr. Paul Hälg, Wollerau, Chairman
Robert Heberlein, Zumikon, Chairman Audit Committee
Nick Huber, Balgach
Dr. Walter Känel, Jona, Chairman Nomination/Compensation Committee
Paul J. Rudling, Newport GB
Dr. Rudolf Wehrli, Richterswil

Group Management

Dr. Rudolf Wehrli, CEO Gurit-Heberlein Group
Peter Lieberherr, CFO Gurit-Heberlein Group
Jerry Sullivan, CEO Gurit Dental Care
Willem van den Bruinhorst, CEO Gurit Medical Business
Paul J. Rudling, CEO Gurit Composite Technologies
Martin Lütschg, COO Gurit Composite Technologies
Heinz Michel, CEO Gurit Fiber Technology

Group staff, Legal

Siniša Stamenic

Communication

Bernhard Schweizer

Auditors

PricewaterhouseCoopers AG, St. Gallen

Management

As per April 1, 2005

Health Care Division

Gurit Dental Care

Jerry Sullivan

Coltène/Whaledent AG

Andreas Meldau

Coltène/Whaledent Inc., USA

Jerry Sullivan

Coltène/Whaledent GmbH + Co. KG, DE

Andreas Meldau, Werner Mannschedel

Gurit Medical Business

Willem van den Bruinhorst

Medisize Netherlands

Willem van den Bruinhorst

Medisize Ireland

Joe Gilmartin

Medisize Czech Republic

Kees Bos

Medisize Schweiz (Createchic)

Peter Wullschleger

B+P Beatmungsprodukte GmbH

Rudi Bruning

Homedica AG

Reto Andreoli

Industrial Applications Division

Gurit Composite Technologies

Paul J. Rudling, Martin Lütschg

SP Group

Paul J. Rudling

Stesalit Group

Arnim Malzahn

IMS Group

Frank Heckner

Gurit Suprem

Tobias Bolliger

Gurit Fiber Technology

Heinz Michel

Heberlein Fasertechnologie AG

Heinz Michel

Electrotex AG

Christian Callhoff

Enka tecnica GmbH

Kees Reijnen

Arova Schaffhausen AG

Josef Kessler

GROUP ORGANIZATION

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Gurit-Heberlein AG

Dr. Rudolf Wehri, CEO; Peter Lieberherr, CFO

HEALTH CARE DIVISION

Gurit Dental Care

Jerry Sullivan

Europe/Middle East/Asia

Andreas Meldau

Coltène/Whaledent AG (CH, GB, F, Hun)

Andreas Meldau

Coltène/Whaledent GmbH+Co.KG (D)

Werner Mannschedel

Americas

Jerry Sullivan

Coltène/Whaledent Inc. (USA)

Jerry Sullivan

Gurit Medical Business

Willem van den Bruinhorst

Medisize Netherlands (NL)

Willem van den Bruinhorst

Medisize Ireland (IRE)

Joe Gilmartin

Medisize Czech Republic (CZ)

Kees Bos

Medisize Schweiz (Createchic) (CH)

Peter Wullschleger

B+P Beatmungsprodukte GmbH (D)

Rudi Bruning

Homedica (CH)

Reto Andreoli

INDUSTRIAL APPLICATIONS DIVISION

Gurit Composite Technologies

Paul J. Rudling, CEO

Martin Lüttschg, COO

SP Group (UK, E, NZ, Aus, Can)

Paul J. Rudling

IMS-Group, Stesalit-Group, Gurit Suprem

Martin Lüttschg

IMS-Group (CH, A, D, F)

Frank Heckner

Stesalit-Group (CH, D)

Arnim Malzahn

Gurit Suprem (CH)

Tobias Bolliger

Gurit Fiber Technology

Heinz Michel

Heberlein Fasertechnologie

Heinz Michel

Electrotex (CH)

Christian Callhoff

Enka tecnica (D)

Kees Reijnen

Arova Schaffhausen AG (CH)

Josef Kessler

REPORT OF THE BOARD OF DIRECTORS AND GROUP MANAGEMENT

In 2004, Gurit generated 13.8% higher Group net sales of CHF 578.8 million. This reflects uninterrupted dynamic growth in the Industrial Applications Division and some very encouraging developments in the Health Care Division. The result posted by the Industrial Applications Division was pushed down by exceptional expenses of almost CHF 8 million; these arose from restructuring in the Group's fiber technology business necessitated by cyclical developments in the market and the higher-than-expected cost of expanding the Group's composite operations. After the important steps taken in the course of 2003 to integrate and reorganize Health Care operations, this division posted an extremely encouraging year and generated again a double-digit EBIT margin. With EBIT down by 5.4% at CHF 29.6 million, the Group's net profit stood at CHF 15.8 million. In view of the fact that the outlook for the future remains as promising as ever, the Board of Directors will be proposing an unchanged dividend of 24%.



Dr. Rudolf Wehrli, Dr. Paul Halg

Gurit is one of the best known and technologically most advanced suppliers in the chemicals and synthetics technology sector worldwide. In 2004, however, economic conditions in the Group's target markets varied considerably and the strategic repositioning of the past four years had differing effects on the two divisions.

Health Care on track

Integrative measures, most of which were introduced in 2003, together with the organizational and operational modifications made in the Health Care Division, began to pay off in 2004. Dental operations benefited from the synergies generated by the amalgamation of all US activities at one location and standardized organizational and managerial structures in Europe. Restructuring undertaken in the division's medical business likewise began to take effect. These measures and much tighter cost management substantially strengthened the division's operating base and had a long-term effect on profitability. With sales up by 7.7% at CHF 218.9 million, the Health Care Division achieved again a solid 10.5% EBIT margin on an EBIT of CHF 22.9 million.

Disappointing performance from Industrial Applications

During the year under review, Gurit's Industrial Applications Division was confronted with two unexpectedly stubborn problems. In the composites sector, integration and expan-

sion of the Group's North American operations turned out to be considerably more expensive than expected. Here, activities that were formerly housed in four different facilities have been amalgamated in one central location and production has been boosted from what used to be commercial level to industrial scale. The unexpected delays in completing the project resulted in additional costs of around CHF 5 million.

In the fiber technology sector, the cyclical downturn in the international synthetic fiber market depressed growth. In this sector, Gurit supplies key components for synthetic fiber production both to manufacturers of synthetic fiber production machinery and to the synthetic fiber industry itself. During the second half of the year, the fiber technology sector was unable to compensate for the ground lost during the first six months. Surplus capacity in Asia combined with non-operational factories made restructuring measures necessary, particularly in Gurit Fiber Technology's operations in Germany. Central processes in a component business largely geared to high-volume OEM contracts were reorganized and working hours made more flexible in order to facilitate shorter reaction times to market fluctuations. The cost of these restructuring measures amounted to CHF 3 million.

Composite operations remain dynamic

Gurit Composite Technologies operations continued to develop at the same dynamic level, particularly in the wind power and shipbuilding and marine sectors. However, although sales were up by 18.2% from CHF 300.9 million to CHF 355.6 million, Industrial Applications posted an EBIT of CHF only 4.8 million (compared with CHF 19.1 million in 2003) and made a disappointingly small contribution to the Group result. Nevertheless, Group management is confident that most of the teething troubles in North America are now over and that a more flexible Fiber Technology sector will start making a considerably higher contribution to the Group's success in the current year.

Acquisition phase closed

After the strategic expansion and consolidation of the past four years, the Board of Directors and Group Management remain optimistic about the industrial prospects of both divisions. In the industrial sector, Gurit is one of the leading manufacturers of high-performance prepregs as well as the key components used in synthetic fiber

manufacture. The Group's Health Care Division manufactures respiratory care products and is a development and production partner of OEMs in the medical and pharmaceuticals industries, where it has one of the most broadly based integrated technology platforms. In the dental sector, Gurit's selection of products and services covers virtually the entire range of dental treatment. After a further two takeovers during the year under review – Electrotex and Createchnic – Group Management and the Board of Directors both feel that the phase of acquisition-based repositioning is complete. With total assets of CHF 736.5 million and an equity ratio of 62%, the Group remains solidly positioned for further growth.

A detailed account of operations in the two divisions together with observations regarding trends on Gurit's most important markets can be found in the divisional reports below.

Commodity prices and a weak dollar depress result

As a chemical and synthetics technology group, Gurit inevitably felt the effects of oil price fluctuations. Nevertheless, commodity price movements are only one of several factors in the price equation, and because Gurit is so clearly focused on engineering and high value-added products, such movements are of little significance.

Lower Group profit

During the year under review, Gurit generated around 26% of Group sales in Switzerland. The Group's main markets remain Europe with 72%, followed by North America with 12% and Asia with 10%. Nevertheless, the Group's dependence on the US dollar is greater than this geographical division might suggest: in Asia, Fiber Technology sales are very closely tied to the dollar and in Europe aircraft interior contracts have traditionally mostly been handled in dollars. For the Group as a whole, the loss in the value of the American currency has cut sales by a good CHF 12 million and EBIT by around CHF 3 million.

A lower financial result, the effects of currency movements and increased tax payments led to a considerably reduced Group net profit. Whereas currency-related profits had bolstered the financial result the previous year, the currency factor underwent a reversal during the year under review. The increased tax load reflects Gurit's increasing internationalization. Gurit closed the year under review with a disappointing Group profit of CHF 15.8 million.

Increasing free cash flow and margins

In future, the Group's main focus will be on integration and selective exploitation of cost- and growth-related synergies. Over the past four years, Gurit has built up or acquired a total of 18 companies, or parts thereof. This process created temporarily much higher investments in fixed assets. For 2005 and 2006, Gurit expects investment to be lower than depreciation, with the result that free cash flow should improve over the next few years.

Changes in the way goodwill is treated

Changes in accounting procedure to comply with IFRS on the treatment of goodwill will manifest themselves in 2005. Goodwill amortization, which amounted to CHF 11.3 million during the year under review, will no longer apply in future and from now on the value of goodwill is to be assessed on an annual basis.

Changes in the Board of Directors

In 2004, and running parallel to Group restructuring, a generation change was introduced in the Board of Directors and is due to continue for some years to come. In September 2004, Dr. Paul Hälg took over as Chairman from Robert Heberlein. As part of developments in corporate governance, the former Executive Board Committee was replaced by an Audit Committee under the chairmanship of Robert Heberlein and a Compensation and Nomination Committee chaired by Dr. Walter Känel. Details of the organization and staff involved in Gurit's management structure are listed on pp. 31 to 40. All members of the Board, whose periods of office expire in 2005, will be available for re-election by the General Meeting.

Unchanged dividend

Although Gurit failed to achieve its targets last year, the Board of Directors and Group Management still stand firmly by the strategic course defined in the past. Gurit is active in markets that are growing now and will continue to do so in future, and is well positioned compared with the international competition. During the year under review, the Group extended its customer relation and succeeded in building up more customers in all areas. Against this backdrop, the Board of Directors has decided to propose an unchanged 24% dividend to the General Meeting on 19 May 2005.

In an immensely difficult year from a market point of view, considerable demands were placed on all Gurit employees and we should like to take this opportunity to thank them all most sincerely. At the same time, our gratitude goes to our customers and suppliers for the spirit of partnership they have shown as well as to our investors and shareholders for their support. We will be pleased if you all give Gurit-Heberlein your wholehearted trust and confidence in the current year and can assure you that we will do everything in our power to fulfil your expectations.

Yours sincerely



Dr. Paul Hälg

Chairman of the Board of Directors



Dr. Rudolf Wehrli

Chief Executive Officer

Gurit's Industrial Applications Division addresses two different target markets. Gurit Composite Technologies specializes in the customized development, manufacture and finishing of complex and often innovative composite materials and construction components together with their respective application technologies. Customers for these materials come mainly from the wind energy, marine, aircraft and aerospace, automotive, winter sport and machine industries as well as the construction and infrastructure sectors. Gurit Fiber Technology manufactures the key components needed at every stage of the value-added chain in the production of chemical fibers, from extruders to spooled, ready-to-use textured yarns.

INDUSTRIAL APPLICATIONS

INDUSTRIAL APPLICATIONS

Sales in the Industrial Applications Division rose markedly during the year under review. Of the 18.2% increase from CHF 300.9 to CHF 355.6 million, CHF 35 million were attributable to organic growth, mainly from composites operations. In contrast with this growth, two stubborn problems dogged the division throughout most of the year. In the fiber technology sector restructuring costs put a considerable burden on results from operations in Germany. These measures had become unavoidable as the result of a massive cyclical downturn in the synthetic fibers market. Earnings from the composites business suffered as a result of the high costs of establishing and expanding Group-owned production facilities in North America, combined with the weakness of the US dollar. EBIT for the division tumbled from CHF 19.1 million in 2003 to an unsatisfactory CHF 5.2 million in 2004. All this cast a shadow over the impressive successes that Gurit recorded in many of its industrial markets.



Core-Cell® structural foams expand when heated, completely filling hollow spaces in wind rotor blades and ship's hulls to provide extra stability with little extra weight.

The Industrial Applications Division grew impressively during the year under review. After the major acquisitions of the preceding years, first-time consolidations or companies consolidated for an entire year for the first time contributed CHF 20 million to the increased sales of CHF 355.6 million. For Gurit Composite Technologies, this was the first time that operations in North America featured in the figures for an entire year. In the case of Gurit Fiber Technology, it was also the first time that the German company, Wetzell, and Electrotex, a Swiss operation purchased at the beginning of the year, had been consolidated for a full year. However, the lion's share of the 18% increase in sales can be attributed to internal growth and is an indication of the dynamism of the Group's advanced composites operations.

Dynamic growth in the wind power market

Wind power systems remained one of the most important growth drivers for the composites sector, with demand in Europe remaining high throughout the year. The wind power industry in Spain was particularly dynamic in 2004, while in Great Britain the offshore sector seems set to gain in importance in the near future. In the USA, where numerous projects were postponed because of the delay in renewing energy legislation, the market picked up considerably from autumn onwards, clearly with a view to making up for lost time. As part of this, a number of European producers

announced plans to build their own plants in North America in 2005.

Consolidation among the major players in the wind power market continued during the year under review: apart from the merger of NEG Micon and Vestas, Siemens' acquisition of Bonus was widely interpreted by the industry as a sign of the long-term attractiveness of this market. As high-tech wind power plants increase in size, so too does the demand for innovative production technologies. In the course of 2004, for instance, Gurit introduced the Core-Cell® produced at its own facilities in Canada as an alternative to traditional PVC cores and also started using carbon-fiber reinforced prepregs in the wind market instead of glass ones.

Broad-based demand in marine business

The year 2004 saw the launch of a number of exclusive racing yachts for which Gurit Composite Technologies supplied both the engineering expertise and materials. The demand for materials used in large yachts – i.e. over 85 feet long – was high throughout the year and, in view of the order backlog at shipbuilding yards, should remain considerable in 2005. Demand, too, for smaller yachts increased towards the end of the year. Apart from this, Gurit further consolidated its strong position as a supplier to the bulk-volume section of the market specializing in series production yachts.

Looking ahead to major sailing events

From mid-2004 onwards, the first International America's Cup Class teams started setting up their bases in Valencia, Spain, and Gurit Composite Technologies is looking after their needs on the spot. Production of the next series of Volvo 70 racing yachts likewise commenced towards the end of the year. In the high-performance yacht sector, Gurit is ideally positioned as an engineering partner and materials supplier.

Successes in the automobile sector

In the automobile industry, Gurit focuses on exclusive sports cars as well as series-production vehicles. Both the luxury sports car sector and an increasingly important niche for specially equipped top-drawer versions of standard production vehicles developed encouragingly and virtually doubled their sales. A major effort was made at production level to manufacture parts in batches of up to around 2000 units



Many composites consist of prepregs: glass, aramid or carbon fibers or fabrics impregnated with specially formulated resins.



Wind power is currently the fastest-expanding market for advanced composites.



Modern ship, motorboat and yacht building is unthinkable without advanced composites.

INDUSTRIAL APPLICATIONS

with a single tool set. This should give an additional boost to a series of interesting projects with OEMs in the automobile industry.

In the course of 2004, Gurit also established itself as a supplier to several well-known German automobile manufacturers. The extremely light, yet stable, materials manufactured by Gurit are used with increasing frequency in the interiors of modern cars.

Rising use of composites in commercial aircraft

During the year under review, Gurit supplied approximately 10% more materials to customers in the aerospace market. This was due mainly to the success of Airbus, the European aircraft manufacturer, as well as the general increase in the use of composites in commercial aircraft.

