

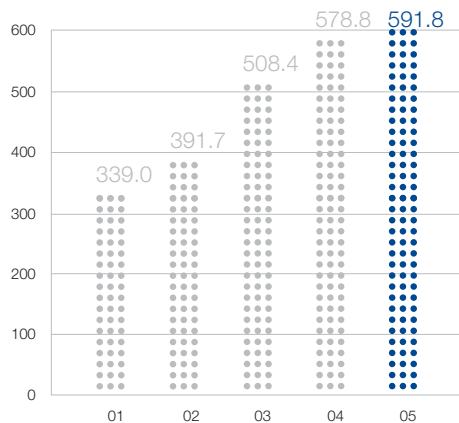
FIVE-YEAR COMPARISON

CHEMICAL AND SYNTHETICS TECHNOLOGY

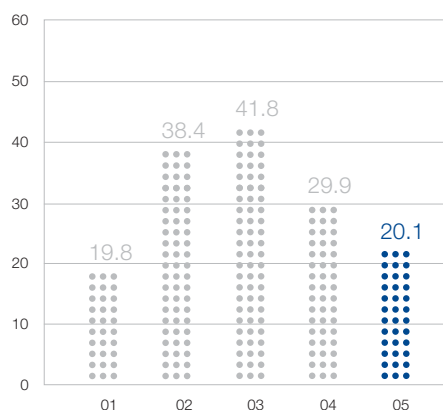
IN CHF MIO.

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

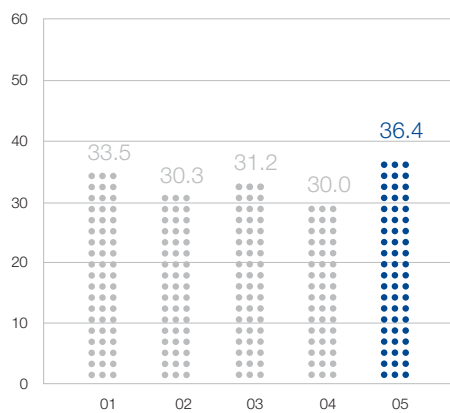
Group net sales



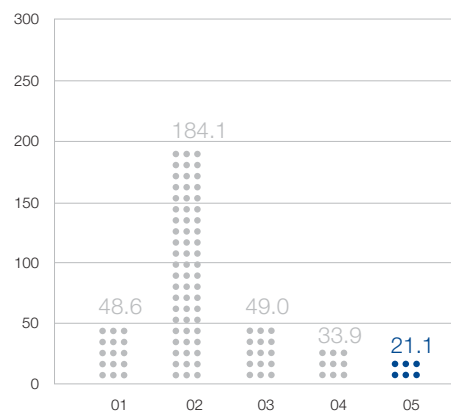
Investment in fixed assets



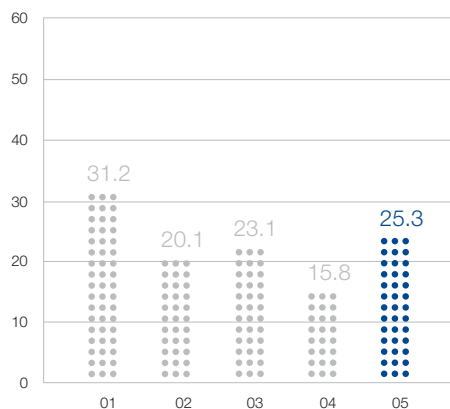
Group EBIT



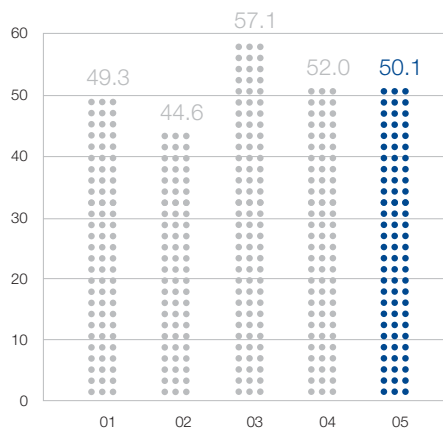
Total investments



Group profit



Group cash flow



DIVISIONAL RESULTS

CHEMICAL AND SYNTHETICS TECHNOLOGY

IN CHF 1000

Group Divisions Health Care and Industrial Applications

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

	2005		2004	2003	
	TOTAL IFRS	EXCEPTIONAL FACTORS	RESULT EXCL. EXCEPT. FACTORS		
Net sales	591 745		591 745	578 779	508 436
of which Health Care	246 887		246 887	218 889	203 148
Industrial Applications	343 525		343 525	355 615	300 918
Others/Consolidation	1 333		1 333	4 275	4 370
Cost of goods and materials	-268 380		-261 293	-250 517	-202 381
Personnel expenses	-183 503		-177 378	-173 982	-154 017
Other operating expenses	-59 247		-47 149	-48 731	-48 497
Management and sales expenses	-45 944		-45 151	-45 123	-46 149
Sundry operating result	-10 598		+1 764	+5 911	+7 892
EBITDA	24 073	38 465	62 538	66 337	65 284
Depreciation	-47 917	21 776	-26 141	-25 101	-20 376
Depreciation/Amortization of goodwill	-3 608	3 608	-	-11 277	-13 664
Operating profit (EBIT)	-27 452	63 849	36 397	29 959	31 244
of which Health Care	27 248		27 505	22 908	11 823
Industrial Applications	-50 172		10 014	5 193	19 106
Others/Consolidation	-4 528		-1 122	1 858	315
Financial expenses	-9 478		-9 478	-7 554	-7 725
Financial income	+5 478		+5 478	+3 975	+8 619
Profit before tax	-31 452		32 397	26 380	32 138
Tax expense	+535	8 970	-8 435	-10 725	-9 038
Profit after tax	-30 917	54 879	23 962	15 655	23 100
Minority interests	+1 306		+1 306	+107	+25
Group profit (excl. minority interests)	-29 611	54 879	25 268	15 762	23 125
Consolidated Cash flow (Profit after tax + depreciations)	20 608		50 103	52 033	57 140

Exceptional factors

In the context of the announcement of the planned separation of Gurit-Heberlein into two independent companies, it was mentioned that this could lead to one-off exceptional depreciation totalling to some CHF 50 to 60 million.

The income statement is now showing costs of CHF 63.9 million on EBIT level or, after positive tax effects of CHF 9.0 million, of CHF 54.9 million on profit level.

This leads to an IRFS result of CHF -29.6 million or a result excluding exceptional effects of CHF 25.3 million.

GROUP FINANCIAL STATEMENTS

GROUP BALANCE SHEET

IN CHF 1000

	Ref.	31.12.2005	31.12.2004
Assets			
Cash and cash equivalents	26	56 412	49 191
Accounts receivable from deliveries and sales		95 222	99 527
Tax assets		238	570
Other receivables and accruals	1	14 827	17 293
Inventories	2	91 324	104 219
Current assets		258 023	270 800
Fixed assets	3	170 386	216 949
Financial assets	4	6 780	5 935
Intangible assets	5	225 986	235 910
Deferred tax assets	21	2 851	8 200
Non-current assets		406 003	466 994
Total assets		664 026	737 794
Equity and liabilities			
Bank loans	6	67 541	77 818
Accounts payable to suppliers		35 798	42 978
Other accounts payable and accruals	7	36 082	41 160
Tax liabilities	8	4 496	6 801
Other short-term provisions	8	16 173	6 129
Current liabilities		160 090	174 886
Mortgage and loans	9	43 443	64 522
Other long-term liabilities	10	11 729	5 084
Deferred tax provisions	21	19 572	31 927
Other long-term provisions	11	5 379	8 182
Non-current liabilities		80 123	109 715
Total liabilities		240 213	284 601
Share capital		46 035	46 052
Additional paid-in capital		28 642	28 642
Currency translation adjustments		-850	-14 548
Retained earnings		349 986	390 846
Minority interests		0	2 201
Total equity	12	423 813	453 193
Total equity and liabilities		664 026	737 794

THE NOTES ARE PART OF THE GROUP FINANCIAL STATEMENTS.