During the year under review, Airbus continued to push up its production figures and forecasts even higher rates for the year ahead. With the planned start of deliveries for the new double-decker A380 postponed from the latter half of 2004 to 2005, Gurit closed the year below target in this sector. Major development projects like the A380 call for immense flexibility from suppliers, particularly in timing terms, and this made capacity planning extremely difficult during the year under review.

Price pressures in winter sports business

The situation in the winter sports business scarcely improved over previous years. Price pressure remains unchanged and consolidation continues apace in a shrinking market. With around 50% of snowboards today being produced in China, European ski manufacturers have been targeting southeast Europe to ease the cost pressure. Certain American manufacturers, on the other hand, have already relocated production to China. With its high-quality products and technical innovations, Gurit has succeeded in holding its position as the leading supplier of first-class ski running bases and upper surfaces in a generally declining market.

Teething troubles in Canada

In the composites sector, the operational focus was on the start-up and expansion of the Group's own structural core production facilities in Canada. Here, the operations that used to be divided between four locations were amalgamated into a single factory. At the same time, ca-

capacity was boosted massively and production processes adapted to bring what used to be a niche product up to industrial-scale production level. This also involved the hiring and training of more than 180 new employees. All in all, this project created unexpectedly large problems, with the result that the operation did not reach break-even point during the second half of 2004 as planned and only achieved this at the beginning of the current year.

Commodities prices put pressure on margins

During the second half of the year, the fraught situation on the commodities markets put considerable pressure on operations. The situation was exacerbated by the fact that certain resins and carbon fibers were in short supply, thus restricting production. This hit Gurit Composite Technologies particularly hard because the company had made considerable efforts during the first half of the year to start replacing the traditional glass fiber prepregs used in some of its more important applications by carbon prepregs, which are technologically more advanced.

Promising projects call for staying power

Applications for thermoplastic prepregs combine new technological solutions with relatively short further processing cycles, a feature that also makes them interesting for series production. For Gurit, future applications in oil and gas production hold immense potential, and it was in these areas that a number of customers carried out important experimental work using Gurit materials during the year under review. Other successes were reported with thermoplastics in automobile construction and capital goods designed for daily use. Gurit, for example, supplies the furniture industry with high-tech materials used to make advanced spring elements.

Collapse in synthetic yarn market

In 2004, Gurit Fiber Technology found itself pitted against difficult economic conditions. This business specializes in the manufacture of key components for the world synthetic yarn industry, and the cyclical downturn meant that it fell well below target in most of its product categories. A phenomenon interpreted as a temporary slowdown at the beginning of the year developed into a full-blown aversion to investment. Spinneret production in Germany collapsed drastically as the usual large orders from high-volume markets in China and the Far East failed to materialize for sustained periods throughout the year. After expanding

capacity on a major scale in previous years, customers in these markets have obviously decided to take a more cautious approach. Growth was also clearly hindered by power supply problems. In China, for instance, electricity cuts have led to a number of synthetic yarn facilities standing idle, which clearly eliminates the need for new and replacement parts.

During the year under review, many of Asia's yarn producers were waiting to see how WTO deregulation of the textile market at the beginning of 2005 would affect them before going ahead with further investments. The high price of oil and a weak dollar put an additional burden on business in this part of the world. Sales of special spinnerets used in the manufacture of fleecy materials and medical products improved at an encouraging rate.

More flexible production structures

As part of the integration of production facilities and related operations acquired in Gröbzig, Germany, in 2003, measures designed to bring about a massive and sustainable reduction in fixed costs and make rapid use of potential synergies were introduced at the start of the year. Production processes were made considerably more flexible, significantly lowering the break-even point. Had it not been for the economic downturn, this would have substantially strengthened profitability. As it was, the measures adopted at least managed to contain the damage occasioned by the drastic fall-off in business.

Interest from the market in innovative polymer filters

In the course of its first year after roll-out, the new and highly promising polymer filtration range generated a good deal of interest on the market. The Group was awarded "approved vendor" status in China for a number of major investment projects, but in view of the reluctance on the part of customers to invest money in capital goods, sales during the year under review were limited to a number of pilot projects. Business is expected to pick up significantly during the current year.

The right innovations at the right time

Orders in the texturing sector were likewise much lower than in previous years. In Asia, which accounts for around 60% of sales, Gurit Fiber Technology felt the effects of the general economic slowdown. At the same time, a growing number of imitations are appearing on the market, and



Gurit makes a range of extremely light, stable materials that are used in the interiors of modern commercial airliners like the new double-deck Airbus A380.



Gurit leads the field in winter sports with a range of materials used for the running bases and upper surfaces of skis.



Spinnerets determine the final quality of synthetic yarns.



Innovation in the texturing sector and outstanding customer service are the strengths of Gurit Fiber Technology.



Key components of Heberlein define the various yarn characteristics.

although these fail to reach the standard of Heberlein's patented components, they seem to be an acceptable temporary alternative at times when investment capital is in short supply. Since patent protection in Asia is often ineffective, the best form of defence against cheaper copies is technological leadership and outstanding service.

Two products launched in 2003, both of which improve performance and productivity, made it clear that innovation alone is no guarantee for a direct increase in sales. Although the technological improvements generated a good deal of interest, existing surplus capacity meant that demand initially remained rather low-key. However, even here, orders are now beginning to pick up.

In the yarn-monitoring sector, Gurit failed to achieve its sales and profitability targets, but thanks to flexible structuring and tighter cost control, the Group still succeeded in creating the conditions that will allow Gurit to position itself as a world leading supplier of sensory and quality control equipment to the yarn industry.

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Gurit's Health Care Division addresses both the dental and medical markets. The Col-tène/Whaledent and Roeko branded products manufactured by Gurit Dental Care cover virtually all the needs of the dental professions. Gurit Medical Business specializes in the clean-room manufacture of Medisize branded airway management products and, as an OEM, in the production of medical devices.

HEALTH CARE

HEALTH CARE

During the year under review, Gurit-Heberlein's Health Care Division posted sales of CHF 218.9 million. This represents an increase of 7.8% over 2003 and was due primarily to internal growth. Both the dental and medical sectors showed encouraging growth after experiencing unforeseen difficulties in 2003. Earnings in the health care sector improved significantly in 2004 despite the depressing effect of the weak dollar on the Swiss franc. With the Division's EBIT contribution to group result almost doubled to CHF 22.9 million over the previous year, the EBIT margin reached an encouraging level of 10.5%. Group Management expects the Health Care Division to grow at a rate in excess of the industry average in future and to further strengthen its profitability.



GuttaFlow®, liquid in cold form, makes sealing of a root canal a much shorter and more pleasant treatment both for patient and dentist alike.

During 2004, Gurit-Heberlein further consolidated its position in the health care sector. Gurit has been pursuing a system-based approach to its two target markets – the medical and dental sectors – with a comprehensive, harmonized range of products and a broad-based technology platform. This enables Gurit to cater for a very wide range of customer requirements in the two market sectors and has gained an outstanding reputation as an innovative supplier.

Integration benefits the dental sector

While the geographical and organizational integration of dental activities in the USA and Europe depressed results in 2003, the positive effects of the resulting synergisms became apparent during the year under review. Increased productivity and cuts in administrative costs resulted in record earnings in North America (calculated at a constant exchange rate). The strength of Gurit's position in the dental market can be seen in the dynamic growth achieved by Coltène/Whaledent which far exceeds growth in the general economy and, more specifically, in the dental sector (calculated at a constant exchange rate). However, because approximately half of sales were achieved in the dollar zone, the fragility of the US currency had a significant impact on results. With its wide range of products for dentists and dental technicians, Gurit Dental Care is able to meet practically all the requirements of the dental care sector.

Cost pressures in the health care sector

Dental activities, which remained limited in the same way as the economy in general, were further slowed by cuts in insurance cover for dental treatment in the two main markets, i.e. the USA and Germany. In the USA, full-time industry jobs – which traditionally offer employees generous health insurance cover – have been on the decline for the last 50 months. Corresponding levels of cover are generally unknown in the many newly created, and frequently part-time, service jobs that were created in that same period. This means that in the USA, good dental care is increasingly becoming the preserve of the private sector. The same trend is being witnessed in Germany and Great Britain. Statutory fund operators in Germany now pay only fixed amounts for defined dental treatments. Consequently, patients have to decide between the basic treatment covered by their health insurance fund and higher-value treatment which they have to pay for themselves. The cost pressures that are apparent in other national markets and the increasing transfer of the cost of treatment to consumers will remain an issue.

Concentration in the dental sector

The dental distribution sector continues to be characterized by concentration: In Europe, one of the leading international players in the sector acquired major German and Italian distributors. In North America, the same company acquired a major Canadian competitor and has consequently emerged as Canada's largest dental distributor, too. Gurit was quick to recognize and react to this global trend and has harmonized its international product range. For example, special offers and advertising campaigns are now uniform throughout Europe. This further contributes to Gurit's strategy of introducing the entire product range into the eastern European market at some point in the future.

Innovation as a sales argument

In view of this consolidation in the dental sector, the design of the product range is becoming increasingly important. While maintaining the traditionally high market share in specific niche sectors, the provision of innovative top products is acquiring strategic significance in the context of providing a comprehensive, harmonized product portfolio. Such flagship products offer consumers clear advantages and act as a locomotive thanks to the level of differentiation they provide. With a history of new product development,



To cure the white composite fillings, Coltolux75Talk gives the exact elapse time in five languages of choice rather than sending out disturbing beep signals that can easily be misunderstood.



Coltène/Whaledent produces pins for the world market in the USA.



Magic FoamCord is the pleasant alternative for patient and dentist to the traditional retraction cords. The silicon-based is easy to apply around the tooth. It expands slightly when curing and thus retracts the gums just enough to take a precise impression. And all this without traumatizing the gingiva.

HEALTH CARE

Coltène/Whaledent has constantly proved its talent for innovation. Recent examples take the form of the extremely precise Affinis impression material or the Miris filling system which is unique because of its colour coding and layer principle.

More recently, the revolutionary cold-flow GuttaFlow® product for the obturation of root canals and the new Magic FoamCord have grabbed the imagination of the dental world. As the world's first expanding PVS retraction material, this silicon Magic FoamCord represents an innovative alternative to sulcus enlargement and gingival retraction cords. For precise dental impressions, it is necessary to separate the gums slightly from the neck of the tooth so that this important area can also be moulded accurately. Compared to the use of a retraction cord applied around the neck of the tooth, the application of this silicon foam is much more pleasant for patients and dentists alike. Of particular importance is the fact that no gingival trauma occurs. In the dental sector, newly developed products are accounting for an increasing proportion of Gurit's sales. Overall, Gurit can look to the future in the dental sector with confidence, since further product innovations are in the pipeline.

Medical technology back on track

On the one hand, the Gurit Medical Business division produces a comprehensive range of respiratory care products under the brand name Medisize. On the other, these group subsidiaries have made a name for themselves internationally as development and production partners for the OEM manufacturing of medical products.

In 2003, earnings from OEM medical activities had suffered badly. The necessary operational and organizational changes and restructuring measures were immediately introduced. These moves contributed to the long-term improvement of Medisize's cost situation and competitive position. The company was consequently able to attack 2004 with renewed vigour and once again ended the fiscal year on a positive note. Overall, developments in the medical sector can be described as encouraging even though the weakness of the dollar is again casting its shadow here. The dollar zone accounts for nearly 15% of Gurit's earnings in the medical sector.

A broad technology base boosts OEM business

As expected, Gurit Medical Business performed well in the clean-room production of medical, pharmaceutical and diagnostic devices for third-party customers. Alongside the successful change of direction and sales growth that in some cases exceeded expectations, major developments during the year include the extension of the Czech-based manufacturing company and the acquisition of the Swiss company Createchnic. Clean-room production capacity had been significantly increased in the Czech Republic by year end. As of 2005, it will therefore be possible to move labour-intensive production operations to this site. The manufacture of some newly acquired products will also commence in the Czech Republic during 2005. This type of internal resource utilization optimizes the use of manufacturing capacities and expertise while also providing significant cost benefits.

New production orders

After investing much effort in acquisitions and production tests relating to new OEM products in the Netherlands in recent years, Gurit is expecting a considerable increase in sales and earnings here during 2005 in the light of the expanded customer base.

This commitment to expanding the technology base during recent years is now starting to pay back thanks to OEM business and the development work conducted, in most cases, in close cooperation with our customers. As a prime contractor, Medisize is able to unite the leading production technologies. This ability is of particular importance for the manufacture of complex, multi-component devices since the production of the individual items usually involves a range of distinct production technologies.

One special area of success for Gurit is the signing of a multi-year production agreement with a renowned Swiss medical company. As single supplier, Medisize will deliver all the consumables required for an innovative contrast medium application system. During 2004, this system won the Medical Design Excellence Award, to which the Swiss Technology Award has been added in 2005. Thanks to its forward-looking application set, the system makes it possible to administer contrast media to patients directly from high-volume containers during computer tomography.

Because this approach also minimizes the consumption of contrast agents, radiologists in hospitals and clinics now find this preparatory stage of treatment significantly simpler and more cost-efficient. Long-term supply contracts such as this are often preceded by time-consuming selection procedures and qualification work. In this case, Medisize was able to convince the customer not just in terms of the development and manufacturing skills it can deploy in the production of this multi-component product. Instead, Medisize is now responsible for the design of the entire production process from injection moulding through to assembly and final packaging.

Extended technology base

Gurit's skills in the field of medical technology were further extended with the acquisition of Createchnic AG, Nürens-dorf, (Medisize Schweiz) on November 1, 2004. This new subsidiary specializes not only in the OEM manufacture of medical and pharmaceutical products but also, and more importantly, in high-quality packaging and precision dosing and capping systems. Some of its system solutions are patented. Thanks to this acquisition, Gurit Medical Business was able not only to extend its production expertise but also to strategically extend its international customer base. Consequently, not just production but also the merging of the development and sales teams are of key importance for the integration of Medisize Schweiz in the existing Gurit Medical Business structures. The opportunities that the future holds will therefore be approached in a spirit of cooperation.

Cost pressures in the respiratory sector

The market for respiratory care products was subject to significant pressure during 2004: alongside the general cost constraints affecting the health care market, the effects of continuing market consolidation were also putting pressure on prices. Significant mergers were seen both between the manufacturers and the distributors. This development resulted in a change in distribution partners in a number of European markets, thus leading to a fall in sales of certain Medisize airway management products. In Germany, the most important European market for respiratory care products, the reorganization of the statutory health fund structure added to customer unease and, in particular, hindered the introduction of new products.



Production of medical devices is executed under clean-room conditions.



Together with the Finnish Orion Corporation Noira, Createchnic developed an innovative dosage system called Quickspense, that releases 2 ml of a disinfectant, soap or crème when activated.



To fix ligaments in a knee resorbing polymere interference screws are an ever more popular alternative to titanium screws.



Medisize produces a series of consumables that link an innovative contrast application system to the individual patient.

To ensure the continuation of its existing sales volumes, the Medisize marketing organization decided to handle the sale of its products in Italy internally. The range of products was also extended by the addition of a well-known manufacturer's oxygen therapy products in the direct markets of Germany, Switzerland, Italy and the Benelux countries.

The following chapter describes the principles of corporate governance applied at Group and senior management level within the Gurit-Heberlein Group. The central elements are contained in the statutes and organizational regulations and are based on the guidelines and 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 the Swiss Exchange (SWX). Unless otherwise indicated, all information refers to balance sheet date on December 31, 2004. Significant changes that have occurred between that date and the copy deadline for this Report have also been indicated as appropriate.

CORPORATE GOVERNANCE

1 Group structure and shareholders

1.1 Group structure

1.1.1 Operative Group structure

The Gurit-Heberlein Group is focused on specific segments of the Chemical and Synthetics technology sector. The Group's industrial activities are split into two divisions: Health Care and Industrial Applications. Financial statements are produced for each division. An organizational chart can be found on page 15 of this Report.

1.1.2 Legal structure of subsidiaries

Of all the companies consolidated, Gurit-Heberlein AG (the Gurit-Heberlein Group's holding company) is the only one listed. It is headquartered in Wattwil/SG; Gurit-Heberlein bearer shares (security no. 801223, ISIN CH0008012236, symbol GUR) are quoted on the Swiss stock exchange. Market capitalization on December 31, 2004, amounted to CHF some CHF 435 million. Information about the non-listed companies can be found in the overview on page 53 of the Financial Review.