GROUP INCOME STATEMENT

IN CHF 1000

	Ref.	2005	2004
Income statement			
Net sales	13	591 745	578 779
Costs of goods and materials	14	-268 380	-250 517
Personnel expenses	15	-183 503	-173 982
Other operating expenses	16	-59 247	-48 731
Marketing and administrative expenses	16	-45 944	-45 123
Sundry operating result	17	-10 598	+5 911
Depreciation and amortization and impairments	18	-51 525	-36 378
Operating profit		-27 452	29 959
Financial expenses	19	-9 478	-7 554
Financial income	19	+5 478	+3 975
Profit before tax		-31 452	26 380
Tax expense	20	+535	-10 725
Profit after tax		-30 917	15 655
Minority interests		+1 306	+107
Group profit (excl. minority interests)	22	-29 611	15 762
Earnings per bearer share		CHF -64.31	CHF 34.23
Diluted earnings per bearer share		CHF -64.31	CHF 34.21
Earnings per registered share		CHF -12.86	CHF 06.85
Diluted earnings per registered share		CHF -12.86	CHF 06.84

	2005	2004
Depreciation and amortization		
Group cash flow (profit after tax + depreciations)	20 608	52 033
EBITDA	24 073	66 337
Depreciation	-47 917	-25 101
EBITA	-23 844	41 236
Depreciation/Amortisation of goodwill	-3 608	-11 277
EBIT	-27 452	29 959
Financial expenses/income	-4 000	-3 579
Tax expense	+535	-10 725
Minority interests	+1 306	+107
Group profit	-29 611	15 762

THE NOTES ARE PART OF THE GROUP FINANCIAL STATEMENTS.

GROUP FINANCIAL STATEMENTS

GROUP CASH FLOW STATEMENT

IN CHF 1000

	Ref.	2005	2004
Operating profit		-27 452	29 959
Depreciation and amortization		51 525	36 378
Other non-cash items		5 327	-4 508
Change in accounts receivable		-2 911	-13 025
Change in inventories		4 272	-452
Change in sundry current assets		-953	5 149
Change in current liabilities		9 213	5 210
Change in non-current liabilities		-188	-251
Financial expenses		1 059	-4 406
Financial income		-5 008	367
Tax payments		-10 052	-7 856
Cash flow from operating activities		24 832	46 565
Purchase of property, plant and equipment		-20 066	-28 781
Proceeds from sale of property, plant and equipment		16 640	5 428
Financial investments		-136	-139
Disposal of financial investments		68	92
Investments in intangible assets		-944	-1 320
Disposal of investments in intangible assets		3	2
Acquisition of minority interests and subsidiaries		-2 000	-6 516
Disposal of subsidiaries		8 158	0
Cash flow from investment activities	24	1 723	-31 234
Change in current bank loans		15 235	-232
Change in non-current bank and other loans		-17 879	1 373
Change in sundry non-current payables		-1 918	-1 793
Lease payments		-2 558	-2 429
Dividend to Gurit-Heberlein AG shareholders		-11 063	-11 063
Distribution to minority shareholders		0	-113
Sale/purchase of treasury stock		-825	320
Cash flow from financing activities	25	-19 008	-13 937
Exchange rate differences		-326	47
Change in cash and cash equivalents		7 221	1 441
Cash and cash equivalents at beginning of year		49 191	47 750
Cash and cash equivalents at end of year	26	56 412	49 191
Cash flow from operating activities		24 832	46 565
Cash flow from investment activities		1 723	-31 234
Free Cash flow (before dividend payment)	27	26 555	15 331

THE NOTES ARE PART OF THE GROUP FINANCIAL STATEMENTS.

SHAREHOLDERS' EQUITY

IN CHF 1000

	SHAREHOLDERS' EQUITY					TOTAL EQUITY
	SHARE CAPITAL	ADDITIONAL PAID-IN CAPITAL	CURRENCY TRANSL. ADJUSTMENTS	RETAINED EARNINGS	MINORITY INTERESTS	
31.12.2003	45 905	28 642	-10 213	387 901	2 441	454 676
IAS 19 – 1.1.2004				-2 749		-2 749
Dividend distribution				-11 063	-113	-11 176
Group profit				15 762	-107	15 655
Currency effects			-4 335		-20	-4 355
Change in treasury stock	147			995		1 142
31.12.2004	46 052	28 642	-14 548	390 846	2 201	453 193
IFRS 3 Negative goodwill				1 542		1 542
Dividend distribution				-11 063		-11 063
Group profit				-29 611	-1 306	-30 917
Disposal from scope of consolidation					-190	-190
Change in minority interests				-1 232	-768	-2 000
Management participation program				312		312
Currency effects			13 698		63	13 761
Change in treasury stock	-17			-808		-825
31.12.2005	46 035	28 642	-850	349 986	0	423 813

NOTES TO GROUP FINANCIAL STATEMENTS

SUMMARY OF ASSETS: PROPERTY, PLANT AND EQUIPMENT

IN CHF 1000

	PLANT AND EQUIPMENT	LEASED PLANT AND EQUIPMENT	LAND	BUILDINGS (INCL. INST.)	LEASED LAND	LEASED BUILDINGS	EQUIPMENT UNDER CONSTRUCTION	TOTAL PROPERTY, PLANT AND EQUIPMENT
Gross values								
Value 31.12.2003	226 564	9 102	17 382	117 257	0	5 143	6 354	381 802
Additions	19 102	1 008	303	5 831		64	3 545	29 853
Disposals	-10 805	-1 056	-221	-936		-31	-45	-13 094
Change in scope of cons.	11 689	1 200		11 362			1 047	25 298
Currency effects	-2 822	-88	-145	-1 688		-49	286	-4 506
Other	1 693	-260	897	2 106		5 318	-9 770	-16
Value 31.12.2004	245 421	9 906	18 216	133 932	0	10 445	1 417	419 337
Additions	11 681	59		4 987		11	3 398	20 136
Disposals	-10 572	-144		-970			-903	-12 589
Change in consolid.	-53 623		-612	-14 195			-92	-68 522
Currency effects	5 594	99	198	3 281		227		9 399
Other	3 158	-1 428		-10 489	2 400	8 100	-2 615	-874
Value 31.12.2005	201 659	8 492	17 802	116 546	2 400	18 783	1 205	366 887
Accumulated amortisation								
Value 31.12.2003	144 867	2 634	2 921	33 502	0	1 931	0	185 855
Amortisation	16 715	862	64	5 163		461		23 265
Disposals	-9 490	-689		-488		-5		-10 672
Change in scope of cons.	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	2 975	38 260	0	3 319	0	202 388
Amortisation	20 764	2 484	71	5 308		607		29 234
Impairment amortisation	2 281		300	11 952				14 533
Disposals	-9 770	-45		-880				-10 695
Change in scope of cons.	-41 069			-2 420				-43 489
Currency effects	2 684	51	17	164		61		2 977
Other	2 598	-1 045						1 553
Value 31.12.2005	131 877	4 890	3 363	52 384	0	3 987	0	196 501
Net values								
Value 31.12.2003	81 697	6 468	14 461	83 755	0	3 212	6 354	195 947
Value 31.12.2004	91 032	6 461	15 241	95 672	0	7 126	1 417	216 949
Value 31.12.2005	69 782	3 602	14 439	64 162	2 400	14 796	1 205	170 386