1.2 Major shareholders

On December 31, 2003, the following shareholders held more than 5% of the voting stock of Gurit-Heberlein AG:

Geha Holding AG, Au/SG:

Geha Holding AG holds 220 000 bearer shares, which is equivalent to a 33.33% share of voting rights or a 9.40% share of the company's capital. The shares of Geha Holding AG are held indirectly by Hans Huber and his family (announcement in the Schweizerisches Handelsamtsblatt No. 32 of 14 February 2001).

Harris Associates L. P., The Oakmark Funds, Chicago, USA:

Harris Associates L. P. holds a total of 32 604 bearer shares, which is equivalent to a 4.94% share of voting rights or a 6.97% share of the company's capital (announcement in the Schweizerisches Handelsamtsblatt No.103 of 31 May 2002).

Franklin Templeton Companies LLC, Fort Lauderdale, USA:

The Franklin Templeton Companies LLC has indirect holdings through various funds with Franklin Templeton Investments, Toronto – Edinburgh – Hong Kong, Templeton Asset Management, Singapore, and Templeton Investment Counsel, Fort Lauderdale, totalling 33 219 bearer shares, which is equivalent to a 5.03% share of voting rights or a 7.10% share of the company's capital (announcement in the Schweizerisches Handelsamtsblatt No. 94 of 19 May 2003).

1.3 Cross-shareholding

Gurit-Heberlein AG has no cross-shareholding arrangements with other companies.

2 Capital structure

Information about the capital structure can be found in Gurit-Heberlein AG's statutes, in the Financial Review and the Statements on Gurit-Heberlein AG as well as in the Investor Relations section on page 74 of this Report. The statutes are available on the website www.gurit.com.

2.1 Capital

Details of the capital are included in the appendix to Gurit-Heberlein AG's financial statements on page 71.

2.2 Authorized or contingent capital in particular

Gurit-Heberlein AG has no authorized or contingent capital.

2.3 Changes in capital

In the past three years (1 January 2002, to 31 December 2004), the following changes in equity occurred.

IN CHF 1000

	POS. 31.12.2002	POS. 31.12.2003	POS. 31.12.2004
Share capital	46 800 000 ¹	46 800 000	46 800 000
General reserves	23 400 000	23 400 000	23 400 000
Treasury stock			
reserves	8 731 529	5 391 159	4 724 223
Other reserves	44 082 477	47 422 847	48 089 783
Net result	81 701 115	85 818 051	88 053 482
Total	204 715 121	208 832 057	211 067 488

¹ AFTER CAPITAL INCREASE OF SEPTEMBER 3, 2002, IN THE CONTEXT OF THE TAKEOVER OF SP GROUP.

2.4 Shares and participation certificates

The company's share capital consists of 240 000 registered shares at par CHF 20 and 420 000 bearer shares at par CHF 100. Bearer shares are traded in the main section of the SWX 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-Heberlein AG has not issued any participation certificates.

2.5 Profit-sharing certificates

Gurit-Heberlein AG has not issued any profit-sharing certificates.

2.6 Restrictions on transferability of shares and nominee registrations

According to § 4 of the statutes, only individuals who are entered in the Share Registry 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 has 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-Heberlein AG has no outstanding convertible bonds. Details of the options held by members of the Board of Directors and Group Management can be found under 5.6 on page 38. Gurit-Heberlein AG has no options outstanding to members of staff which, if exercised, would require delivery from contingent capital.

3 Board of Directors

On 31 December 2004, the Board of Directors of Gurit-Heberlein AG consisted of six members.

3.1/2 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 below:

Paul Hälgi

Chairman of the Board of Directors
 Doctorate in chemistry, Swiss citizen, 51
 Non-executive member
 Professional background (main stages)
 1986–2001 Gurit-Essex AG, from 1995 CEO
 2001–2004 Group Executive Vice President, Forbo International SA
 2004–present day CEO of Dätwyler Holding AG, Altdorf

Robert Heberlein

Member
 LLD, attorney-at-law; Swiss citizen; 64
 Non-executive member
 Professional background (main stages)
 Since 1977 Partner, Lenz & Staehelin, Zurich
 Other important activities and vested interests:
 Chairman of the Board of Directors of Bank am Bellevue, Zurich
 Member of the Board of Directors of Geberit AG, Jona

Nick Huber

Member of the Board of Directors
 Businessman, Swiss citizen, 41
 Non-executive member
 Professional background (main stages)
 1988–1990 Account Manager, Computer Associates AG (CA)
 1990–1995 Account Manager, IBM (Schweiz) AG
 1995–present day Divisional Head, SFS Unimarket AG
 Other important activities and vested interests:
 Chairman of the Board of Directors, Inac AG
 Chairman, SFS Zehndtfield AG
 Member of the Board of Directors, Alpha Rheintal Bank
 Member of the Board of Directors, Ferronorm AG

CORPORATE GOVERNANCE

Walter Känel

Member of the Board of Directors
First degree in economics, doctorate in politics, Swiss citizen, 70
Non-executive member
Professional background (main stages)
1975–2000 CEO and Delegate of the Board of Gurit-Heberlein AG

Paul J. Rudling

Member of the Board of Directors
Entrepreneur, British citizen, 55
Executive member
Professional background (main stages)
1976 Founder and CEO of SP Group
2002 CEO of Gurit Composite Technologies

Rudolf Wehrli

Member of the Board of Directors
Chief Executive Officer Gurit-Heberlein Group
Dr. phil. et Dr. theol.
Swiss citizen, 55
Executive Member
Professional background (main stages)
1979–1983 Management consultant, McKinsey Schweiz
1984–1985 Directorate Credit Suisse, Zurich
1986–1995 Head of marketing and sales and member of executive management, Silent Gliss Group, Muri/Bern
1995–1998 Chief Operating Officer und member of Group Management, Gurit-Heberlein Group
Since 1998 COO (since 2000: CEO), Gurit-Heberlein Group

Other important activities and vested interests:
President of the Swiss Chemical Industry Association (SGCI) and in this capacity a member of the supervisory board of Economiesuisse, the umbrella organization for the Swiss economy
Member of the Board of Directors of Bernische Kantonalbank

3.3 Cross-involvement

At present there is no cross-involvement between the Board of Directors of Gurit-Heberlein AG and other listed companies.

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. The term of members elected during the Board's term of office ends with that of the Board (total renewal principle). There is no limit to the period of office or age of members of the Board of Directors.

Members of the Board of Directors

NAME	BORN	POSITION IN BD	ELECTION TO BD	ELECTED UNTIL
Dr. Paul Hälg	1954	Chairman	14.06.2001	2005
Robert Heberlein	1941	Member	22.11.1984	2005
Nick Huber	1964	Member	15.06.1995	2005
Dr. Walter Känel	1935	Member	22.11.1984	2005
Paul J. Rudling	1950	Member	03.09.2002	2005
Dr. Rudolf Wehrli	1949	Member	27.05.2004	2005

3.5 Internal organization

3.5.1 Allocation of tasks within the Board of Directors

The Board of Directors has overall charge of the company and is responsible for supervision of Group Management. It represents the company to the outside world and takes care of all matters which are not delegated by law, statute or regulation to another body or Group Management.

The Board of Directors' main duties are as follows:

- to formulate general Group policy and the industrial concept behind the Group as a whole
- to acquire and sell associated companies and/or found and liquidate companies in which the Group has interests in cases where the capital involved exceeds CHF 5 000 000 or which would entail the beginning of a new business activity or the relinquishment of an existing one
- to define the Group's financial strategy
- to determine accounting, financial control and financial planning
- to define the Group's organizational structure
- to appoint Group Management
- to approve the Annual Report to shareholders and propose motions to the General Meeting

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

The Board of Directors has delegated the operational leadership to Group Management headed by the Chief Executive Officer.

The Chairman presides over the Board of Directors. In the event of his being unable to do so, his duties are performed by another member to be nominated by the Board of Directors

The Board has formed permanent committees:

Audit Committee:

Chairman: Robert Heberlein

Members: Paul Hälg, Nick Huber, Walter Känel

The Audit Committee assists the Board of Directors in its supervisory duties and prepares the business of the Board of Directors. More specifically, the Audit Committee has the following tasks and duties to perform:

- to prepare detailed information about individual divisional companies, their current position and their future prospects
- to receive monthly reports from Group Management about operations and the Group's financial development
- to take cognizance of the reports of divisional companies and their annual financial statements
- to approve real estate transactions exceeding CHF 1 000 000 in value

The Audit Committee carries out the following duties:

- to monitor the external auditors (statutory and Group auditors) and internal auditors and the ways in which they liaise
- to test the effectiveness of the internal controlling system and draw up proposals for a possible restructuring of this area
- to subject individual and Group accounts to critical inspection and to inform the Board of Directors whether these can be presented to the General Meeting for approval

Nomination and Compensation Committee

Chairman: Walter Känel

Members: Paul Hälg, Nick Huber, Robert Heberlein

The nomination and compensation committee carries out the following duties:

- to define the conditions of employment for the Chief Executive Officer
- to approve appointments to extended Group Management and the heads of the most important divisional companies
- to approve the remuneration paid to senior management staff

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 for four ordinary, mainly one-day meetings. Extraordinary meetings may be held as necessary. Every member of the Board is entitled to call for an immediate meeting on condition that he names its purpose.

Meetings are summoned in writing by the Chairman. An invitation together with a detailed agenda and documentation is sent to all participants at least seven 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.

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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 votes taken during deliberations.

3.6 Definition of areas of responsibility

The areas of responsibility between the Board of Directors and Group Management are defined in Gurit-Heberlein AG's organizational regulations. Executive control of the Group and, with it, operational management of the entire Group is, as far as permissible by law, delegated to Group Management.

Apart from decisions which, according to Art. 716a of the Swiss Code of Obligations, are part of its infeasible and non-transferable duties, the Board of Directors has reserved for itself the duties listed under 3.5.1.

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 31 December 2004, Gurit-Heberlein AG's Group Management consisted of the CEO, the CFO and the full-time heads of the various business units (a total of seven members).

4.1 Members of Group Management

The personal details together with the other activities and vested interests of individual members of Group Management are listed below:

Rudolf Wehrli

Chief Executive Officer of the Gurit-Heberlein Group
Member of the Board of Directors
Dr. phil et Dr. theol., Swiss citizen, 55
Professional background (main stages)
1979–1983 Management consultant, McKinsey Schweiz
1984–1985 Directorate Credit Suisse, Zurich
1986–1995 Head of marketing and sales and member of executive management, Silent Gliss Group, Muri/Bern
1995–1998 Chief Operating Officer und member of Group Management, Gurit-Heberlein Group
Since 1998 COO (since 2000: CEO), Gurit-Heberlein Group

Other important activities and vested interests:
President of the Swiss Chemical Industry Association (SGCI) and in this capacity a member of the supervisory board of Economiesuisse, the umbrella organization for the Swiss economy
Member of the Board of Directors of Bernische Kantonalbank

Peter Lieberherr

Chief Financial Officer of the Gurit-Heberlein Group
Chartered accountant and controller, Swiss citizen, 58
Professional background (main stages)
1973–1984 Various functions in the Group finances of the Gurit-Heberlein Group
Since 1984 Chief Financial Officer, Gurit-Heberlein Group
Other important activities and vested interests:
Member of the Board of Directors, Buchdruckerei Wattwil
Member of the Board of Directors, SRB Holding AG
Member of the Board of Directors, Heberlein Textil AG in liquidation

Willem van den Bruinhorst

Chief Executive Officer of Gurit Medical Business,
 Managing Director of the Medisize Group
 Dutch citizen, 46
 Professional background (main stages)
 1980–1987 Shipbuilding engineer, Smit Lloyd bv,
 Rotterdam NL
 1987–1990 Project engineer, Royal Van Leer Packaging,
 Mijdrecht, NL
 1990–1995 Plant Manager, Medisize bv, Hillegom, NL
 1995–1997 Technical Director, Medisize bv, Hillegom, NL
 1997–present day Managing Director, Medisize bv,
 Hillegom, NL
 2002–present day CEO Gurit Medical Business beheer bv,
 Hillegom, NL

Jerry Sullivan

Chief Executive Officer Gurit Dental Care,
 Managing Director Coltène/Whaledent Inc.
 American citizen, 60
 Professional background (main stages)
 1981–1992 President and CEO, Whaledent International
 1992–2002 Managing Director, Coltène/Whaledent Inc.
 2003–present day CEO, Gurit Dental Care

Heinz Michel

Chief Executive Officer of Gurit Fiber Technology
 Swiss citizen, 52
 Professional background (main stages)
 1973–1977 Various positions in Heberlein Maschinenfabrik
 AG, Wattwil
 1977–1982 Heberlein do Brasil, Sao Paolo, BR
 1982–1985 Sales/Head of Sales Heberlein Fiber
 Technology AG, Wattwil
 1995–today Managing Director CEO, Heberlein Fiber
 Technology AG, Wattwil
 since 1995 CEO, Heberlein Fiber Technology Group

Martin Lütischg

Chief Operating Officer, Gurit Composite Technologies
 Dipl. Ing. ETH and dipl. NDS ETH,
 Swiss citizen, 48
 Professional background (main stages)
 1984–1991 Head of department, process technology,
 EMS-Inventa AG
 1991–1995 Project manager, Rieter Management AG
 1995–1997 Postgraduate studies, NDS ETHZ
 1997–2002 Managing Director, IMS Group
 2002–present day COO Gurit Composite Technologies

Paul J. Rudling

Chief Executive Officer Gurit Composite Technologies,
 Managing Director Structural Polymer Group, Member of
 the Board of Directors
 British citizen, 55
 Professional background (main stages)
 1976 Founder and CEO of SP Group
 2002 CEO of Gurit Composite Technologies

4.2 Management contracts

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

5 Compensation, shareholdings and loans**5.1 Content and method of determining compensation and shareholding schemes**

Members of the Board of Directors are paid a fixed amount in cash for their services. This sum is set down in regulations that are reviewed from time to time by the Board.

The amount paid to the Chief Executive Officer is determined by the Nomination and Compensation Committee; the amounts paid to the other members of Group Management is the responsibility of the Chief Executive Officer, subject to approval by the Executive Committee.

CORPORATE GOVERNANCE

Apart from their basic salary, the members of Group Management receive a performance and success-related bonus. The basic salary takes into account the functional value of the position, the individual qualifications required and local employment conditions. The size of the bonus depends on how successful the area for which the member is responsible has been in achieving its targets.

A supplementary pension scheme also exists for members of Group Management which, together with the state-run pension and statutory company pension schemes, provides for a pension amounting to a maximum of 60% of the recipient's insured annual salary. The maximum insurable annual salary is limited to CHF 300 000 and at least one-third of the premiums are financed by the staff themselves.

Finally, there is a management stock participation scheme for members of senior management that entitles them to purchase Gurit-Heberlein bearer shares. Participants in the scheme are entitled to buy a maximum of 25 shares annually with a 20% discount on market price on the appointed day, together with 50 options to buy stock at a later date with a 10% premium on the price on the appointed day. The bearer stock may not be resold for a period of four years; the exercise period for options is seven years.

5.2 Remuneration to acting members of governing bodies

The total sum of all remunerations¹ (excluding shares and options)² paid during the year under review was as follows:

- a) to executive members of the Board of Directors and members of Group management a total of CHF 2 933 657 (7 persons in all); and
- b) to non-executive members of the Board of Directors a total of CHF 297 333 (4 persons in all). The highest remuneration paid to a non executive member of the board was CHF 81 333.–

5.3 Remuneration to former members of governing bodies

No exit remuneration to a person leaving office during the year under review, and no remuneration to former members of governing bodies was paid during the year under review.

5.4 Share allotment in the year under review

During the year under review shares were allotted to the various groups in the amounts shown below:

- a) to executive members of the Board of Directors and members of Group management and parties closely linked to them 760 bearer shares at par CHF 100; and
- b) to non-executive members of the Board of Directors and parties closely linked to them no registered shares at par CHF 20 and no bearer shares at par CHF 100.

5.5 Share ownership

On the reference date, the various groups held (directly or indirectly) the following amounts of shares in Gurit-Heberlein AG:

- a) executive members of the Board of Directors and members of Group Management and parties closely linked to them as well as the most senior Group Management staff members: 50 registered shares at par CHF 20 and 14 604 bearer shares at par CHF 100; and
- b) non-executive members of the Board of Directors and parties closely linked to them: 239 545 registered shares at par CHF 20 and 12 045 bearer shares at par CHF 100.