SUMMARY OF ASSETS: FINANCIAL AND INTANGIBLE ASSETS

IN CHF 1000

	FINANCIAL ASSETS			INTANGIBLE ASSETS				
	SECURITIES	EXTRA GROUP LOANS	TOTAL FINANCIAL ASSETS	GOODWILL	NEGATIVE GOODWILL	RECOGNIZED R&D COSTS	OTHER INTANGIBLE ASSETS	TOTAL INTANGIBLE ASSETS
Gross values								
Value 31.12.2003	677	5 573	6 250	276 856	-2 807	1 276	12 398	287 723
Additions		139	139	4 564	-2 021	298	1 022	3 863
Disposals	-43	-117	-160	-734	2 021		-2	1 285
Change in scope of cons.			0			14	597	611
Currency effects	-5	-77	-82	-2 646	54		-145	-2 737
Other			0	-50 992 ¹	2 753 ¹		8	-48 231
Value 31.12.2004	629	5 518	6 147	227 048	0	1 588	13 878	242 514
Additions		136	136	-353			944	591
Disposals		-68	-68			-1 574	-399	-1 973
Change in scope of cons.	-79	-51	-130	-12 581			-3 335	-15 916
Currency effects	9	750	759	6 588			427	7 015
Other		-29	-29	-1 258			6 390	5 132
Value 31.12.2005	559	6 256	6 815	219 444	0	14	17 905	237 363
Accumulated amortisation								
Value 31.12.2003	184	110	294	36 372	-539		4 794	40 627
Amortisation	-12	1	-11	14 067	-2 790	4	1 843	13 124
Disposals	-20	-48	-68		2 021			2 021
Change in scope of cons.			0					0
Currency effects	-3		-3	-933	41		-37	-929
Other			0	-49 506 ¹	1 267 ¹			-48 239
Value 31.12.2004	149	63	212	0	0	4	6 600	6 604
Amortisation	0	0	0	0		10	2 555	2 565
Impairment amortisation			0	3 608		1 574	11	5 193
Disposals			0			-1 574	-396	-1 970
Change in scope of cons.	-79		-79				-2 314	-2 314
Currency effects	1		1				109	109
Other	-44	-55	-99				1 190	1 190
Value 31.12.2005	27	8	35	3 608	0	14	7 755	11 377
Net values								
Value 31.12.2003	493	5 463	5 956	240 484	-2 268	1 276	7 604	247 096
Value 31.12.2004	480	5 455	5 935	227 048	0	1 584	7 278	235 910
Value 31.12.2005	532	6 248	6 780	215 836	0	0	10 150	225 986

¹ RECLASSIFICATION ACCORDING TO IFRS 3

NOTES TO GROUP FINANCIAL STATEMENTS

SEGMENT INFORMATION

The segment activities are described in detail on pages 11–22.

	2005		2004			
Net sales by Divisions IN CHF MILLION						
Health Care	246.9	41.7%	218.9	37.8%		
Industrial Applications	343.5	58.1%	355.6	61.5%		
Other/Consolidation	1.3	0.2%	4.3	0.7%		
Total net sales¹	591.7	100%	578.8	100%		
Net sales by Regions IN CHF MILLION						
Switzerland	34.1	5.7%	32.9	5.7%		
EU + EEA	377.1	63.8%	369.5	63.8%		
Rest of Europe	24.6	2.8%	16.2	2.8%		
USA/Canada	87.0	12.4%	71.5	12.4%		
Others	68.9	15.3%	88.7	15.3%		
Total net sales	591.7	100%	578.8	100%		
Operating profit by Divisions IN CHF MILLION						
Health Care	27.2	-98.9%	22.9	76.4%		
Industrial Applications	-50.2	182.5%	5.2	17.3%		
Other/Consolidation	-4.5	16.4%	1.9	6.3%		
Total operating profit²	-27.5	100.0%	30.0	100.0%		
Financial result	-4.0		-3.6			
Income tax	0.6		-10.7			
Minority interests	1.3		0.1			
Group profit	-29.6		15.8			
Employees by Divisions (Ø)						
Health Care	1 150	44.9%	1 125	43.5%		
Industrial Applications	1 402	54.7%	1 435	55.5%		
Other/Consolidation	12	0.5%	26	1.0%		
Total employees	2 564	100%	2 586	100%		
Assets/CapEx by Divisions IN CHF MILLION						
	Assets	CapEx	Depr./Amort. ³	Assets	CapEx	Depr./Amort.
Health Care	253.6	4.7	9.8	248.3	3.8	9.2
Industrial Applications	382.5	15.8	41.1	474.6	29.6	26.7
Other/Consolidation	27.9	0.6	0.6	14.9	0.5	0.5
Total assets/CapEx	664.0	21.1	51.5	737.8	33.9	36.4
Liabilities by Group Division IN CHF MILLION						
Health Care			150.5			161.1
Industrial Applications			217.3			279.4
Other/Consolidation			-127.6			-159.6
Total liabilities			240.2			280.9
Assets/CapEx by Regions IN CHF MILLION						
	Assets	CapEx		Assets	CapEx	
Switzerland	184.6	7.3		241.1	11.4	
EU + EEA	406.6	13.4		395.0	14.7	
Rest of Europe	0.7	0.0		0.6	0.0	
USA/Canada	71.9	0.3		94.5	7.5	
Others	0.0	0.1		6.6	0.3	
Total assets/CapEx	664.0	21.1		737.8	33.9	

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

³ SEE NOTE 18.

GROUP COMPANIES

NOTES TO GROUP FINANCIAL STATEMENTS •

GROUP COMPANIES •

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

(inserted = indirect holding by means of subsidiaries)

Company	Activity	Registered capital	Group ownership
Medisize Holding AG, Wattwil	Holding Company	CHF 23 400 000	100%
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 and sales 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., Rom IT	Sales of plastic medical products	EUR 50 000	100%
Medisize Schweiz AG, Nürensdorf ZH	Production and sales of plastic products	CHF 1 700 000	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	100%
IMS Kunststoff AG, Ittigen CH	Production and sales of plastic semi-manufactured products, laminates as well as plastics for sport applications	CHF 6 500 000	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%
Stesalit AG, Zullwil CH	Production and sales of plastic semi-manufactured products	CHF 7 500 000	100%
Stesalit GmbH, Kassel GER	Production and sales of plastic semi-manufactured products	EUR 100 000	100%
Gurit Suprem, Flurlingen CH	Development, production and sales of plastic semi-manufactured products	–	(100%)
IMS-Biopur AG, Freienbach CH	Holding company	CHF 5 000 000	100%
Arova Schaffhausen AG, Schaffhausen CH	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 AT JANUARY 1, 2006

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 based on the consolidation and valuation principles stated below and in accordance with the International Financial Reporting Standards (IFRS) based on the historical cost convention as modified by the revaluation of certain financial assets carried at fair value.

The preparation of financial statements requires the use of certain critical accounting estimates which could impact the assets, liabilities and contingent liabilities at the balance sheet date as well as income and expenses of the reporting period. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. If at a later moment of time such judgements and assumptions made by management based on the best information available at the time when books were closed differ from the actual circumstances, the original judgements and assumptions made are changed for the year in which the respective circumstances have changed.

The International Accounting Standards Board (IASB) issued the following new standards to be applied for annual periods beginning on or after January 1, 2005:

- IFRS 2 – Share-based Payment
- IFRS 3 – Business Combinations
- IFRS 4 – Insurance Contracts
- IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations

In addition, the following standards have been revised and became effective as of 1 January 2005:

- IAS 1 – Presentation of Financial Statements
- IAS 2 – Inventories

- IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors
- IAS 10 – Events after the Balance Sheet Date
- IAS 16 – Property, Plant and Equipment
- IAS 17 – Leases
- IAS 21 – The Effects of Changes in Foreign Exchange Rates
- IAS 24 – Related Party Disclosures
- IAS 27 – Consolidated Financial Statements
- IAS 28 – Investments in Associates
- IAS 32 – Financial Instruments: Disclosure and Presentation
- IAS 33 – Earnings per Share
- IAS 36 – Impairment of Assets
- IAS 38 – Intangible Assets
- IAS 39 – Financial Instruments: Recognition and Measurement
- IAS 40 – Investment Property

The adoption of these new or revised standards resulted in the following changes to the consolidated financial statements 2005. Comparative amounts have been restated in all material respects.

IFRS 2 “Share-based Payment”

According to IFRS 2 the Group charged the expenses for the Management participation program to the income statement as from January 1, 2005. As the impact to the prior year amounts is immaterial they have not been restated.

In accordance with the provisions IFRS 3 “Business Combinations” the Group ceased amortization of goodwill as from 1 January 2005 and tested goodwill annually for impairment as well as when there are indications of impairment. Whereas in 2005 goodwill impairment charges amounting to CHF 3.6 million have been recognized no such expenses have been recorded in 2004. However in 2004 goodwill amortization of CHF 14.1 million have been recognized. According to IFRS 3 negative goodwill has to be recognized as income at the date of acquisition. The remaining negative goodwill amounting to CHF 1.5 million as per December 31, 2004 has been reclassified to retained earnings as per January 1, 2005.

According to IAS 1 minority interests shall be presented in the consolidated balance sheet within equity. Accordingly minority interests of CHF 2.2 million have been reclassified

to equity as per December 31, 2004, respectively CHF 2.6 million as per June 30, 2004, and to the Group profit for 2004 in the amount of CHF 0.2 million, respectively.

IAS 19: As from January 1, 2005 the Swiss pension plans administrated by an independent insurance company have been accounted for as defined benefit plans according to IAS 19. This change in accounting policy impacted the shareholders' equity by CHF 2.7 million; prior year disclosures have been amended.

IAS 21 "The Effects of Changes in Foreign Exchange Rates" did not result in a material impact on the Group's accounting principles. Based on the new provisions of IAS 21 the functional currency of each subsidiary of the Group has been assessed again. The reporting currency for all subsidiaries is the currency of their home country.

The adoption of IAS 24 "Related Party Disclosures" resulted in the identification of additional related parties and in additional disclosures thereto.

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. Where not indicated differently, money figures are shown in million Swiss francs (CHF million). Swiss francs are the functional currency of the Holding company and reporting currencies of the Group.

These financial statements were signed off by the Board of Directors on March 1, 2006.

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 43.

The following changes in the scope of consolidation occurred in 2005:

Sale effective December 31, 2005 (based on valuations as at November 1, 2005) of the following companies:

Fasertechnologie AG, Wattwil; Electrotex AG, Wattwil;
Enka tecnica GmbH, Wuppertal and Gröbzig; ET Filtration sarl Zalka/LB

Sale effective as at 31.12.2005 of Homedica AG, Hünenberg

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

Electrotex AG, Niederurnen	acquired	01.01.2004
Createchnic AG, Nürens Dorf	acquired	01.11.2004

Goodwill

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 positive difference of the cost of acquisition over the fair value of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the identifiable net assets, the negative difference is accounted for in the Group income statement.

Goodwill from acquisitions prior to December 31, 1994 was charged to equity. Goodwill from acquisitions after January 1, 1995 and prior to March 31, 2004 has been amortized on a straight-line basis over the useful life not exceeding 20 years.

The assets, liabilities 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 receivables and payables, revenues, other earnings and costs as well as income from intra-group deliveries are eliminated.

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 carried as assets and depreciated along with other equipment. The corresponding leasing obligations are shown as liabilities. Per period leasing instalments are distributed 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 assets

Classification:

The Group classifies its financial assets in the following categories:

- at fair value through profit or loss
- loans and receivables
- held to maturity investments
- available for sale

The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date. In the current and prior reporting periods the Group only held financial assets at fair value through profit or loss as well as loans and receivables.

Financial assets at fair value through profit or loss:

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorized as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realized within twelve months of the balance sheet date.

Loans and receivables

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

Recognition

Regular purchases and sales of investments are recognized on trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement. Investments are derec-

ognized when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Subsequent measurement/Impairment

Financial assets at fair value through profit or loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value are presented in the income statement within financial income or financial expense in the period in which they arise. Loans and receivables are carried at amortized cost using the effective interest method. The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models. The Group assesses at each balance sheet date whether there is objective evidence that financial assets are impaired. In case of impairment the respective expense is recognized in the income statement.

Intangible assets

Goodwill

Goodwill is the excess of the costs of acquisition over the fair value of the Group's share of the identifiable net assets acquired and represents the future economic benefit, which can not be recognized as a separate asset. Goodwill is carried in the currency of the acquired business and tested annually for impairment and carried at cost less accumulated impairment losses. For purposes of the impairment test goodwill is allocated to the cash generating units – Industrial Applications and Health Care.

Intangible assets other than goodwill

Intangible assets contain patents, EDP software and others. They are stated at historical costs less amortization on a straight-line basis over the useful life not exceeding five years.

Impairment of assets

Assets that are subject to amortization or depreciation are periodically reviewed for impairment or reviewed whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is

recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and the 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. Most pension plans outside Switzerland are accounted for as defined contribution plans. Some foreign pension plans and the Swiss pension plans administrated by an independent insurance company are accounted for as defined benefit plans according to IAS 19. The pension liability resulting from defined benefit plans is calculated by independent actuaries at least every three years using the "projected unit credit method." Actuarial gains and losses are charged or credited on a straight-line basis to income over the employees expected average remaining working lives when the actual defined benefit obligation or plan assets, respectively, deviates more than 10% from the projections ("corridor approach").

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 pur-

chase 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. In the context of the planned separation of the Group into two independent companies, the management stock participation program was terminated.

Taxes

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 recognized in the income statements in the period in which 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

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

	31.12.05	Ø2005	31.12.04	Ø2004
1 USD	1.315	1.245	1.145	1.243
1 EUR	1.558	1.548	1.545	1.544
1 GBP	2.260	2.265	2.185	2.275

Main sources of uncertainties

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Goodwill

The Group's goodwill is tested annually for impairment using discounted cash flow projections. These calculations require the use of estimates regarding projected sales, product prices and costs, projection period as well as interest rate.

Property, plant and equipment, inventories and provisions

The Group assets are reviewed annually for impairment, provisions are also reviewed annually. To assess if any impairment exists, estimates are made of the future cash flows expected to result from the use of the assets and its eventual disposal. Factors such as changes in the planned use of buildings, machinery, or equipment, the closure of facilities or technical obsolescence can lead to shortened use of lives or impairment.

In 2005 certain new standards, amendments and interpretations to existing standards listed below have been published. None of them has been early adopted by the Group.

- IAS 19 – Employee Benefits (effective as from January 1, 2006)
- IAS 39 – Financial Instruments: Recognition and Measurement (effective as from January 1, 2006)
- IFRS 6 – Exploration for and Evaluation of Mineral Resources (effective as from January 1, 2006)
- IFRS 7 – Financial Instruments: Disclosures (effective as from January 1, 2007)
- IFRIC 4 – Determining whether an Arrangement contains a Lease (effective as from January 1, 2006)
- IFRIC 5 – Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds (effective as from January 1, 2006)
- IFRIC 6 – Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment (effective as from December 1, 2005)

The Group is currently assessing the impacts on future consolidated financial statements and particular focussing on IFRS 7. IFRS 7 combines all disclosures related to financial instruments in one standard. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments and their impact on the financial position of an entity. An amendment to IAS 1 related to the introduction of IFRS 7 introduces disclosures about the level of the Group's capital and how it manages capital.

NOTES TO GROUP FINANCIAL STATEMENTS

GROUP BALANCE SHEET

NOTES TO GROUP FINANCIAL STATEMENTS •

01 Other receivables and accruals

These items include:

	2005	2004
Other receivables	10 513	12 016
Assets from currency futures	781	2 713
Prepaid expenses	3 533	2 564
31.12.	14 827	17 293

IN CHF 1000

Financial instruments

The assets resulting from currency futures included in other receivables amounts to CHF 0.8 million (previous year CHF 2.7 million). The following open derivative financial instruments existed at December 31, 2005: Currency futures with a notional amount of CHF 10.0 million (previous year CHF 46.7 million), and are due within one year (previous year CHF 43.4 million).

02 Inventories

Inventories are as follows:

	2005	2004
Raw materials	35 432	40 095
Marketable goods	10 790	10 092
Work in progress	8 231	7 309
Finished and semi-finished goods	36 871	46 723
31.12.	91 324	104 219
Recognized Value Adjustments	-920	-235

IN CHF 1000

03 Plant, property and equipment

(See also Summary of Assets on page 40)

Contractual Commitments

At December 31, 2005 there were again no significant contractual commitments to acquire property, plant and equipment.

Pledged assets

Pledged assets (mainly real estate for mortgages) are:

	2005	2004
Book value	78	100
Maximum credit line	82	101
Loans contracted	16	36

IN CHF MILLION

Fire insurance values

Fire insurance values of fixed assets amounts to CHF 546 million (previous year CHF 621 million).