5.6 Options

On the reference date the various groups held the following amounts of options on bearer shares of Gurit-Heberlein AG:

¹ TOTAL OF ALL REMUNERATION, FEES, SALARIES, GRANTS AND BONIFICATION (DURING THE YEAR UNDER REVIEW NO GOODS WERE DISTRIBUTED AS PAYMENTS.).

² SHARES AND OPTIONS ARE SEPARATELY SHOWN UNDER POINT 5.4 AND 5.6.

a) executive members of the Board of Directors and members of Group Management and parties closely linked to them as well as most senior Group Management staff members:

ISSUE YEAR	NO. OF OPTIONS	EXERCISE PRICE (CHF)	MATURITY	EXERCISE PERIOD
1999	42	577.–	2001–2006	1.4.2006
2000	640	880.–	2002–2007	1.4.2007
2001	766	1 638.–	2003–2008	1.4.2008
2002	1 124	1 260.–	2004–2009	1.4.2009
2003	1 200	680.–	2005–2010	1.4.2010
2004	1 454	1 056.–	2006–2011	1.4.2011
Total	5 226			

b) non-executive members of the Board of Directors and parties closely linked to them held no options.

5.7 Additional fees and payments

Lenz & Staehelin, Attorneys-at-Law, in which Robert Heberlein, member of the Board of Directors, is a partner, presented Gurit-Heberlein AG or its Group companies with invoices totalling approximately CHF 87 400 for legal advisory services during the year under review.

5.8 Loans to governing bodies

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

5.9 Maximum total remuneration

The Board member with the highest total remuneration in the year under review received CHF 560 000.

6 Shareholders' participation rights

Details of shareholders' participation rights can be found in the statutes of Gurit-Heberlein 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 Art. 704, para.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 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 laid down by law.

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 defence measures

7.1 Public purchase offers

The threshold at which a shareholder is obliged to make an offer for all Gurit-Heberlein AG's stock in accordance with Art. 31, para.1 of the Bundesgesetz über die Börsen und den Effektenhandel (Swiss Law on Stock Exchanges and Securities Trading) of 24 March 1995 has been raised to 49% of the total votes.

CORPORATE GOVERNANCE

7.2 Clauses on changes of control

Gurit-Heberlein 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, PricewaterhouseCoopers AG, St. Gallen, has been Gurit-Heberlein's accountants since 1984 and was appointed auditors in 1994. Lorenz Lipp has been lead auditor since 2004.

8.2 Auditing fees

The total sum charged during the year under review by PricewaterhouseCoopers in its capacity as Group auditor amounted to CHF 662 000.

8.3 Additional fees

Fees for additional services (e.g. management and IT consultancy, tax and legal advisory services) supplied by the auditors during the year under review amounted to CHF 214 000.

8.4 Supervisors and control instruments pertaining to the auditors

As explained in section Ziff. 3.5.2., the Board of Directors formed an Audit Committee to monitor the external auditors (statutory and Group auditors). As part of its duties, the Committee also assesses the services and fees charged by the external auditors as well as their independence of the entire Board of Directors.

9 Information policy

Gurit-Heberlein provides its shareholders with information in the form of the Annual Report and a half-yearly 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.

11 Ad hoc publicity

Gurit-Heberlein 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:

April 22, 2005	Presentation of annual results; financial analysts' and media conference; publication of Annual Report
May 19, 2005	General Meeting
End of August 2005	Half-year report, letter to shareholders
End of March 2006	Key figures from the annual results for 2005
Second half of April 2006	Presentation of annual results; financial analysts' and media conference; publication of Annual Report
Second half of May 2006	General Meeting
End of August 2006	Half-year report, letter to shareholders

Contact addresses

Investor Relations/Media Relations
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Tel. +41 (0)71 987 1010
Fax +41 (0)71 987 1005
E-mail: info@gurit.ch

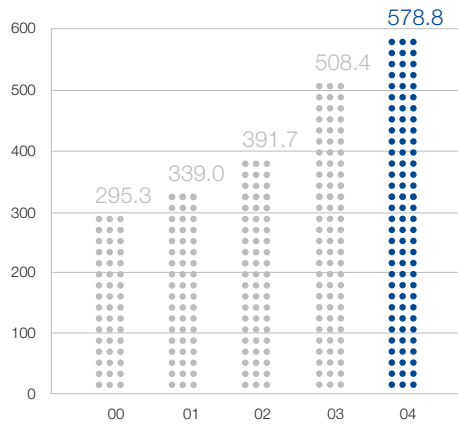
FIVE-YEAR COMPARISON

CHEMICAL AND SYNTHETICS TECHNOLOGY

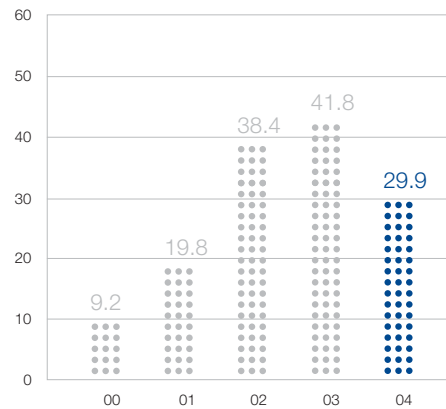
IN CHF MIO.

Group Divisions Health Care and Industrial Applications (2000 excl. Gurit-Essex)
 (comparable Group result, excl. result from exceptional factors)

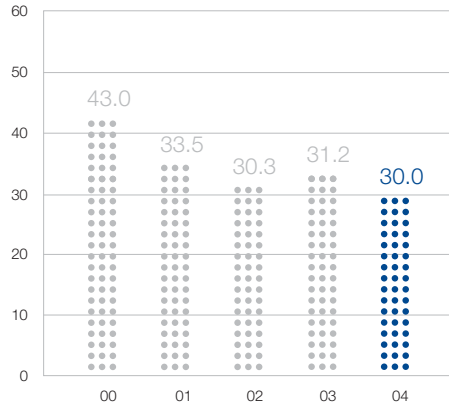
Group net sales



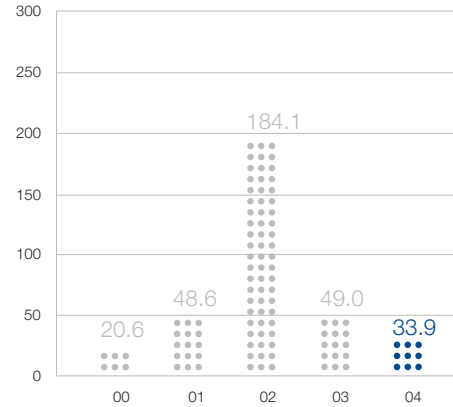
Investment in fixed assets



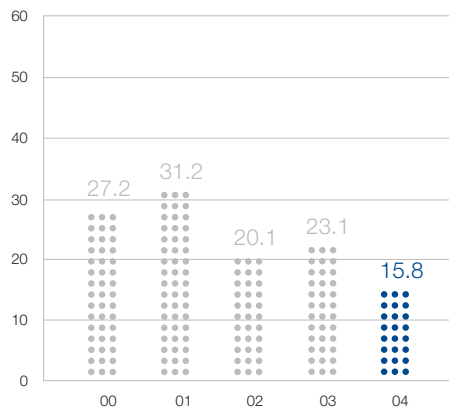
Group EBIT



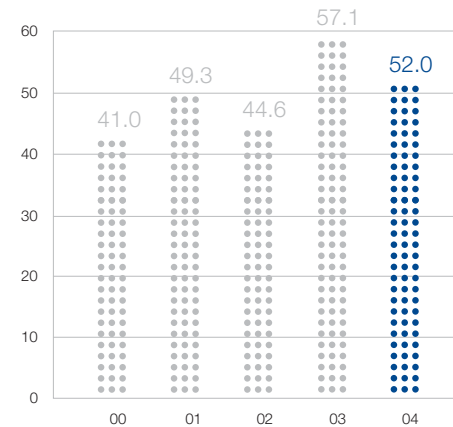
Total investments



Group profit



Group cash flow



DIVISIONAL RESULTS

CHEMICAL AND SYNTHETICS TECHNOLOGY

IN CHF 1000

Group Divisions Health Care and Industrial Applications (2000 excl. Gurit-Essex)

(comparable Group result, excl. result from exceptional factors)

	2004	2003	2002	2001	2000
Net sales	578 779	508 436	391 699	339 020	295 276
of which Health Care	218 889	203 148	207 143	167 537	152 840
Industrial Applications	355 615	300 918	179 613	165 829	134 949
Others/Consolidation	4 275	4 370	4 943	5 654	7 487
Cost of goods and materials	-250 517	-202 381	-142 850	-124 751	-101 439
Personnel expenses	-173 982	-154 017	-127 951	-110 243	-94 051
Other operating expenses	-48 731	-48 497	-33 832	-27 638	-23 070
Management and sales expenses	-45 123	-46 149	-36 977	-32 387	-27 080
Other operating income	+5 911	+7 892	+4 924	+7 246	+6 607
EBITDA	66 337	65 284	55 013	51 247	56 243
Depreciation	-25 101	-20 376	-16 480	-14 337	-11 688
Amortization of goodwill	-11 277	-13 664	-8 256	-3 366	-1 569
Operating profit (EBIT)	29 959	31 244	30 277	33 544	42 986
of which Health Care	22 908	11 823	24 852	19 292	17 126
Industrial Applications	5 193	19 106	3 633	13 372	18 943
Others/Consolidation	1 858	315	1 792	880	6 917
Financial expenses	-7 554	-7 725	-9 287	-11 331	-13 250
Financial income	+3 975	+8 619	+4 777	+15 962	+3 447
Profit before tax	26 380	32 138	25 767	38 175	33 183
Tax expense	-10 725	-9 038	-5 951	-6 601	-5 451
Profit after tax	15 655	23 100	19 816	31 574	27 732
Minority interests	107	25	312	-392	-537
Group profit (excl. minority interests)	15 762	23 125	20 128	31 182	27 195
Consolidated Cash flow (Profit after tax + depreciations)	52 033	57 140	44 552	49 277	40 989
EOS [Return (EBIT) on Sales]	5.2%	6.1%	7.7%	9.9%	12.5%
					(adjusted)
RONA [Return (EBIT) on Net Assets]	5.6%	6.2%	8.7%	n.v.	n.v.
ROE [Return (Profit) on Equity]	3.5%	5.2%	4.7%	7.6%	n.v.

GROUP FINANCIAL STATEMENTS

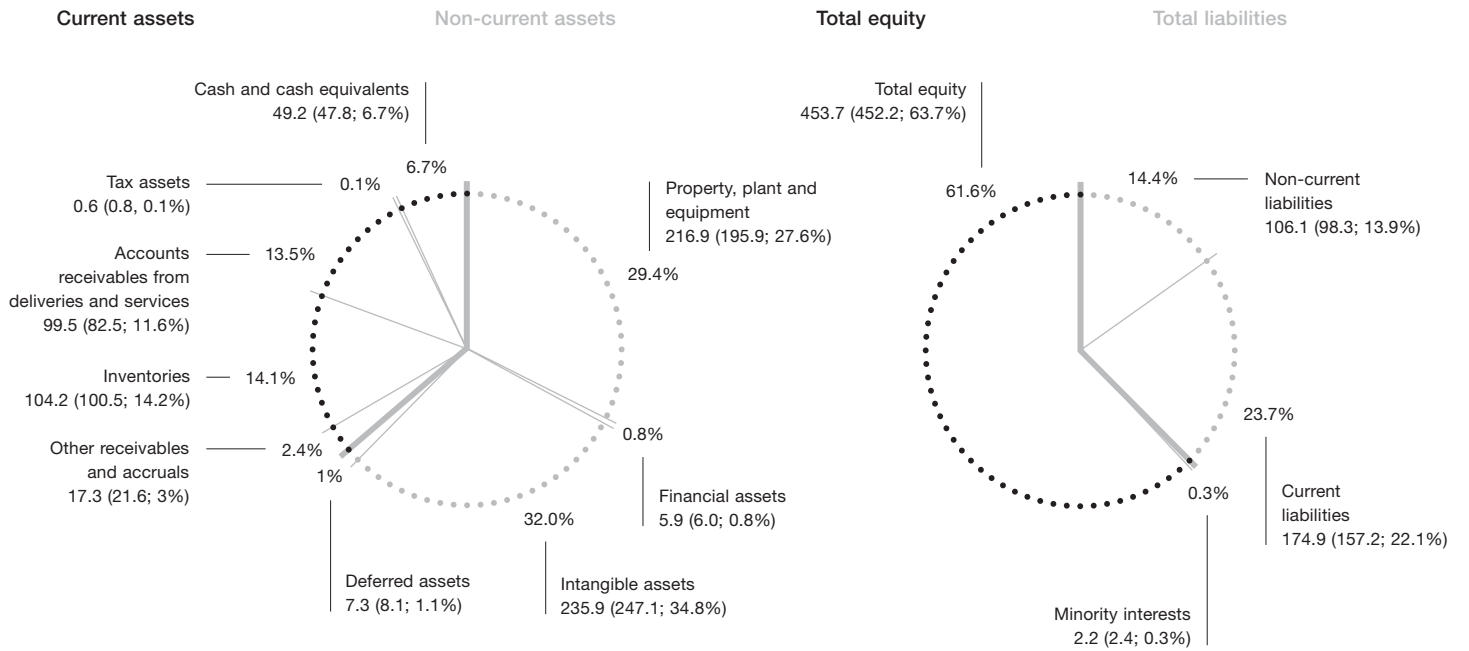
GROUP BALANCE SHEET

IN CHF 1000

	Ref.	31.12.2004	31.12.2003
Assets			
Cash and cash equivalents	1	49 191	47 750
Accounts receivable from deliveries and services		99 527	82 472
Tax assets		570	867
Other receivables and accruals	2	17 293	21 551
Inventories	3	104 219	100 497
Current assets		270 800	253 137
Plant and equipment		98 910	94 519
Real estate		118 039	101 428
Property, plant and equipment	4	216 949	195 947
Financial assets	5	5 935	5 956
Intangible assets	5	235 910	247 096
Deferred tax assets	(11)	7 284	8 050
Non-current assets		466 078	457 049
Total assets		736 878	710 186
Equity and liabilities			
Bank loans	6	77 818	75 624
Accounts payable to suppliers		42 978	37 661
Other accounts payable and accruals	7	41 160	36 165
Tax liabilities	8	6 801	3 682
Other provisions	8	6 129	4 059
Current liabilities		174 886	157 191
Mortgage and loans	9	64 522	50 788
Other liabilities	10	5 084	7 665
Deferred tax provisions	11	31 927	33 731
Other provisions	12	4 517	6 135
Non-current liabilities		106 050	98 319
Total liabilities		280 936	255 510
Minority interests	13	2 201	2 441
Share capital		46 052	45 905
Additional paid-in capital		28 642	28 642
Currency translation adjustments		-14 548	-10 213
Retained earnings		393 595	387 901
Total equity (excl. minority interests)	14	453 741	452 235
Total equity (incl. minority interests)		455 942	454 676
Total Equity and liabilities		736 878	710 186

IN CHF MILLION

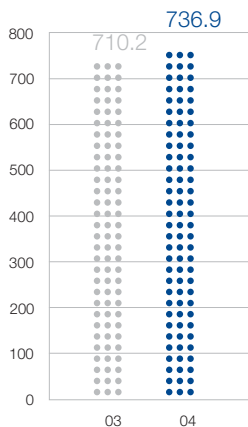
Structure of assets and liabilities



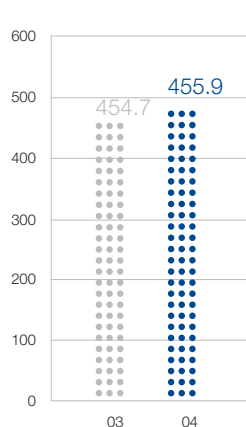
PREVIOUS YEAR FIGURES IN BRACKETS

Rate of self-financing (incl. minority interests)