04 Financial assets

(See also Summary of Assets on page 41)

05 Intangible assets

(See also Summary of Assets on page 41)

Intangible assets include CHF 215.8 million (previous year CHF 227.0 million) in goodwill purchased along with interests in other companies. The value of other intangible assets totalled CHF 10.2 million (previous year CHF 8.9 million), and contains patents and purchased IT software.

Impairment test for goodwill

Goodwill is allocated to the Group's cash-generating Units (CGUs) Health Care and Industrial Applications as follows:

	HEALTH CARE	IND. APPL.	TOTAL
Net book value at 31.12.2004	58 322	168 726	227 048
Net book value at 31.12.2005	56 596	159 240	215 836

The impairment test for goodwill is based on the discounted cashflow method and agreed budgets for the next three years. Based on experience the following assumptions are applied.

	HEALTH CARE	INDUSTRIAL
Long-term growth rate	3.5%	5.0%
Discount rate	7.868%	7.868%

In the year 2005, CHF 10.9 million were spent on Research and Development, and recognized in the statement of income.

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%).

NOTES TO GROUP FINANCIAL STATEMENTS

GROUP BALANCE SHEET

07 Other accounts payable and accruals

Other accounts payable include CHF 1.4 million (previous year CHF 1.8 million) in current lease commitments. (see also note 10).

08 Short-term Provisions

Current reserves include the following items:

	GUARANTEES	RE- STRUCT.	OTHER	TOTAL 2005	TOTAL 2004
31.12.2004	1 074	720	4 335	6 129	4 059
Amount used	-631	-721	-875	-2 227	-168
Additions	8 034	3 302	470	11 806	2 424
Reversal	-18	0	-62	-80	-201
Exchange rate differences	-16	17	5	6	0
Change in scope cons.	-425	758	206	539	15
31.12.2005	8 018	4 076	4 067	16 173	6 129

IN CHF 1000

	TAX 2005	TAX 2004
31.12.2004	6 801	3 682
Amount used	-2 691	-171
Additions	413	3 273
Reversal		
Exchange rate differences		
Change in scope consolidation	-27	17
31.12.2005	4 496	6 801

IN CHF 1000

Reserves for guarantees were made according to estimates based on experience for guarantee claims that can not be insured or seem to be probable based on special-case assessments. Other provisions were made mainly for risks regarding real estate in Wattwil and restructuring costs in the Industrial Applications division. A cash outflow is expected to occur during the next year.

09 Mortgages and loans

Mortgages amount to CHF 4 million (previous year CHF 26 million). Non-current loans from bank and others amount to CHF 39 million (previous year CHF 38 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:

PER 31.12.2005 MATURITY	BANK LOANS	LOANS	MORTGAGES	TOTAL
2007	13 921	3 012	489	17 422
2008	2 798	550	2 489	5 837
2009	17 048	420	489	17 957
2010	474	68	489	1 031
More	393	613	190	1 196
Total	34 634	4 663	4 146	43 443
Interest rate Ø	4.3%	4.2%	4.2%	

IN CHF 1000

PER 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

10 Other long-term liabilities

This item includes non-current lease commitments of CHF 10.9 million (previous year CHF 2.0 million) as well as interest free purchase price debt from new acquisitions, payable over three 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 LONGTERM COMMITMENTS	
2006 (2005)	1 446	1 802	923	2 422
2007 (2006)	732	1 354	904	2 192
2008 (2007)	130	664	657	1 790
2009 (2008)	136		648	1 242
2010 (2009)	141		615	1 242
More	9 742		3 692	4 781
Total over 1 year	10 881	2 018	6 515	11 247
Total	12 327	1 822	7 439	13 669

IN CHF 1000

11 Other long-term provisions

Other provisions include the following items:

	PENSION PLANS AND OTHER SOCIAL PROVISIONS SECURITY PAYMENTS		TOTAL 2005	TOTAL 2004
31.12.2004	7 778	404	8 182	6 135
Amount used	-50	-44	-94	-251
Additions	499	658	1 157	4 206
Reversals	-1 158	-93	-1 251	-2 043
Exchange rate differences	10	2	12	-35
Change in scope of cons.	-2 627		-2 627	170
31.12.2005	4 452	927	5 379	8 182

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.

12 Equity

(See also Summary Shareholders' equity and Minority holdings on page 39)

The share capital shows the capital of Gurit-Heberlein AG; adjusted by treasury stock. Treasury stock at December 31, 2005 included 7616 bearer shares (previous year 7446) and 150 registered shares (previous year 150).

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 April 12, 2006.

Within the scope of the planned split of the Group the investment in Medisize Holding AG with her subsidiaries in the Health Care division is distributed to the share holders of Gurit-Heberlein AG. This distribution will be done by a reduction of share capital amounted of CHF 23 400 000 (50%) and an compensation of legal reserves and retained earnings amounted of CHF 30 420 000 (total CHF 53 820 000).

13 Net sales

(See also Segment Information on page 42)

Consolidated net sales amount to CHF 591.7 million (previous year CHF 578.8 million). Production in Switzerland accounted for 28% (previous year 26%) of sales, while the remaining 72% (previous year 74%) was covered by foreign production.

14 Cost of goods and materials

This item amounted to 45.4% of net sales (previous year 43.3%). This item also includes changes in finished and semi-finished goods and work in progress of CHF 0.9 million.

NOTES TO GROUP FINANCIAL STATEMENTS

GROUP BALANCE SHEET

15 Personnel expenses

The pro rata average workforce amounted to 2564 employees (previous year, pro rata 2586). (See also Information by Segments for numbers broken down by Group Division.)

For expenses for post employment benefits according to IAS 19, please refer to pages 58 and 59. The expenses for defined contribution plans amount to CHF 3.7 million (previous year CHF 4.2 million).

16 Other operating, marketing and administrative expenses

Other (net) operating expenses were CHF 105.2 million (previous year CHF 93.9 million). Operating expenses include repair and maintenance cost of fixed assets as well as R&D costs.

17 Sundry Operating income

Sundry operating income of CHF 10.6 million (previous year CHF 5.9 million) include losses stemming from the sale of companies amounting to CHF 9.3 million and losses from the sale of fixed assets amounting to CHF 0.14 million (previous year CHF 0.29 million) and earnings from the sale of fixed assets of CHF 4.389 million (previous year CHF 3.296 million) (see note 24).

18 Depreciation and Amortization and impairments of assets

(See also List of Assets pages 40/41)

	2005	2004
Depreciation on fixed assets	29 234	23 265
Impairment on fixed assets	14 533	
Depreciation on financial assets	0	-11
Amortization on intangible assets	2 565	1 847
Impairment on intangible assets	1 585	
Amortisation of Goodwill		11 277
Impairment of Goodwill	3 608	
Total Depreciation and Amortization and impairment of assets according to list of assets	51 525	36 378

IN CHF 1000

In the context of the restructuring of the Group, impairments of CHF 19.7 million were necessary. They were recognized in the Industrial Applications Division.

19 Financial expenses/financial income

Financial expenses were CHF 4.0 million net (previous year financial income CHF 3.6 million).

2005

	FINANCIAL EXPENSES	FINANCIAL INCOME	NET
Interest	5.5	1.1	-4.4
Exchange rate differences	4.0	4.4	+0.4
Total	9.5	5.5	-4.0

IN CHF 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

20 Tax expense

Tax expense	2005	2004
Taxes payable	8.6	11.3
Deferred taxes	-9.1	-0.6
Total	-0.5	10.7

IN CHF MILLION

Tax expense can be analyzed as follows:

	2005	2004
Group result before income taxes	-31.5	27.0
Tax expenses at applicable		
Tax rate of 25%	-7.9	6.6
Tax expenses at other rates	4.0	0.8
Tax effects thanks to losses carried forward	4.8	-1.2
Loss for the period excl. actual tax savings	0.3	3.0
Effect of not accepted tax positions	-1.9	0.9
Tax expense not related to current period	0.7	
Other irrelevant impact	-0.5	0.6
Effective tax rate	-0.5	10.7

IN CHF MILLION

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

Losses carried forward and duration

	2005	2004
1–3 years	4.8	46.0
4–6 years	101.9	15.8
More	76.5	36.2
Total	183.2	98.0
Positive tax effect	27.4	25.7
Adjustments	-20.3	-23.8

IN CHF MILLION

Short-term tax provisions comprise of expected income tax payments based on taxable profit of the year as well as pending tax assessments.

21 Deferred tax provisions

These reserves include the following items:

	TOTAL 2005	TOTAL 2004
31.12.2004	31 927	33 731
Additions	0	381
Amount used	-12 616	-2 283
Change in scope of consolidation	-149	98
Exchange rate differences	410	
31.12.2005	19 572	31 927

IN CHF 1000

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

	31.12.2005		31.12.2004	
	DEF. TAX ASSETS	DEF. TAX LIABILITIES	DEF. TAX ASSETS	DEF. TAX LIABILITIES
Cash	150			
Receivables	458	577	493	973
Inventories	1 285	1 135	1 110	1 967
Property, plant and equipment	1 303	29 727	4 773	30 029
Intangible assets		829	132	619
Current borrowings	2 429	95	297	323
Non-current borrowings	3 500	531	1 772	354
Deferred taxes from losses carried forward	27 384		25 725	0
Adjustments of deferred losses carried forward	-20 336		-23 764	0
Offset of deferred assets and liabilities	-13 322	-13 322	-2 338	-2 338
Total	2 851	19 572	8 200	31 927

IN CHF 1000

22 Group result per share

The Group loss (excl. minority interests) amounts to CHF 29.6 million (previous year Group profit CHF 15.8 million).

The earnings per share (EPS) are calculated as follows:

	2005	2004
Weighted amount of shares issued as at 31.12.	460 831	460 433
Adjustments for MPP options	825	372
Adjusted amount of shares issued as at 31.12.	461 656	460 805
Result per bearer share	CHF -64.31	CHF 34.23
Diluted earnings per bearer share	CHF -64.31	CHF 34.21
Result per registered share	CHF -12.86	CHF 6.85
Diluted Earnings per registered share	CHF -12.86	CHF 6.84

IN CHF 1000

NOTES TO GROUP FINANCIAL STATEMENTS

GROUP BALANCE SHEET

23 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
2000	270	880	2002–2006	31.12.2006
2001	716	1 229	2003–2006	31.12.2006
2002	1 074	1 226	2004–2006	31.12.2006
2003	380	680	2005–2006	31.12.2006
2004	1 324	1 056	2005–2006	31.12.2006
2005	940	1 009	2005–2006	31.12.2006
Total	4 704			

Because of the planned split of the Group into two new groups the management participation program stopped end of December 2005 and exercise period of the options were fixed to December 31, 2006. This results in additional expenses of CHF 0.1 million.

24 Cash flow of investment activities

Funds received from investment activities amounted to a total of CHF 1.7 million (previous year CHF –31.2 million). This value includes an amount stemming from ordinary Group activities of CHF –4.4 million as well as a cash outflow of CHF 6.1 million for acquisitions.

During the year 2005 Gurit-Heberlein bought the minority interest of IMS-Holding AG of CHF 0.8 million for CHF 2.0 million. The difference is offset against equity (previous year 2004: Acquisition of Electrotex AG and Createchnic AG). The following table shows the detailed financial information of these transactions:

	2005	2004
Cash and cash equivalents		594
Receivables		4 959
Inventories		3 270
Fixed assets		20 016
Current payables		–7 553
Non-current payables		–12 361
Provisions		–300
Fair value	0	8 625
Goodwill		774
Paid acquisition price	2 000	9 399
Cash and cash equivalents acquired		–594
Non-current liabilities acquired		–500
Current liabilities acquired		–967
Payments in treasury stock		–822
Cash outflow	2 000	6 516
IN CHF 1000		

In the year 2005 Heberlein Fasertechnologie AG together with her subsidiaries and Homedica AG were sold. The details are shown in the following table:

	2005
Assets	–63 509
Liabilities	40 525
Sold Net Assets	–22 984
Selling price	13 723
Sales loss	–9 261
Cash and cash equivalents sold	–5 565
Cash flow net	8 158
IN CHF 1000	

The loss from sale is recognized in sundry operating result (see note 17).

25 Dividends and financing and investing activities

The cash flow from financing activities in 2005 includes dividends of CHF 11.1 million (previous year CHF 11.1 million) to Gurit-Heberlein shareholders and CHF 0 million (previous year CHF 0.1 million) to minority shareholders

26 Cash and cash equivalents

As a result, cash and cash equivalents increased by CHF 7.2 million to a year-end amount of CHF 56.4 million (previous year CHF 49.2 million).

27 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 26.5 million (previous year CHF 15.3 million).

28 Contingent liabilities

In connection with the operating activities the Group has contingent liabilities resulting from bills of exchange, letter of credits and guarantees amounting to CHF 2.0 million (previous year CHF 3.7 million).

29 Pension liabilities

Short-term payables against pension plans amount to CHF 0.4 million (previous year CHF 0.8 million).

30 Transaction with related parties

Key management compensation

	2005	2004
Compensations	2 644	2 938
Contribution to pension funds	126	126
Expense for share based payments	23	28
Total income 2005 (2004)	2 793	3 092
Provision for contractual payments in 2006 to leaving key management personal	1 050	
Total	3 843	3 092

IN CHF 1000

No further transactions were executed with related parties or companies.

31 New acquisitions

In 2005, there were no 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	BOOK VALUES 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

32 Subsequent events

The Group financial statements were approved at March 1, 2006 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.

Conditional to the approval of the Annual General Meeting of Shareholders, April 12, 2006 Gurit-Heberlein shall be divided into two independent companies – Medisize Holding AG and Gurit Holding AG. This transaction is explained in further details on the pages 2,3 of this Annual Report.

NOTES TO GROUP FINANCIAL STATEMENTS

Post employment benefits (see also page 47)

Details to the defined benefit plans are as follows:

IN CHF 1000

	2005	2004
Pension costs		
Current service cost	5 983	5 466
Interest expenses	2 950	2 461
Expected earnings from plan assets	-2 366	-2 411
Amortization of not recognized actuary gains and losses		-71
Employees' contribution	-3 776	-2 466
Total expenses for defined benefit plans	2 791	2 979

Change in pension liabilities

Balance 1.1.	84 585	12 963
Exchange rate differences	113	503
Change in accounting and valuation methods and scope of consolidation	-17 029	65 415
Current service cost	5 983	5 466
Interest expenses	2 950	2 461
Employees' contribution	3 776	2 466
Payed pensions from plans with separated assets	-3 841	-3 263
Payed pensions from plans without separated assets	-45	-45
Actuary gains/losses	-2 112	-985
Other impacts	904	-396
Balance 31.12.	75 284	84 585

Change in plan assets

Balance 1.1.	77 202	10 115
Exchange rate differences	517	497
Change in accounting and valuation methods and scope of consolidation	-14 423	62 479
Employees' contribution	3 776	2 466
Employers' contribution	2 874	2 495
Payed pensions from plans with separated assets	-3 841	-3 263
Expected earnings from plan assets	2 366	2 411
Actuary gains/losses	183	2
Net assets from other plans	2 003	4 275
Accumulated depreciations of net assets from other plans	-2 003	-4 275
Balance 31.1.	68 654	77 202

IN CHF 1000

	2005	2004
Assets and liabilities included in balance sheet		
Liabilities of plans with separated assets	75 284	84 585
Plan assets	68 654	77 202
Over-/Undercoverage	7 051	7 383
Liabilities of plans without separated assets	117	117
Not recognized actuary gains of losses	-2 295	-987
Net amount	4 452	6 513
Changes in net amount		
Balance 1.1.	6 513	2 848
Exchange rate differences	673	290
Change in accounting and valuation methods and scope of consolidation	-2 606	2 936
Pension costs according to profit and loss accounts	2 791	2 979
Employers' contributions	-2 874	-2 495
Payed pensions from plans without separated assets	-45	-45
Balance 31.12.	4 452	6 513
	IN %	IN %
Actuary assumptions		
Discount rate	3.75	4.75
Expected return on plan assets	4.25	4.48
Future salary increase	2.88	2.44
Inflation	1.13	1.06
Future pension increase	0.38	0.69
Other informations		
Effective return on plan assets (in CHF 1000)	2 549	2 413
Members of the plan		
Active members	433	454
Pensioners	6	6

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 36 to 59 of Gurit-Heberlein AG for the year ended December 31, 2005.