Total assets



Total equity (incl. minority interests)



$$\frac{\text{Total equity}}{\text{Total assets}} \times 100$$

Rate of self-financing

2004: 61.9%

2003: 64.0%

GROUP FINANCIAL STATEMENTS

GROUP INCOME STATEMENT

IN CHF 1000

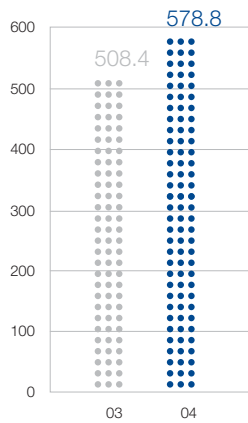
	Ref.	2004	2003
Income statement			
Net sales	15	578 779	508 436
Costs of goods and materials	16	-250 517	-202 381
Personnel expenses	17	-173 982	-154 017
Other operating expenses	18	-48 731	-48 497
Marketing and administrative expenses	18	-45 123	-46 149
Other operating income	19	+5 911	+7 892
Depreciation and amortization	20	-36 378	-34 040
Operating profit		29 959	31 244
Financial expenses	21	-7 554	-7 725
Financial income	21	+3 975	+8 619
Profit before tax		26 380	32 138
Tax expense	22	-10 725	-9 038
Profit after tax		15 655	23 100
Minority interests		+107	+25
Group profit (excl. minority interests)	23	15 762	23 125
Earnings per bearer share	23	CHF 34.23	CHF 50.62
Diluted earnings per bearer share	23	CHF 34.21	CHF 50.59
Earnings per registered share		CHF 6.85	CHF 10.12
Diluted earnings per registered share		CHF 6.84	CHF 10.12

		2004	2003
Depreciation and amortization			
Group cash flow (profit after tax + depreciations)		52 033	57 140
EBITDA		66 337	65 284
Depreciation		-25 101	-20 376
EBITA		41 236	44 908
Amortization of Goodwill		-11 277	-13 664
EBIT		29 959	31 244
Financial expenses/income		-3 579	+894
Tax expense		-10 725	-9 038
Minority interests		+107	+25
Group profit		15 762	23 125

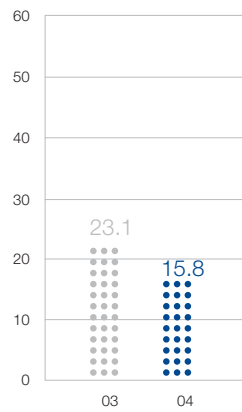
IN CHF MILLION

Group result and cash flow as percentage of net sales

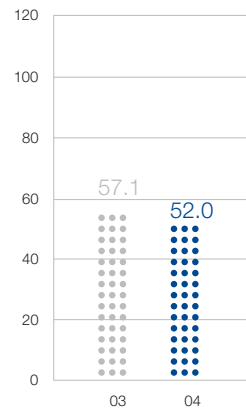
Net sales



Group profit



Group cash flow



$$\frac{\text{Group profit}}{\text{Net sales}} \times 100$$

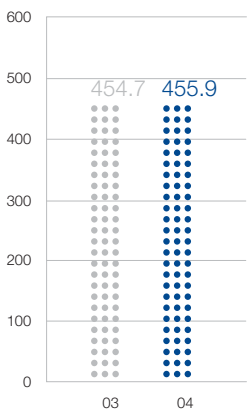
Group profit
as percentage of net sales
2004: 15.8%
2003: 23.1%

$$\frac{\text{Group cash flow}}{\text{Net sales}} \times 100$$

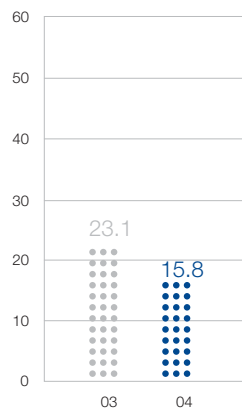
Group cash flow
as percentage of net sales
2004: 52.0%
2003: 57.1%

Return on Equity
(Values incl. minority interests)

Equity



Group result



$$\frac{\text{Group profit}}{\text{Average equity}} \times 100$$

Return on equity
2004: 15.8%
2003: 23.1%

GROUP FINANCIAL STATEMENTS

GROUP CASH FLOW STATEMENT

IN CHF 1000

	Ref.	2004	2003
Operating profit		29 959	31 244
Depreciation and amortization		36 378	34 040
Other non-cash items		-4 508	- 8 239
Change in accounts receivable		-13 025	- 11 446
Change in inventories		-452	- 6 890
Change in sundry current assets		5 149	- 4 061
Change in current liabilities		5 210	595
Change in non-current liabilities		-251	-308
Financial expenses		-4 406	-3 527
Financial income		367	363
Tax payment		-7 856	-6 734
Cash flow from operating activities	24	46 565	25 037
Purchase of property, plant and equipment		-28 781	-39 656
Proceeds from sale of property, plant and equipment		5 428	9 688
Financial investments		-139	-3 336
Disposal of financial investments		92	139
Investments in intangible assets		-1 320	- 2 724
Disposal of investments in intangible assets		2	9
Acquisition of subsidiaries	25	-6 516	-12 954
Cash flow from investment activities	25	-31 234	-48 834
Free cash flow (before dividend payment)	26	15 331	-23 797
Change in current bank loans		-232	22 719
Change in non-current bank and other loans		1 373	6 441
Change in sundry non-current payables		-1 793	-1 815
Lease payments		-2 429	-2 146
Capital payments from minority shareholders		0	126
Dividend to Gurit-Heberlein AG shareholders	27	-11 063	-10 932
Distribution to minority shareholders	28	-113	-111
Sale/purchase of treasury stock		320	3 341
Cash flow from financing activities	29	-13 937	17 623
Exchange rate differences		47	1 372
Change in cash and cash equivalents	30	1 441	-4 802
Cash and cash equivalents at beginning of year		47 750	52 552
Cash and cash equivalents at end of year	31	49 191	47 750
Free Cash flow (before dividend payment)	26	15 331	-23 797
thereof purchase of holdings		6 516	12 954
Free Cash flow from ordinary operations (before acquisitions)		21 847	-10 843

SHAREHOLDERS' EQUITY AND MINORITY INTERESTS

IN CHF 1000

	SHAREHOLDERS' EQUITY				TOTAL EQUITY	MINORITY INTERESTS
	SHARE CAPITAL	ADDITIONAL PAID-IN CAPITAL	CURRENCY TRANSL. ADJUSTMENTS	RETAINED EARNINGS		
31.12.2002	45 446	28 642	-7 100	372 826	439 814	2 322
Dividend distribution				-10 932	-10 932	-111
Group profit				23 125	23 125	-25
Minority interest in capital increase						126
Currency effects			-3 113		-3 113	129
Change in treasury stock	459			2 882	3 341	
31.12.2003	45 905	28 642	-10 213	387 901	452 235	2 441
Dividend distribution				-11 063	-11 063	-113
Group profit				15 762	15 762	-107
Currency effects			-4 335		-4 335	-20
Change in treasury stock	147			995	1 142	
31.12.2004	46 052	28 642	-14 548	393 595	453 741	2 201

NOTES TO GROUP FINANCIAL STATEMENTS

SUMMARY OF ASSETS: PROPERTY, PLANT AND EQUIPMENT

IN CHF 1000

	PLANT AND EQUIPMENT	LEASED PLANT AND EQUIPMENT	PLANT UNDER CONSTRUCTION	LAND	BUILDINGS	LEASED BUILDINGS	TOTAL PROPERTY, PLANT AND EQUIPMENT
Gross values							
Value 31.12.2002	191 122	7 050	1 987	17 794	113 465	4 815	336 233
Additions	16 900	2 050	5 134	1 046	16 685		41 815
Disposals	-11 826		-52	-1 430	-14 563		-27 871
Change in consolid.	25 999		51		1 365		27 415
Currency effects	3 566	2	112	-28	230	328	4 210
Other	803		-878		75		-
Value 31.12.2003	226 564	9 102	6 354	17 382	117 257	5 143	381 802
Additions	19 102	1 008	3 545	303	5 831	64	29 853
Disposals	-10 805	-1 056	-45	-221	-936	-31	-13 094
Change in consolid.	11 689	1 200	1 047		11 362		25 298
Currency effects	-2 822	-88	286	-145	-1 688	-49	-4 506
Other	1 693	-260	-9 770	897	2 106	5 318	-16
Value 31.12.2004	245 421	9 906	1 417	18 216	133 932	10 445	419 337
Accumulated depreciation							
Value 31.12.2002	132 829	1 826	0	2 890	41 637	1 649	180 831
Depreciation 2003	13 637	811		32	4 375	164	19 019
Disposals	-11 396				-13 887		-25 283
Change in consolid.	7 469				786		8 255
Currency effects	2 328	-3		-1	591	118	3 033
Other	0						-
Value 31.12.2003	144 867	2 634	0	2 921	33 502	1 931	185 855
Depreciation 2004	16 715	862		64	5 163	461	23 265
Disposals	-9 490	-689			-488	-5	-10 672
Change in consolid.	4 448	785			660		5 893
Currency effects	-2 270	-19		-8	-580	932	-1 945
Other	119	-128		-2	3		-8
Value 31.12.2004	154 389	3 445	0	2 975	38 260	3 319	202 388
Net values							
Value 31.12.2002	58 293	5 224	1 987	14 904	71 828	3 166	155 402
Value 31.12.2003	81 697	6 468	6 354	14 461	83 755	3 212	195 947
Value 31.12.2004	91 032	6 461	1 417	15 241	95 672	7 126	216 949

SUMMARY OF ASSETS: FINANCIAL AND INTANGIBLE ASSETS

IN CHF 1000

	FINANCIAL ASSETS			INTANGIBLE ASSETS			
	SECURITIES	EXTRA GROUP LOANS	TOTAL	GOODWILL	NEGATIVE GOODWILL	OTHER INTANGIBLE ASSETS	TOTAL
Gross values							
Value 31.12.2002	508	2 328	2 836	275 454	0	8 309	283 763
Additions	57	3 279	3 336	3 619	-2 923	3 196	3 892
Disposals		-187	-187	-15		-107	-122
Change in consolid.	79		79	16		1 892	1 908
Currency effects	33	153	186	-2 218	116	384	-1 718
Other			0				0
Value 31.12.2003	677	5 573	6 250	276 856	-2 807	13 674	287 723
Additions		139	139	4 564	-2 021	1 320	3 863
Disposals	-43	-117	-160	-734	2 021	-2	1 285
Change in consolid.			0			611	611
Currency effects	-5	-77	-82	-2 646	54	-145	-2 737
Other			0			8	8
Value 31.12.2004	629	5 518	6 147	278 040	-2 753	15 466	290 753
Accumulated amortization							
Value 31.12.2002	98	157	255	23 321	0	3 076	26 397
Amortization 2003		1	1	13 800	-136	1 356	15 020
Disposals		-48	-48	-15		-98	-113
Change in consolid.	79		79	7		294	301
Currency effects	7		7	-741	21	166	-554
Other			0		-424		-424
Value 31.12.2003	184	110	294	36 372	-539	4 794	40 627
Amortization 2004	-12	1	-11	14 067	-2 790	1 847	13 124
Disposals	-20	-48	-68		2 021		2 021
Change in consolid.			0				0
Currency effects	-3		-3	-933	41	-37	-929
Other			0				0
Value 31.12.2004	149	63	212	49 506	-1 267	6 604	54 843
Net values							
Value 31.12.2002	410	2 171	2 581	252 133	-	5 233	257 366
Value 31.12.2003	493	5 463	5 956	240 484	-2 268	8 880	247 096
Value 31.12.2004	480	5 455	5 935	228 534	-1 486	8 862	235 910

NOTES TO GROUP FINANCIAL STATEMENTS

SEGMENT INFORMATION

The segment activities are described in detail on pages 19–30.

	2004			2003		
Net sales by Divisions IN CHF MILLION						
Health Care	218.9	37.8%		203.1	40.0%	
Industrial Applications	355.6	61.5%		300.9	59.2%	
Other/Consolidation	4.3	0.7%		4.4	0.8%	
Total net sales¹	578.8	100%		508.4	100%	
Net sales by Regions IN CHF MILLION						
Switzerland	32.9	5.7%		32.5	6.4%	
EU + EEA	369.5	63.8%		308.2	60.7%	
Rest of Europe	16.2	2.8%		14.9	2.9%	
USA/Canada	71.5	12.4%		80.5	15.8%	
Others	88.7	15.3%		72.3	14.2%	
Total net sales	578.8	100%		508.4	100%	
Operating profit by Divisions IN CHF MILLION						
Health Care	22.9	76.4%		11.8	37.8%	
Industrial Applications	5.2	17.3%		19.1	61.2%	
Other/Consolidation	1.9	6.3%		0.3	1.0%	
Total operating profit²	30.0	100.0%		31.2	100%	
Financial result	-3.6			0.9		
Income tax	-10.7			-9.0		
Minority interests	0.1			0.0		
Group profit	15.8			23.1		
Employees by Divisions (Ø)						
Health Care	1 125	43.5%		1 102	50.5%	
Industrial Applications	1 435	55.5%		1 052	48.3%	
Other/Consolidation	26	1.0%		26	1.2%	
Total employees	2 586	100%		2 180	100%	
Assets/CapEx by Divisions IN CHF MILLION						
	Assets	CapEx	Depr./Amort.	Assets	CapEx	Depr./Amort.
Health Care	248.3	3.8	9.2	228.1	17.4	10.8
Industrial Applications	474.6	29.6	26.7	470.2	31.0	22.8
Other/Consolidation	14.0	0.5	0.5	11.9	0.3	0.4
Total assets/CapEx	736.9	33.9	36.4	710.2	49.0	34.0
Liabilities by Group Division IN CHF MILLION						
Health Care			161.1			153.2
Industrial Applications			279.4			267.7
Other/Consolidation			-159.6			-165.4
Total liabilities			280.9			255.5
Assets/CapEx by Regions IN CHF MILLION						
	Assets	CapEx		Assets	CapEx	
Switzerland	240.2	11.4		223.0	16.0	
EU + EEA	395.0	14.7		391.5	21.0	
Rest of Europe	0.6	0.0		0.6	0.0	
USA/Canada	94.5	7.5		89.3	11.3	
Others	6.6	0.3		5.8	0.8	
Total assets/CapEx	736.9	33.9		710.2	49.0	

¹ INTER-COMPANY SALES ARE IRRELEVANT. ² INTER-COMPANY DIVISION SETTLEMENTS ON AN "ARM'S LENGTH" BASIS.

GROUP COMPANIES

NOTES TO GROUP FINANCIAL STATEMENTS •

GROUP COMPANIES •

Gurit-Heberlein AG holds an interest in the following companies either directly or jointly/indirectly via a subsidiary:

(bold = direct holding by Gurit-Heberlein AG; inserted = indirect holdings by means of subsidiaries)

Company	Activity	Registered capital	Group ownership
Coltène/Whaledent AG , Altstätten CH	Production and sales of dental specialities	CHF 1 600 000	100%
Coltène/Whaledent GmbH + Co. KG, Langenau GER	Production and sales of dental specialities	EUR 1 850 000	100%
Coltène/Whaledent Ltd., Burgess Hill GB	Sales of dental specialities	GBP 200 000	100%
Coltène/Whaledent S.à.r.l., St-Quen FR	Sales of dental specialities	EUR 503 000	100%
Coltène/Whaledent Inc. , Cuyahoga Falls, OH/USA	Production and sales of dental specialities	USD 5 000 000	100%
GMB/Medisize BV , Hillegom NL	Production and sales of plastic medical products	EUR 7 941 000	100%
Medisize Ireland Ltd., Letterkenny IE	Production and sales of plastic medical products	EUR 1 587 000	100%
Medisize CZ sro, Trhové Sviny CZ	Production of plastic medical products	CZK 200 000	66%
Medisize Belgium BVBA, Antwerpen BE	Development of plastic medical products	EUR 18 509	100%
B+P Beatmungs-Produkte GmbH, Neunkirchen-Seelscheid GER	Production and sales of plastic medical products	EUR 307 000	100%
Medisize Italia Srl., Rome IT	Sales of plastic medical products	EUR 50 000	100%
Createchnic AG (Medisize Schweiz) , Nürensdorf ZH	Production and sale of plastic products	CHF 1 700 000	100%
IMS-Biopur AG , Freienbach CH	Participations, research and development	CHF 5 000 000	100%
Homedica AG, Hünenberg CH	Sales of medical products	CHF 250 000	100%
Structural Polymer Group Limited , Newport, Isle of Wight GB	Production and sales of plastic semi-manufactured products	GBP 3 333 324	100%
Structural Polymer Systems S.A., Albacete, ESP	Production and sales of plastic semi-manufactured products	EUR 1 094 722	100%
SP Systems (Canada) Inc., Magog (Quebec) CA	Production and sales of plastic semi-manufactured products	CAD 3 866 667	100%
IMS Kunststoff Holding AG , Worb CH	Holding company	CHF 4 000 000	80%
IMS P-Tex AG, Worb CH (previously IMS Kunststoff AG)	Production and sales of plastic semi-manufactured products for sports applications	CHF 500 000	100%
IMS Kunststoffges. mbH, Innsbruck AT	Production and sales of plastic semi-manufactured products	EUR 727 000	100%
IMS Kunststoff GmbH, Vreden GER	Production of sintered ski bases	EUR 27 000	100%
IMS France S.A.S., Perrignier FR	Production of extruded ski coatings	EUR 300 000	100%
IMS Kunststoffen B.V., Sittard NL	Sales of plastic semi-manufactured products	EUR 18 000	100%
IMS Kunststoff AG, Ittigen CH (before Gurit-Worbla AG)	Production and sales of plastic films, sheets and laminates	CHF 6 500 000	100%
Stesalit AG , Zullwil CH	Production and sales of plastic semi-manufactured products	CHF 7 500 000	100%
Stesalit (Geschäftsbereich Kassel), Kassel GER	Production and sales of plastic semi-manufactured products	–	(100%)
Gurit Suprem , Flurlingen CH	Development, production and sales of plastic semi-manufactured products	–	(100%)
Heberlein Fasertechnologie AG , Wattwil CH	Production and sales of textile machinery components	CHF 1 000 000	100%
Enka tecnica GmbH, Wuppertal GER	Production and sales of textile machinery components	EUR 511 000	100%
Enka tecnica GmbH, Gröbzig GER	Production and sales of textile machinery components	EUR 26 000	100%
ET Filtration sarl, Zalka LB	Production and sales of textile machinery components	USD 470 000	80%
Electrotex AG, Niederurnen CH	Production and sales of textile machinery components	CHF 600 000	100%
Arova Schaffhausen AG , Schaffhausen CH	Production and sales of yarns, real estate company	CHF 8 000 000	100%
Heberlein & Co. AG , Wattwil CH	Real estate and service company	CHF 1 000 000	100%
Hepatex AG , Wattwil CH	Management Company	CHF 100 000	100%

AS PER JANUARY 1, 2005

ACCOUNTING POLICIES

INTRODUCTORY REMARKS

Gurit-Heberlein AG – the holding company of the Gurit-Heberlein Group – is a joint-stock company according to Swiss law with its legal domicile in Wattwil, Switzerland. The company comprises two divisions – Health Care and Industrial Applications. The bearer shares are traded on SWX Swiss Exchange. The registered shares are mostly in firm hands and are not listed on the stock exchange.

These financial statements are a translation of the relevant German version.

Principles of Consolidation

General remarks

The Group financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) based on the historical cost convention as modified by the revaluation of financial assets and non-current assets held for sale at fair value.

The Group financial statements are based on the individual financial statements of the Group's subsidiaries, all drawn up according to identical guidelines as of December 31.

The Group financial statements were drawn up in accordance with Swiss company law and the accounting principles of the listing regulations of the Swiss stock exchange.

Companies consolidated

Group subsidiaries, controlled directly or indirectly by Gurit-Heberlein AG are fully consolidated. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases. The companies were consolidated as shown in the summary on page 53.

The following changes in the scope of consolidation occurred in 2004:

Electrotex AG, Niederurnen CH	Acquired	01.01.2004
Createchic AG, Nürensdorf CH	Acquired	01.11.2004

The following changes in the scope of consolidation occurred in 2003.

Diatech Dental AG, Heerbrugg CH	integrated/merged into Coltène AG, Altstätten CH	01.01.2003
SP Systems (Canada) Inc., Magog (Quebec) CA	Founded	01.07.2003
ET Filtration sarl, Amarat Shelhoub-Zalka LB	Founded	01.07.2003
Medisize Belgium BVBA, Antwerpen BE	Founded	01.08.2003
V.O.F., Kapellen BE	Acquired	01.08.2003
V.O.F., Kapellen BE	integrated/merged into Medisize Belgium BVBA	30.09.2003
Wetzel GmbH, Gröbzig GER	Acquired	01.10.2003

Consolidation method

The Group uses the purchase price method of accounting to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given and liabilities incurred or assumed at the date of exchange, plus the costs directly attributable to the acquisition. Identifiable assets acquired and (contingent) liabilities assumed are measured initially at fair value at the date of acquisition, irrespective of the extent of any minority interest.

The difference of the cost of acquisition over the fair value of the identifiable net assets acquired is recorded as goodwill. Goodwill from acquisitions before 1 January 1995 has been charged to equity. Goodwill from acquisitions after 1 January 1995 has been amortized on a straight-line bases over the useful life not exceeding 20 years. If the cost of acquisition is less than the fair value of the identifiable net assets acquired, the difference (negative goodwill) is recognized as follows: For acquisitions before 31 March 2004 negative goodwill related to definable and foreseeable expenses and losses not recognized as liabilities at the acquisition date is recognized as income when the future losses and expenses are recognized. Any negative goodwill beyond foreseeable expenses and losses is recognized as income over the remaining useful life of the acquired non-monetary assets. For acquisitions after 31 March 2004 negative goodwill is directly recognized in the income statement.

The assets, liabilities and equity as well as the earnings and expenses of consolidated subsidiaries are shown in their entirety in the consolidated Financial Statement. The share of profit and equity to which third-party shareholders are entitled is shown separately in the Group balance sheet and income statement. Intra-Group transactions, balances and unrealized gains on transactions are eliminated. Minority interest is presented separately in the Group balance sheet and income statement.

Principles of valuation

Cash and cash equivalents

Cash and cash equivalent consists of money at bank and at hand as well as other easily marketable receivables with an original maturity of three months or less.

Accounts receivable

Accounts receivable in respect of deliveries and services and other accounts receivable are initially recognized at fair value and subsequently measured at amortized cost less value adjustments for impairment. Value adjustments are made when it is objectively foreseeable that less than the full original value can be collected. The amount of the value adjustments is the difference between the carrying amount and the present value of estimated future cash flows.

Inventories

Inventories are stated at the lower of average cost price or manufacturing cost and net realizable value. Value adjustments for risks associated with warehousing periods or reduced utility have been recognized.

Equipment

Equipment is stated at purchase cost less depreciation on a straight-line basis over the useful life of normally 5 to 10 years, in exceptional cases of 15 years.

Leased machines and equipment

Leases in which the company has a significant portion of risks and rewards of ownership are classified as financial leases. The respective machines and equipment are stated at the lower of the fair value of the asset and the present value of the minimum lease payments less depreciation on a straight-line basis over the useful life of 5 to 10 years.

The equipment is carried as assets and depreciated along with other assets. The corresponding lease obligations are entered as liabilities. Lease installments are distributed to the corresponding leased assets and entered accordingly as either capital repayments or interest expenses.

Real estate

Buildings are stated at historical cost less depreciation on a straight-line basis over the useful life of 40 to 50 years. Land is stated at historical cost and is not depreciated.

Financial investments

Financial assets are categorized as follows: derivative financial instruments, easily marketable financial assets, loans to third parties. Derivative financial instruments are included in the working capital under other receivables and prepaid expenses. The item financial assets consists of marketable securities held on a longer term perspective. New items are entered at purchase price on the day the transaction occurred. Transaction costs are included in the purchase price. After that, derivatives and securities are carried at market value. Market values are based on traded market prices. Realized and unrealized gains and losses are shown in the income statement. Loans are valued at depreciated costs applying the effective interest method.

Intangible assets

Intangible assets other than goodwill such as licenses and computer software are stated at historical costs less amortization on a straight-line basis over the useful life not exceeding 5 years.

Impairment of assets

Assets that are subject to amortization or depreciation 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 an value in use.

Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources, which can be reliably estimated, will be required to settle the obligation. Such provisions are made to cover guarantee obligations and liability claims where these are not insured. Provisions for restructuring measures are made as soon as the corresponding decision is taken and communicated.

Pension contributions

The Group maintains various pension fund schemes according to state law and other legal requirements according to the respective local regulations. The non-governmental pension plans are mostly organized in form of legally independent pension funds; contributions are paid both by employer and employee. The Swiss and also most of the foreign pension plans are based on contributions individually made. Some foreign plans feature schemes that qualify them as defined benefit plans according to IAS 19. Management has qualified the potential impact of these plans on balance sheet and statement of income as unsubstantial, so that these plans, too, are treated like contribution based pension plans.

Senior management staff of the Group benefit from a supplementary pension plan which, together with the state-run social security and compulsory statutory company pension schemes, provides for a pension amounting to a maximum of 60% of the recipient's insured annual salaries. The maximum insurable annual salary is limited to CHF 300 000 and at least one third of the premium contributions are financed by the senior management staff members themselves.

Management stock participation program

There is a management stock participation scheme for members of senior management that entitles them to purchase Gurit-Heberlein bearer shares. Participants in the scheme are entitled to buy a maximum of 25 shares annually with a 20% discount on market price on the appointed day, together with 50 options to buy stock at a later date with a 10% premium on the price on the appointed day. The bearer stock may not be resold for a period of four years.

Taxes

All taxes owing in respect of earnings to balance sheet date and all liabilities in respect of taxes on capital and assets incurred during the financial year to which the balance relates are taken into account in this Financial Statement. All taxes payable on income, capital and assets for the financial year are provided for in full at the balance sheet date according to the applicable tax laws. Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the group financial statements at enacted or substantially enacted tax rates at the balance sheet date. Deferred tax assets are recognized to the extent that future taxable profit will be available. No provisions are recognized for non-reclaimable withholding taxes on retained earnings at subsidiaries as no dividends are foreseen for the immediate future.

Net sales

Earnings from deliveries and services to non-Group customers are posted at the date of the service or delivery. Net sales are shown after deduction of sales taxes and reductions in profit.

Repair and maintenance costs

Repair and maintenance costs are recognized in the income statement when they occur. Expenses, which increase the value of assets are recognized as property plant and equipment and depreciated accordingly.

Interest payments

Interest payments are expensed to the income statement when they occur.

Research and development

Research costs are expensed as they occur. Development costs are capitalized if they can accurately be determined and if it can be safely assumed that the project in question will be successfully completed resulting in a future benefit. Development costs capitalized are amortized on a straight-line basis over a maximum of five years.

Definition of segments

Business segments define the primary structure. Based on their respective products and customers the segments face certain risks that substantially distinguish them from other segments. Geographical segments are defined by different geographic areas that the respective customers belong to.

Financial risk management

Financial risk is managed according to principles defined by Group management. These principles define how credit, interest and currency risk is hedged. Additional rules exist for the management of liquid and financial assets. The respective bodies manage their financial risk according to the defined risk policies with the aim of minimizing the above mentioned risk including hedging costs. If appropriate, derivative financial instruments are used to hedge certain risk positions. The Group does not apply hedge accounting. Derivative financial instruments are only agreed upon with first class counter parties.

Credit risk

There is no substantial credit risk concentration in the Group. Group subsidiaries, however, have relationships with certain large customers. Management regularly assesses the credit potential of all counter parties (especially large customers) on the basis of past experiences and future expectations. If appropriate, management also applies credit insuring instruments.

Interest risk

Sales and operating cash flow are independent from market rate changes. The Group has no substantial interest bearing activities. There are loans with fixed as well as variable interest rates. Management decides in each individual case what interest rate risk can be taken.

Currency risk

The Group is internationally active and thus exposed to currency fluctuations in USD, EUR and GBP. The local subsidiaries make use – where needed – of derivative financial instruments, to minimize potential currency risks. Risk associated with the conversion of the foreign currency balance sheets of subsidiaries, however, is not hedged.

Foreign currency conversion

Transactions conducted in foreign currencies are converted at the exchange rate applicable on the transaction date. Accounts receivable and payable in foreign currencies are shown at the year-end exchange rate. The effect of all exchange rate differences on the net income is shown. The balance sheets and income statements of foreign subsidiaries were converted into Swiss francs at the rate applicable at year-end or at the average exchange rate for the year. Differences resulting from the conversion of shareholders' equity and the income statements are absorbed under shareholders' equity and have no effect on profits. These conversion differences are carried forward only as of January 1, 1994. In the event of the sale of a subsidiary, prorated foreign currency differences are taken into account as part of the capital gain resulting from the sale. Goodwill from acquisition of foreign companies and fair-value adjustments of assets and liabilities in connection with acquisitions are also converted at year-end rates.

The most important exchange rates are listed below:

Exchange rates in CHF

	31.12.04	Ø2004	31.12.03	Ø2003
1 USD	1.145	1.243	1.250	1.345
1 EUR	1.545	1.544	1.560	1.520
1 GBP	2.185	2.275	2.210	2.197

NOTES TO GROUP FINANCIAL STATEMENTS

GROUP BALANCE SHEET

Notes to balance sheet items

Assets

01 Cash and cash equivalents

Cash and cash equivalents consist of cash at bank and other current assets. The changes to the previous year are shown in the Group Cash flow statements.

02 Other receivables and accruals

These items include:

	2004	2003
Other receivables	12 016	16 043
Assets from currency futures	2 713	2 842
Prepaid expenses	2 564	2 666
31.12.2004	17 293	21 551

IN CHF 1000

03 Inventories

Inventories are as follows:

	2004	2003
Raw materials	40 095	33 491
Marketable goods	10 092	11 343
Work in progress	7 309	9 214
Finished and semi-finished goods	46 723	46 449
31.12.2004	104 219	100 497

IN CHF 1000

04 Plant, property and equipment

(See also Summary of Assets, on page 48.)

05 Financial and intangible assets

(See also Summary of Assets, on page 49.)

Intangible assets include CHF 227.0 million (previous year CHF 238.2 million) in goodwill purchased along with interests in other companies, which is amortized over a period of 20 years. The value of other intangible assets totalled CHF 8.9 million (previous year CHF 8.9 million), which does not include substantial development costs. The item also includes purchased IT software. Treasury stock is offset against shareholders' equity (see also 14).

Liabilities

06 Bank loans

Current bank loans include current account overdrafts and fixed-rate advances at usual market interest rates. The actual rates are regularly revised and reflect market conditions (between 1% and 8%).

07 Other accounts payable and accruals

Other accounts payable include CHF 1.8 million (previous year CHF 1.7 million) in current lease commitments.

08 Tax liabilities and other provisions

Current reserves include the following items:

	TAX	GUARAN-TEES	RE-STRUCT.	OTHER	TOTAL 2004	TOTAL 2003
31.12.2003	3 682	597	–	3 462	7 741	7 520
Amounts used	–171	–132		–36	–339	–1 417
Additions	3 273	594	720	1 110	5 697	1 629
Reversal				–201	–201	–
Exchange rate differences					–	9
Change in the scope of consolidation	17	15			32	–
31.12.2004	6 801	1 074	720	4 335	12 930	7 741

IN CHF 1000

The current tax liabilities include income taxes that are likely to be due according to the fiscal year and with respect to the pending tax assessment. Reserves for guarantees were made according to estimates based on experience for guarantee claims that can not be insured. Other reserves were made mainly for risks regarding real estate in Wattwil. A cash outflow is expected to occur during the next year.

09 Mortgages and loans

Mortgages amount to CHF 26 million (previous year CHF 16 million). Non-current loans from bank and others amount to CHF 38 million (previous year CHF 35 million). A large portion of this sum relates to loans granted to foreign subsidiaries in local currencies. Book values equal for values. The following tables show when payments are due:

AS OF 31.12.2004				
MATURITY	BANK LOANS	LOANS	MORTGAGES	TOTAL
2006	8 316	775	6 126	15 217
2007	17 040	2 850	1 426	21 316
2008	6 017	542	2 426	8 985
2009	1 090	409	1 926	3 425
More	709	380	14 490	15 579
Total	33 172	4 956	26 394	64 522
Interest rate Ø	3.6%	1.5%	3.1%	

IN CHF 1000

AS OF 31.12.2003				
MATURITY	BANK LOANS	LOANS	MORTGAGES	TOTAL
2005	7 978	2 349	930	11 257
2006	19 044	360	6 165	25 569
2007	1 916	2 313	465	4 694
2008	0	115	465	580
More	963	119	7 606	8 688
Total	29 901	5 256	15 631	50 788
Interest rate Ø	3.9%	3.0%	3.4%	

IN CHF 1000

10 Other liabilities

This item includes non-current lease commitments of CHF 2.0 million (previous year CHF 3.3 million) as well as interest free purchase price debt from new acquisitions, payable over three to five years.