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

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

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

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

PricewaterhouseCoopers AG

Lorenz Lipp Werner Frei

St. Gallen, March 10, 2006

FINANCIAL STATEMENTS OF GURIT-HEBERLEIN AG

BALANCE SHEET AS AT 31.12.2005

IN CHF

	31.12.2005	31.12.2004
Assets		
Cash and cash equivalents	16 921 468	14 934 010
Sundry receivables from extra-Group sources	92 931	85 606
Sundry receivables from intra-Group sources	9 299 917	7 828 973
Working capital	26 314 316	22 848 589
Loans to third parties	75 000	93 364
Loans to Group companies	86 135 780	144 846 476
Holdings	95 101 131	82 966 765
Fixes assets	181 311 911	227 906 605
Total assets	207 626 227	250 755 194
Equity and liabilities		
Bank debts	27 400 793	23 822 754
Sundry liabilities to extra-Group entities	2 209 524	1 661 343
Sundry liabilities to intra-Group entities	167 097	144 515
Loan from Group companies	3 856 904	10 437 106
Prepaid liabilities and reserves	2 890 727	3 621 988
Short-term borrowings	36 525 045	39 687 706
Total borrowings	36 525 045	39 687 706
Share capital	46 800 000	46 800 000
Statutory reserves	23 400 000	23 400 000
Reserves for treasury stock	5 548 930	4 724 223
Free reserves	47 265 076	48 089 783
Net income	48 087 176	88 053 482
Total equity	171 101 182	211 067 488
Total liabilities	207 626 227	250 755 194

INCOME STATEMENT

IN CHF

	2005	2004
Income from holdings	8 778 491	5 919 392
Earnings from sale of holdings	3 189 463	0
Financial income	9 259 754	8 946 035
Total income	21 227 708	14 865 427
Financial costs	780 237	567 295
Administrative costs	829 880	658 208
Waivers of receivables granted to subsidiaries	37 878 000	0
Loss from sale of holdings	10 599 999	0
Taxes	-126 102	172 494
Total expenses	49 962 014	1 397 997
Result for fiscal year	-28 734 306	13 467 430
Comparable result for fiscal year	16 554 230	13 467 430
Result from sale of holdings	-7 410 536	
Waivers of receivables granted to subsidiaries	-37 878 000	
Result for fiscal year	-28 734 306	

NOTES TO GURIT HEBERLEIN AG

ANNEX TO FINANCIAL STATEMENT

IN CHF

	31.12.2005	31.12.2004
1. Contingent liabilities		
Warranty liabilities	27 229 000	28 768 000
Group Credits (General contracts)	50 779 073	76 081 764
2. Significant holdings		
see list on page 43		
3. Treasury stock		
Total at 31.12.:		
150 (150) registered shares at CHF 20.–	27 908	27 908
7 616 (7 446) bearer shares at CHF 100.–	5 521 023	4 696 315
Purchase: 0 (125) shares at an average price of	0	210
Purchase: 2 177 (225) shares at an average price of	1 103	1 058
Sales: 2 007 (1 722) shares at an average price of	785	817
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.	48 089 783	47 422 847
Treasury stock reserves carried forward	-824 707	666 936
Free reserves at 31.12.	47 265 076	48 089 783
8. Net income brought forward		
Net income at 1.1.	88 053 482	85 818 052
Dividend distribution	-11 232 000	-11 232 000
Profit for fiscal year	-28 734 306	13 467 430
Net income at 31.12.	48 087 176	88 053 482
9. Dissolution of hidden reserves	100 000	486 000

EXPLANATORY REMARKS TO THE BALANCE SHEET AND INCOME STATEMENT

General remarks

As parent company of the Group, Gurit-Heberlein AG reports an ordinary result for the year of CHF 16.5 million. Losses from the disposal of holdings amounting to net CHF –7.4 million occurred in the context of the restructuring of the Group. Additionally, the waivers of receivables were granted in the amount of CHF –37.9 million. After these exceptional items Gurit-Heberlein AG reports a loss of CHF –28.8 million.

It is proposed to the Annual General Meeting to pay an unchanged dividend of CHF 24%. This will account for a total dividend payment of CHF 11.2 million.

On 31.12.2005, the share capital of Gurit-Heberlein AG consisted of CHF 46,800,000. It consists of 240,000 registered shares at CHF 20 par value and 420,000 bearer shares at CHF 100 par value.

Balance Sheet

As at December 31, 2005, cash and cash equivalents amounted to CHF 16.9 million (previous year: CHF 14.9 million). Sundry receivables from extra-group sources (mainly reclaimable withholding tax payments) remain practically unchanged compared to last year. Receivables from intra-group sources mainly consists of interest receivables from Group companies.

Loans to Group companies amount to CHF 86.1 million (previous year CHF 144.8 million). The difference of CHF –58.7 million equals changes in loans of CHF +7.6 million, waivers of receivables of CHF –37.9 million as well as internal regroupings of loans amounting to CHF –28.4 million in the context of the foundation of the new Medisize Holding AG. The holdings increased by CHF 12.1 million to CHF 95.1 million (previous year CHF 83.0) million, reflecting again regroupings in the context of the foundation of Medisize Holding AG, which now holds the respective health care subsidiaries.

As to the liabilities, short-term bank debt amounted to CHF 27.4 million (previous year CHF 23.8 million). Sundry liabilities to extra-group entities rose to CHF 2.2 million (previous year 1.7 million) as a result of the normal business. Loans from Group companies were reduced by CHF 6.6 million. Prepaid liabilities and reserves stood at CHF 2.9 million (previous year 3.6 million.)

Total equity stood at CHF 171.1 million (previous year 211.1 million)

The changes can be explained as follows:

Equity as at 31.12.2003	208.8
– previous year's dividend payment	–11.2
+ net profit 2003	13.5
Equity as at 31.12.2004	211.1
– previous year's dividend payment	–11.2
– result for fiscal year 2005	–28.8
Equity as at 31.12.2005	171.1

IN CHF MILLION

Income statement

Earnings from holdings amounted to CHF 8.8 million (previous year CHF 5.9 million). They mainly consist of dividend payments by subsidiaries.

Financial income was CHF 9.3 million (previous year CHF 8.9 million). At the same time, financial expenses were CHF 0.8 million (previous year CHF 0.5 million). The net financial result thus amounted to CHF 8.5 million (previous year 8.4 million). Administrative cost and taxes remain on similar levels as in the previous years.

This results in an ordinary result for the year of CHF 16.5 million. Earnings from the sale of holdings of CHF 3.2 million and losses from the sale of holdings of CHF –10.6 million result in charges of net CHF –7.4 million. Additionally, subsidiaries had to be granted waivers of receivables in the amount of CHF –37.9 million. After these extraordinary factors, Gurit-Heberlein AG reports a loss of CHF –28.8 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	76 821 482
Result 2005	-28 734 306
Available net income	48 087 176
Distribution of dividend of 24 percent	11 232 000
To be carried forward	36 855 176

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. 24

In addition, the Board of Directors proposes the distribution of the holdings in Medisize Holding AG to Gurit-Heberlein shareholders by means of:

IN CHF

Reduction of share capital	23 400 000
Compensation out of capital reserves	11 700 000
Compensation out of additional paid-in capital	18 720 000
	53 820 000

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 62 to 66) of Gurit-Heberlein AG for the year ended December 31, 2005.

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

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

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

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

PricewaterhouseCoopers AG

Lorenz Lipp Werner Frei

St. Gallen, March 10, 2006

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: Wednesday, April 12, 2006

Half-year results 2006, Letter to shareholders: End of August 2006

Presentation year-end results 2006; Analyst and Media conference, publication of Annual Report: March 2007

General Meeting of Shareholders: April 2007

Half-year results 2007, Letter to shareholders: August 2007

Internet/e-mail alerts: Further information about Gurit can be obtained at www.gurit.com. In the Publications/Download section you can subscribe to a news alert service at http://www.gurit.ch/publications/news_en.html to receive important news on Gurit directly by e-mail.

Specifications below relate to listed bearer shares

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

	2005	2004	2003	2002	2001
Price at year end	CHF 1 300.–	CHF 929.–	CHF 859.–	CHF 645.–	CHF 1 310.–
Highest price for year	CHF 1 300.–	CHF 1 124.–	CHF 890.–	CHF 1 330.–	CHF 1 728.–
Date	30.12.2005	6.7.2004	16.10.2003	2.1.2002	1.2.2001
Lowest price for year	CHF 825.–	CHF 852.–	CHF 550.–	CHF 615.–	CHF 890.–
Date	26.5.2005	7.1.2004	17.3.2003	11.10.2002	24.9.2001

Group result per share	CHF -63.27	CHF 33.67	CHF 49.41	CHF 43.–	CHF 72.–
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(ADJUSTED TO 468 000 SHARES AT CHF 100.– PAR VALUE)

Equity per share	CHF 906.–	CHF 968.–	CHF 966.–	CHF 940.–	CHF 932.–
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(ADJUSTED TO 468 000 SHARES AT CHF 100.– PAR VALUE)

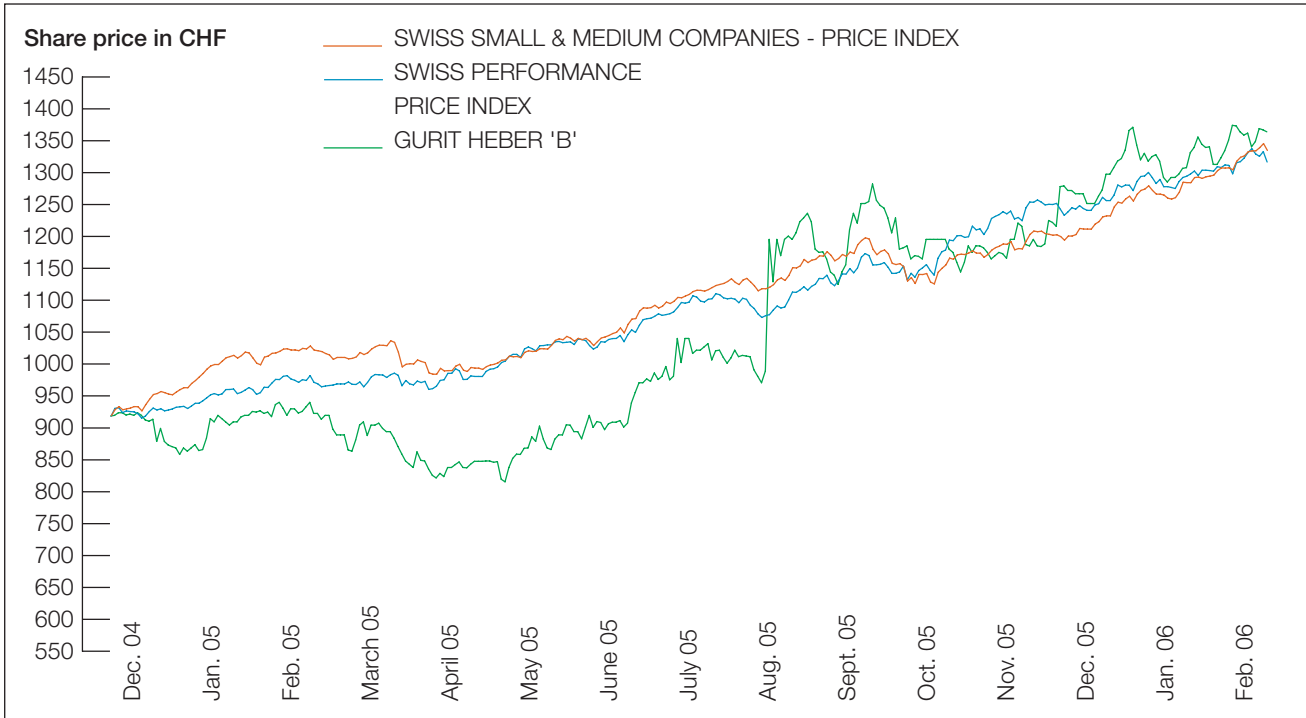
Gross dividend	CHF 24.–	CHF 24.–	CHF 24.–	CHF 24.–	CHF 24.–
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(ADJUSTED TO BEARER SHARES AT CHF 100.– PAR VALUE)

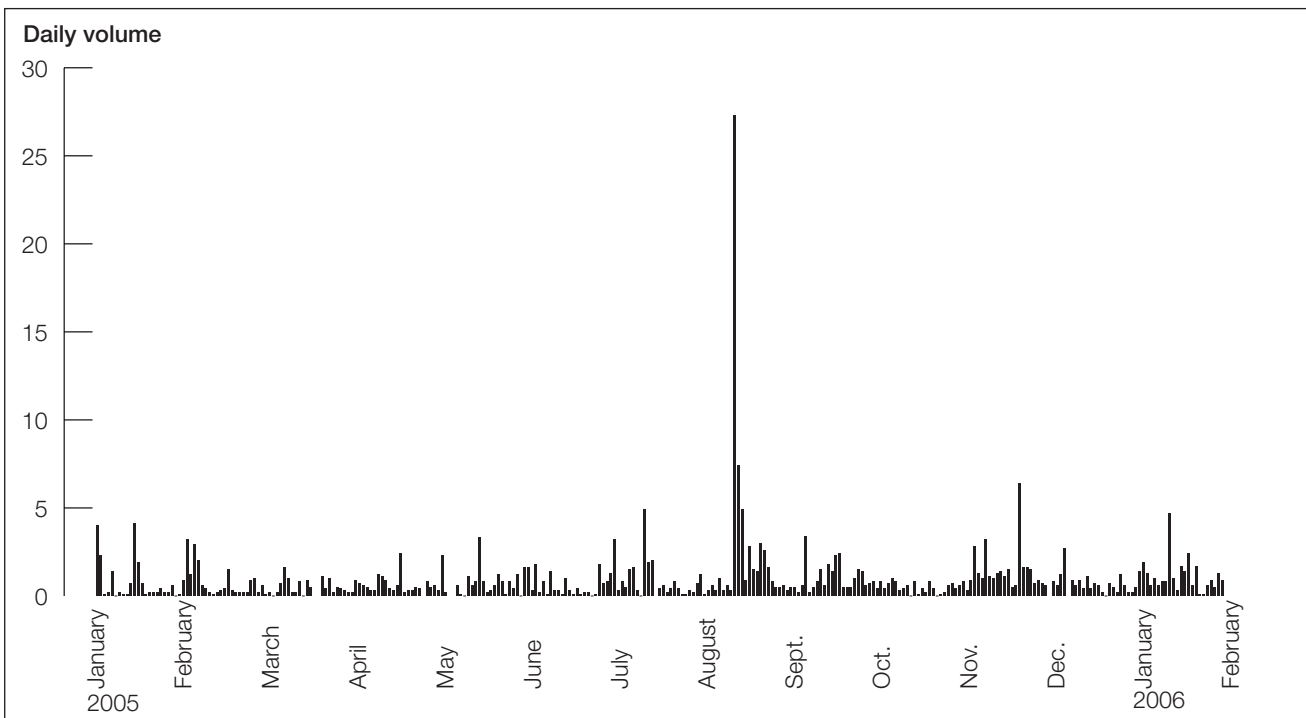
Taxable values of the traded securities

	31.12.2005	31.12.2004	31.12.2003	31.12.2002	1.1.2002
Bearer shares at CHF 100 par	CHF 1 300.–	CHF 929.–	CHF 859.–	CHF 645.–	CHF 1 199.–
3½% bond 1997–2002		–	–	–	99.95%

Bearer shares and respective indices



Gurit-Heberlein Bearer shares daily volumes



MOST IMPORTANT ADDRESSES

AS OF MARCH 1, 2006

(until end of June 2006)

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

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