11 Deferred tax provisions

These reserves include the following items:

	TOTAL 2004	TOTAL 2003
31.12.2003	33 731	29 460
Additions	381	2 977
Amounts used	-2 283	-14
Change in scope of consolidation	98	1 308
31.12.2004	31 927	33 731

IN CHF 1000

Deferred tax assets and liabilities stem from valuation differences between Group valuations and tax valuations in the following balance sheet items:

	31.12.2004		31.12.2003	
	DEFERRED TAX ASSETS	DEFERRED TAX LIABILITIES	DEFERRED TAX RECEIVABLES	DEFERRED TAX PAYABLES
Receivables	493	973	493	1 080
Inventories	1 110	1 967	1 350	1 949
P.P. & E.	4 773	30 029	4 560	30 674
Intangible assets	132	619	20	604
Current borrowings	297	323	326	306
Non-current borrowings	856	354	1 147	1 358
Deferred taxes from losses carried forward	25 725		25 686	
Adjustments of deferred losses carried forward	-23 764		-23 292	
Offset of deferred assets and liabilities	-2 338	-2 338	- 2 240	- 2 240
Total	7 284	31 927	8 050	33 731

IN CHF 1000

12 Other provisions

Other provisions include the following items:

	PENSION PLANS AND OTHER SOCIAL SECURITY PAYMENTS	OTHER PROVISIONS	TOTAL 2004	TOTAL 2003
31.12.2003	5 008	1 127	6 135	6 334
Amounts used	-14	-237	-251	-308
Additions	541		541	474
Reversals	-1 387	-656	-2 043	-608
Exchange rate differences	-35		-35	243
Change in scope of consolidation		170	170	-
31.12.2004	4 113	404	4 517	6 135

IN CHF 1000

The provisions for pension plans and other social payments include future pension claims, claims for exit settlements and age-related part-time work agreements, promised pension or capital payments to the extent that these payables are not included or reinsured by a legally separate fund. These items mainly refer to foreign Group subsidiaries. The other provisions cover guarantee obligations and unforeseeable costs in relation with real estate sales. A capital outflow is expected in the next two to five years.

NOTES TO GROUP FINANCIAL STATEMENTS

13 Minority interests

(See also Summary Shareholders' equity and Minority interests on page 49.)

The interests of minorities in capital, reserves and profit amount to CHF 2.2 million (previous year CHF 2.4 million).

14 Equity

(See also Summary Shareholders' equity and Minority holdings on page 49.)

The share capital shows the capital of Gurit-Heberlein AG; adjusted by treasury stock. Treasury stock at December 31, 2004 included 7446 bearer shares (previous year 8 943) and 150 registered shares (previous year 25).

The outstanding capital remained unchanged and is split into 420 000 bearer shares of CHF 100 par value each and 240 000 registered shares of CHF 20 par value each. All shares are issued; there is no additional conditional or approved capital.

The entitlement to dividend payments is based on the nominal value of the shares while the voting power is defined by the number of shares. The payment of an unchanged dividend of CHF 24 per bearer share or CHF 4.80 per registered share is proposed to the Annual General Meeting on May 19, 2005.

GROUP INCOME STATEMENT

Notes to the Group income statement

15 Net sales

(See also Segment Information on page 52)

Consolidated net sales amount to CHF 578.8 million (previous year CHF 508.4 million). Production in Switzerland accounted for 26% (previous year 27%) of sales, while the remaining 74% (previous year 73%) was covered by foreign production.

16 Cost of goods and materials

This item amounted to 43.3% of net sales (previous year 39.8%). This item also includes changes in finished and semi-finished goods and work in progress of CHF 0.7 million.

17 Personnel expenses

The pro rata average workforce amounted to 2 586 employees (previous year, pro rata 2 180). (See also Information by Segments for numbers broken down by Group Division.) The expenses for post-employment benefits excluding Social Security amounted to CHF 8.2 million (previous year: CHF 6.1 million) and is recorded as personnel expenses in the Group income statement.

18 Other operating, marketing and administrative expenses

Other (net) operating expenses were CHF 93.9 million (previous year CHF 94.6 million). Operating expenses include repair and maintenance cost of fixed assets as well as R&D costs.

19 Other operating income

Other operating income of CHF 5.9 million (previous year CHF 7.9 million) include losses stemming from the sale of fixed assets amounting to CHF 0.29 million (previous year CHF 0.047 million) and earnings from the sale of fixed assets of CHF 3.296 million (previous year CHF 7.147 million).

20 Depreciation and Amortization

(See also List of Assets pages 52/53)

	2004	2003
Depreciation on fixed assets	23 265	19 019
Depreciation on financial assets	-11	1
Amortization on intangible assets	1 847	1 356
	25 101	20 376
Amortization of goodwill	11 277	13 664
Total Depreciation and Amortization according to list of assets	36 378	34 040

IN CHF 1000

21 Financial expenses/financial income

Financial expenses were CHF 3.6 million net (previous year financial income CHF 0.9 million).

2004

	FINANCIAL EXPENSES	FINANCIAL INCOME	NET
Interest	4.5	0.4	-4.1
Exchange rate differences	3.1	3.6	+0.5
Total	7.6	4.0	-3.6

IN CHF MILLION

2003

	FINANCIAL EXPENSES	FINANCIAL INCOME	NET
Interest	4.0	0.4	-3.6
Exchange rate differences	3.7	8.2	+4.5
Total	7.7	8.6	+0.9

IN CHF MILLION

22 Tax expense

Tax expense amounted to CHF 10.7 million (previous year CHF 9.0 million).

Tax expense

	2004	2003
Taxes payable	11.3	5.7
Deferred taxes	-0.6	3.3

IN CHF MILLION

NOTES TO GROUP FINANCIAL STATEMENTS

Tax expense can be analyzed as follows:

	2004	2003
Group result before income taxes	27.0	32.1
Tax expenses at applicable tax rate of 25%	6.6	8.0
Tax expenses at other rates	0.8	2.7
Tax savings thanks to losses carried forward	-1.2	-2.1
Loss for the period excl. actual tax savings	3.0	1.3
Effect of not accepted tax positions	0.9	-0.5
Other irrelevant impact	0.4	-0.4
Tax expense	10.7	9.0
Effective tax rate	40.7%	28.1%

IN CHF MILLION

The Group has the following tax relevant losses to be carried forward:

Losses carried forward and duration

	2004	2003
1–3 years	46.0	33.7
4–6 years	15.8	32.7
More	36.2	31.2
Total	98.0	97.6
Positive tax effect	25.7	25.7
Adjustments	-23.8	-23.3

IN CHF MILLION

23 Group profit

The Group profit (excl. minority interests) amounts to CHF 15.8 million (previous year CHF 23.1 million).

EPS are calculated as follows:

	2004	2003
Weighted amount of shares issued as at 31.12.	460 433	456 823
Adjustments for MPP options	372	263
Adjusted amount of shares issued as at 31.12.	460 805	457 086
Earnings per bearer share (EPS)	CHF 34.23	CHF 50.62
Diluted earnings per bearer share	CHF 34.21	CHF 50.59
Earnings per registered share	CHF 6.85	CHF 10.12
Diluted earnings per registered share	CHF 6.84	CHF 10.12

IN CHF MILLION

Notes to Management Options

On the reference date, the executive members of the Board of Directors, the members of Group Management and parties closely linked to them and the most Senior Group management staff held the following amounts of options on bearer shares of Gurit-Heberlein AG:

ISSUE YEAR	NO. OF OPTIONS	EXERCISE PRICE (CHF)	MATURITY	EXERCISE PERIOD
1999	42	577.–	2001–2006	1.4.2006
2000	640	880.–	2002–2007	1.4.2007
2001	766	1 638.–	2003–2008	1.4.2008
2002	1 124	1 260.–	2004–2009	1.4.2009
2003	1 200	680.–	2005–2010	1.4.2010
2004	1 454	1 056.–	2006–2011	1.4.2011
Total	5 226			

GROUP CASH FLOW STATEMENT

Notes to the Group Cash flow statement

24 Cash flow from operating activities

In 2004 funds generated by operations amounted to CHF 46.6 million (previous year CHF 25.0 million).

25 Cash flow of investment activities

Funds required for investment activities amounted to a total of CHF 31.2 million (previous year CHF 48.8 million). This value includes an amount stemming from ordinary Group activities of CHF 24.7 million as well as a cash outflow of CHF 6.5 million for acquisitions.

During the year 2004 (2003), companies were acquired as shown in the list on page 54. The following table shows the detailed financial information:

	2004	2003
Cash and Cash equivalents	594	283
Receivables	4 959	4 397
Inventories	3 270	2 967
Fixed assets	20 016	20 767
Current payables	7 553	-10 606
Non-current payables	-12 361	-3 959
Provisions	-300	-1 308
Real Value (Fair value)	8 625	12 541
Goodwill	774	696
Paid acquisition price	9 399	13 237
Cash and cash equivalents acquired	-594	-283
Non-current liabilities acquired	-500	
Current liabilities acquired	-967	
Payments in treasury stock	-822	
Cash outflow	6 516	12 954

IN CHF 1000

26 Free Cash flow

The balance of cash flow from operating activities and the cash flow from financing activities shows a free cash flow of CHF 15.3 million (previous year CHF -23.8 million). Before acquisitions, free cash flow would have stood at CHF 21.8 million for the year 2004 (previous year CHF -10.8 million).

27/28/29 Dividends and financing and investing activities

The cash flow from financing activities in 2004 includes dividends of CHF 11.1 million (previous year CHF 10.9 million) to Gurit-Heberlein shareholders and CHF 0.1 million (previous year CHF 0.1 million) to minority shareholders.

30/31 Cash and cash equivalents

As a result, cash and cash equivalents increased by CHF 1.4 million to a year-end amount of CHF 49.2 million (previous year CHF 47.8 million).

Other notes

Subsequent events

The Group financial statements were approved at the end of March 2004 by the Board of Directors. When the financial statements were signed off, the Board of Directors and Group Management do not know of any important events subsequent to the closing of books.

Contingent liabilities

Contingent liabilities related to bills, letters of credit and guarantees of the value of CHF 3.7 million (previous year CHF 2.0 million) exist in connection with business operations.

Pledged assets

Pledged assets (mainly real estate for mortgages) are:

Pledged assets

	2004	2003
Book value	100	63
Maximum credit line	101	68
Loans contracted	36	17

IN CHF MILLION.

Fire insurance values

Fire insurance values of fixed assets amounts to CHF 621 million (previous year CHF 567 million).

Pension funds

Money owed to pension funds amounts to CHF 0.8 million (previous year CHF 0.6 million).

NOTES TO GROUP FINANCIAL STATEMENTS

Post employment benefits (see also page 56)

Details to the defined benefit plans are as follows:

IN CHF 1000

	2004	2003
Pension costs		
Current service costs	932	959
Interest expenses	714	705
Expected earnings from plan assets	-655	-420
Gains/losses from changes in plan	-71	-136
Employees' contribution	-144	-132
Total pension expenses for defined benefit plans	776	976
Change in pension liabilities		
Balance 1.1.	12 963	11 586
Exchange rate differences	213	
Current service costs	933	934
Interest expenses	714	687
Employees' contribution	-144	-132
Payed pension from plans with separated assets	-69	-68
Payed pension from plans without separated assets	-45	-44
Actuary gains/-losses	655	
Balance 31.12.	15 220	12 963
Change in plan assets		
Balance 1.1.	10 115	9 261
Exchange rate differences	144	
Employees' contribution	144	136
Employers' contribution	173	176
Expected earnings from plan assets	655	551
Actuary gains/-losses	2	
Net assets from other plans	5 858	5 742
Accumulated depreciations of net assets from other plans	-5 858	-5 742
Balance 31.12.	11 233	10 115

IN CHF 1000

	2004	2003
Assets and liabilities included in balance sheet		
Liabilities of plans with separated assets	14 945	13 025
Plan assets	11 227	10 359
Over-/Undercoverage	3 718	2 666
Liabilities of plans without separated assets	266	279
Not recorded actuary gains or losses	-1 050	
Net amount	2 934	2 945

Changes in net amount

Balance 1.1.	2 870	2 869
Exchange rate differences	47	
Pension costs according to profit & loss accounts	307	283
Employers' contribution	-243	-237
Payed pensions from plans without separated assets	-45	-45
Balance 31.12.	2 936	2 870

	IN %	IN %
Actuary assumptions		
Discount rate	4.68	5.55
Expected return on plan assets	5.64	6.38
Future salary increase	3.53	2.84
Inflation	1.42	1.42
Future pension increases	1.00	0.61

Other informations

Effective return on plan assets (in CHF 1000)	656	552
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Members of the plan

Active members	306	385
Pensioners	6	6

NOTES TO GROUP FINANCIAL STATEMENTS

Transactions with related parties

There are no payables or receivables with respect to major shareholders or senior management. No transactions were executed with related parties or companies.

Contractual Commitments

At December 31, 2004 there were again no significant contractual commitments to acquire property, plant and equipment.

R&D:

In the year 2004, CHF 13.0 million (previous year CHF 16.2 million) were spent on development activities.

Financial instruments

The assets resulting from currency futures included in other receivables amounts to CHF 2.7 million (previous year CHF 2.8 million). The following open derivative financial instruments existed at December 31, 2004: Currency futures with a national amount of CHF 46.7 million (previous year CHF 27.9 million). Of these contracts, CHF 43.4 million (previous year 18.7 million) are due in one year, CHF 3.3 million (previous year 9.2 million) in one to five years.

Financial leasing and other commitments

Financial leasing commitments and other operating leasing and rental commitments not shown in the balance sheet are as follows:

	FINANCIAL LEASING COMMITMENTS		OPERATING LEASING AND LONG-TERM COMMITMENTS	
	2004	2003	2004	2003
2005 (2004)	1 802	1 719	2 422	2 127
2006 (2005)	1 354	1 778	2 192	1 967
2007 (2006)	664	1 037	1 790	1 807
2008 (2007)		445	1 242	1 607
2009 (2008)			1 242	1 078
more			4 781	5 528
Total over 1 year	2 018	3 260	11 247	11 987
Total	3 820	4 979	13 669	14 114

IN CHF MILLION

New acquisitions

In 2004, Gurit-Heberlein Group acquired the following two companies: 100% of Electrotex AG, Niederurnen, (effective January 1, 2004), and 100% of Createchnic AG, Nürensdorf

(effective November 1, 2004). All companies were fully consolidated as from the acquisition date. The acquired companies contributed for the year 2004 sales of CHF 9.0 million and an operating profit of CHF 0.6 million to the Group. With Electrotex net assets of CHF 0.5 millions (assets CHF 3.2 million/liabilities CHF 2.7 million) for CHF 3.3 million were acquired. The goodwill according to IAS 22 of CHF 2.8 million is amortized pro rata in 2004 with a useful life of 20 years. The acquisition of Createchnic resulted in a negative goodwill, the details are shown in the following table. The negative goodwill was recognised in profit and loss according to IFRS 3.

	FAIR VALUE	BOOKVALUE CREATECHNIC
Property, plant and equipment	6.8	6.4
Intangible assets	0.6	0.3
Other assets	18.2	18.1
Other liabilities	-17.5	-17.6
Acquired net assets	8.1	
Acquisition costs	6.1	
Negative Goodwill	2.0	

IN CHF MILLION

In 2003, Gurit-Heberlein Group acquired the following three companies: 100% of SP Systems, Canada (effective 1.7.2003), 100% of VOF, Belgium (effective 1.8.2003) and 100% of Wetzel GmbH, Germany (effective 1.10.2003). All companies were fully consolidated as from the acquisition date. The acquired companies contributed for the year 2003 sales of CHF 11.4 million and an operating profit of CHF 2.6 million to the Group. With these acquisitions net assets of CHF 12.5 million (assets CHF 28.4 million/liabilities CHF 15.9 million) for CHF 13.2 million were acquired resulted in a net goodwill of CHF 0.7 million (goodwill CHF 3.6 million/negative goodwill CHF 2.9 million).

The negative goodwill was treated as follows: from the total negative goodwill of CHF 2.9 million, CHF 1.0 million were allocated to future expenses in the context of overcapacities, conditions for a recognition as a provision are not given. CHF 0.4 million are recognised in 2003 as operating expenses, the remaining expenses were expected for 2004. The residual CHF 1.9 million are amortized over the useful life of 16 years of the acquired property, plant and equipments and the acquired intangible assets. In 2003, CHF 0.1 million is offset with the amortization of goodwill in the profit and loss statement.

AUDIT REPORT GROUP

Report of the group auditors to the General Meeting of Gurit-Heberlein AG, Wattwil

As auditors of the group, we have audited the consolidated financial statements (balance sheet, income statement, statement of cash flows, statement of changes in equity and notes / pages 44 to 66 of Gurit-Heberlein AG for the year ended December 31, 2004.

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

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

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

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

PricewaterhouseCoopers AG

Lorenz Lipp Werner Frei

St. Gallen, March 24, 2005

FINANCIAL STATEMENTS OF GURIT-HEBERLEIN AG

BALANCE SHEET AS AT 31.12.2004

IN CHF

	31.12.2004	31.12.2003
Assets		
Cash and cash equivalents	14 934 010	9 387 551
Sundry receivables from extra-Group sources	85 606	157 886
Sundry receivables from intra-Group sources	7 828 973	12 006 885
Working capital	22 848 589	21 552 322
Loans to third parties	93 364	93 364
Loans to Group companies	144 846 476	145 383 223
Holdings	82 966 765	83 633 701
Fixes assets	227 906 605	229 110 288
Total assets	250 755 194	250 662 610
Equity and liabilities		
Bank debts	23 822 754	16 810 000
Sundry liabilities to extra-Group entities	1 661 343	697 463
Sundry liabilities to intra-Group entities	144 515	202 964
Loan from Group companies	10 437 106	10 139 147
Prepaid liabilities and reserves	3 621 988	4 499 251
Short-term borrowings	39 687 706	32 348 825
Reprocurement reserves	0	9 481 728
Long-term borrowings	0	9 481 728
Total borrowings	39 687 706	41 830 553
Share capital	46 800 000	46 800 000
Statutory reserves	23 400 000	23 400 000
Reserves for treasury stock	4 724 223	5 391 159
Free reserves	48 089 783	47 422 847
Net income	88 053 482	85 818 051
Total equity	211 067 488	208 832 057
Total liabilities	250 755 194	250 662 610

INCOME STATEMENT

IN CHF

	2004	2003
Income from holdings	5 919 392	8 750 567
Financial income	8 946 035	8 391 381
Total income	14 865 427	17 141 948
Financial costs	567 295	628 585
Administrative costs	658 208	677 197
Taxes	172 494	487 230
Total Expenses	1 397 997	1 793 012
Profit for fiscal year	13 467 430	15 348 936

NOTES TO GURIT HEBERLEIN AG

ANNEX TO FINANCIAL STATEMENT

IN CHF

	31.12.2004	31.12.2003
1. Contingent liabilities		
Warranty liabilities	28 768 000	28 003 300
Group Credits (General contracts)	76 081 764	73 772 635
2. Significant holdings		
see list on page 53		
3. Treasury stock		
Total at 31.12.:		
150 (25) registered shares at CHF 20.–	27 908	1 657
7 446 (8 943) bearer shares at CHF 100.–	4 696 315	5 389 502
Purchase: 125 (0) shares at an average price of	210	–
Purchase: 225 (344) shares at an average price of	1 058	732
Sales: 1 722 (4 936) shares at an average price of	817	728
4. Significant shareholders (unchanged)		
The company is aware of the following registered shareholders who own over 5% of the voting rights:		
Geha Holding AG, Heerbrugg, Registered Shares	220 000	220 000
Harris Associates L.P., Chicago/USA, Bearer Shares	32 604	32 604
Franklin Templeton Companies, LLC, Fort Lauderdale/USA, Bearer Shares	33 219	33 219
5. Share capital		
The nominal capital at 31.12. consisted of:		
240 000 (240 000) registered shares at CHF 20.–	4 800 000	4 800 000
420 000 (420 000) bearer shares at CHF 100.–	42 000 000	42 000 000
	46 800 000	46 800 000
6. Statutory reserves carried forward		
Statutory reserves at 1.1.	23 400 000	23 400 000
Change	0	0
Statutory reserves at 31.12.	23 400 000	23 400 000
7. Free reserves carried forward		
Free reserves at 1.1.	47 422 847	44 082 477
Treasury stock reserves carried forward	666 936	3 340 370
Free reserves at 31.12.	48 089 783	47 422 847
8. Net income brought forward		
Net income at 1.1.	85 818 052	81 701 115
Dividend distribution	–11 232 000	–11 232 000
Profit for fiscal year	13 467 430	15 348 936
Net income at 31.12.	88 053 482	85 818 051
9. Dissolution of hidden reserves	486 000	0

EXPLANATORY REMARKS TO THE BALANCE SHEET AND INCOME STATEMENT

General remarks

As parent company of the Group, Gurit-Heberlein AG reports a net profit for the fiscal year of CHF 13.5 million. It is proposed to the Annual General Meeting of Shareholders to pay again an unchanged dividend of 24%. This will account for a total dividend payment of CHF 11.2 million.

Balance sheet

As at December 31, 2004, cash and cash equivalents amounted to CHF 14.9 million (previous year CHF 9.4 million). Sundry receivables from extra-Group sources (mainly reclaimable withholding tax payments) delined somewhat. Receivables from intra-Group sources mainly consist of interest receivables from Group companies.

Loans to Group companies and holdings are only marginally smaller than in the previous year. The re-procurement reserve was dissolved in the context of the acquisition of Crea-technic AG and to newly recapitalize a subsidiary (Previous year CHF 9.5 million).

Total equity stood at CHF 211.1 million (previous year CHF 208.8 million). The changes can be explained as follows:

Equity as at 31.12.2002	204.7
– previous year's dividend payment	–11.2
+ net profit 2003	15.3
Equity as at 31.12.2003	208.8
– previous year's dividend payment	–11.2
+ net profit 2004	13.5
Equity as at 31.12.2004	211.1

IN CHF MILLION

Income statement

Earnings from holdings amounted to CHF 5.9 million (previous year CHF 8.7 million). They mainly consist of dividend payments by subsidiaries.

Financial income was CHF 8.9 million (previous year CHF 8.4 million). At the same time, financial expenses were reduced to CHF 0.5 million (previous year CHF 0.6 million). The net financial result thus stood at CHF 8.4 million (previous year CHF 7.8 million).

The reported profit for the year amounts to CHF 13.5 million (previous year CHF 15.3 million).

PROPOSAL FOR THE ALLOCATION OF NET INCOME

IN CHF

The Board of Directors proposes that net income be allocated as follows:

Net income carried forward from previous year	74 586 052
Result 2004	13 467 430
Available net income	88 053 482
Distribution of dividend of 24 percent	-11 232 000
To be carried forward	76 821 482

Subject to approval by the Annual General meeting, dividend payments will be made as follows:

CHF 4.80 gross per registered share minus withholding tax

CHF 24.- gross per bearer share minus withholding tax,
payable on submission of voucher Nr. 23

AUDIT REPORT GURIT-HEBERLEIN AG

Report of the statutory auditors to the General Meeting of Gurit-Heberlein AG Wattwil

As statutory auditors, we have audited the accounting records and the financial statements (balance sheet, income statement and notes/pages 68 to 72) of Gurit-Heberlein AG for the year ended December 31, 2004.

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

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

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

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

PricewaterhouseCoopers AG

Lorenz Lipp Werner Frei

St. Gallen, March 24, 2005

INVESTOR RELATIONS

Company capital:

After the capital increase of September 3, 2002, the company capital consists of:

240 000 registered shares
at par CHF 20.– security number 185 039

420 000 bearer shares
at par CHF 100.– security number 801 223

(ADJUSTED TO PAR VALUE OF CHF 100, THE NUMBER OF OUTSTANDING SHARES IS 468 000)

Stock exchange:

Bearer shares are listed on SWX Swiss Exchange: Price information can be found in the Swiss national and financial press. The following ticker symbols indicate how respective data on Gurit-Heberlein bearer shares can be obtained on electronic financial information systems:

Bearer Share:	Reuters	GURZ
	Telekurs	GUR
	Security number	801 223

Financial calendar:

General Meeting of Shareholders: May 19, 2005
Half-year result 2005, Letter to Shareholders: End of August 2005
Key figures for fiscal year 2005: End of March 2006
Presentation of year-end result 2005, Media and Analyst Conferences,
Publication of Annual Report: End of April 2006
General Meeting of Shareholders: May 2006
Half-year result 2006, Letter to Shareholders: End of August 2006

Specifications below relate to listed bearer shares

(FIGURES ADJUSTED TO BEARER SHARES AT PAR CHF 100.–)

	2004	2003	2002	2001	2000
Price at year end	CHF 929.–	CHF 859.–	CHF 645.–	CHF 1 310.–	CHF 1 525.–
Highest price for year	CHF 1 124.–	CHF 890.–	CHF 1 330.–	CHF 1 728.–	CHF 1 700.–
Date	6.7.2004	16.10.2003	2.1.2002	1.2.2001	30.11.2000
Lowest price for year	CHF 852.–	CHF 550.–	CHF 615.–	CHF 890.–	CHF 835.–
Date	7.1.2004	17.3.2003	11.10.2002	24.9.2001	10.3.2000

Group result per share	CHF 33.67	CHF 49.41	CHF 43.–	CHF 72.–	CHF 106.–
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(ADJUSTED TO 468 000 SHARES AT CHF 100.– PAR VALUE)

Equity per share	CHF 970.–	CHF 966.–	CHF 940.–	CHF 932.–	CHF 1 169.–
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(ADJUSTED TO 468 000 SHARES AT CHF 100.– PAR VALUE)

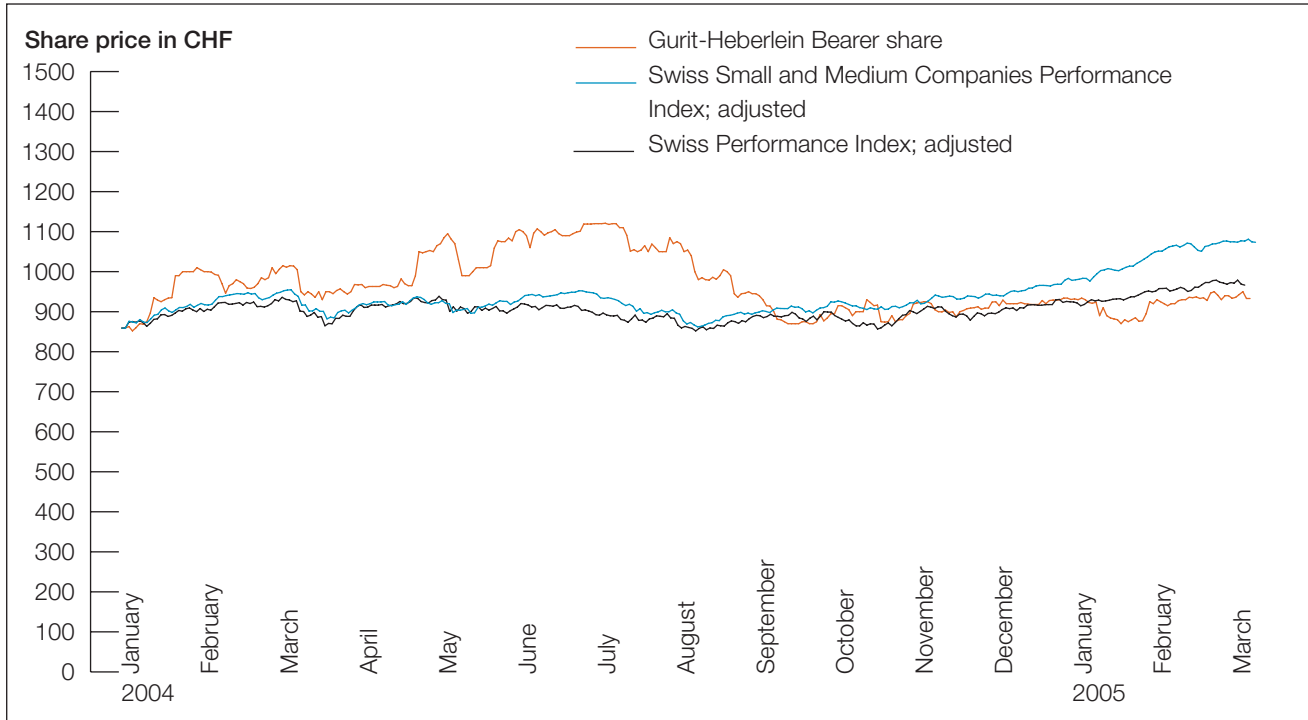
Gross dividend	CHF 24.–	CHF 24.–	CHF 24.–	CHF 24.–	CHF 24.–
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(ADJUSTED TO BEARER SHARES AT CHF 100.– PAR VALUE)

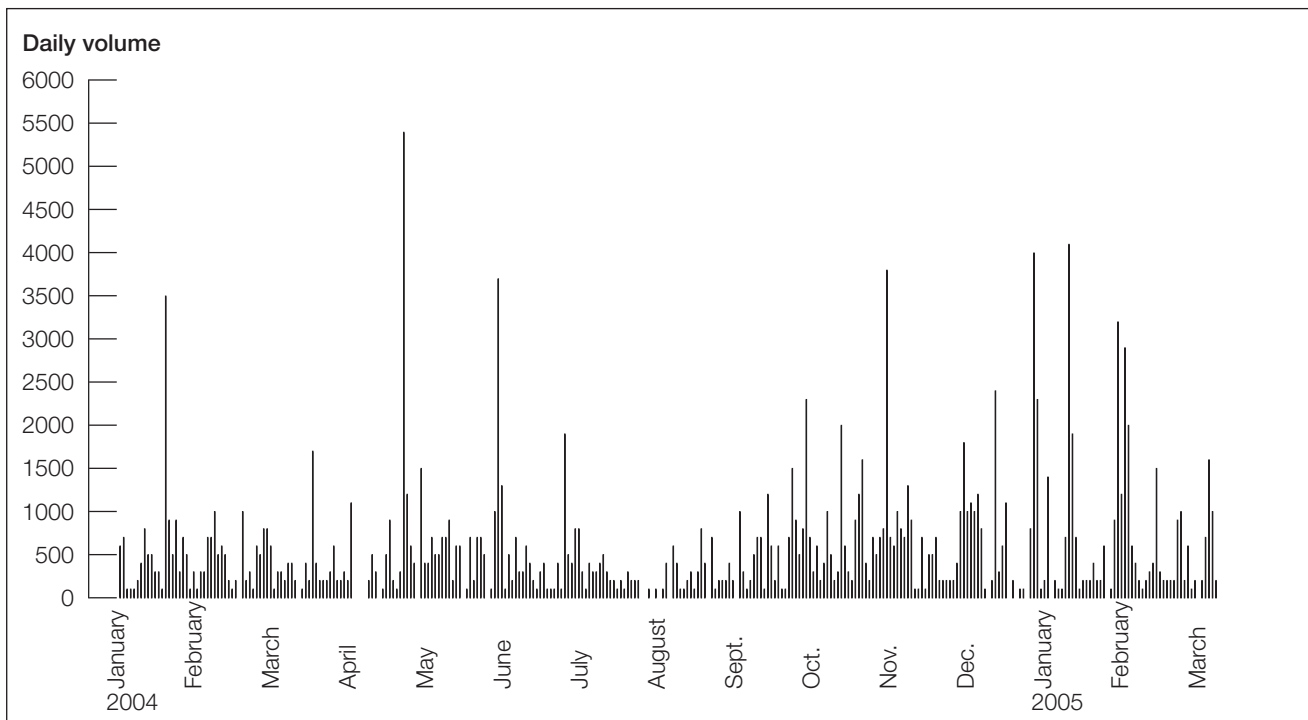
Taxable values of the traded securities

	31.12.2004	31.12.2003	31.12.2002	1.1.2002	1.1.2001
Bearer shares at CHF 100 (500) par	CHF 929.–	CHF 859.–	CHF 645.–	CHF 1 199.–	CHF 1 581.–
3½% bond 1997–2002	–	–	–	99,95%	99,25%

Bearer shares and respective indices



Gurit-Heberlein Bearer shares daily volumes



MOST IMPORTANT ADDRESSES

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The financial statements are a translation of the relevant German version.

