annual report 2014

Gurit – Delivering the Future of Composite Solutions

We specialize in advanced composite materials, production tools, the manufacture of selected components, and engineering services for demanding industries such as wind energy, aerospace, marine, rail, automotive, land transportation, architecture, and new applications where materials such as metal, wood, or concrete are being replaced by engineered, durable, and lightweight composite solutions. Our complete materials offering comprises glass, carbon, and aramid fibre prepregs, structural foam and balsa wood core materials, gel coats, adhesives, resins, and consumables. Our components business includes large-scale tooling moulds, rapid prototyping, and the manufacture of certain finished parts. Our engineering services combine an unparalleled know-how in materials manufacturing, composite processing, and structural engineering with a high responsiveness based on our global presence.

Table of contents

Gratifying growth level across all market segments and regions results in 19.4% sales increase to CHF 335.8 million for 2014.

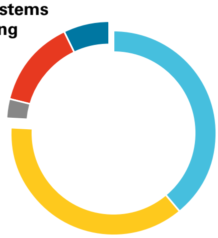
Sales by End Market

Composite Systems and Engineering
24% (19%)

Automotive
8% (5%)

Tooling
14% (12%)

Engineered Structures
2% (2%)



Composite Materials
76% (81%)

Wind Energy
39% (42%)

Other
37% (39%)

(Prior-year period)

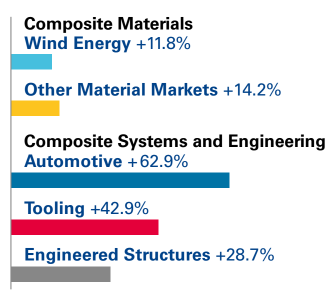
Key Figures Consolidated Income Statement 2014
(in CHF million)

Net sales	335.8
Operating profit	14.2
Net profit	11.1

Key Figures Consolidated Balance Sheet
(in CHF million)

	31.12.2014	31.12.2013
Total assets	253.4	222.1
thereof Current assets	171.1	144.7
Total liabilities	80.0	64.8
thereof Current liabilities	77.4	57.1
Equity	173.4	157.3
Equity ratio	68.4%	70.8%

Sales Dynamics 2014 over 2013



Key Figures

Amounts in million CHF	2014	2013	+/– %
Net sales	335.8	281.1	19.4%
EBITDA	25.7	17.8	44.8%
EBITDA margin	7.7%	6.3%	–
EBIT	16.2	6.5	149.3%
EBIT margin	4.8%	2.3%	–
Operating profit	14.2	6.5	117.8%
Operating profit margin	4.2%	2.3%	–
Profit for the year	11.1	0.1	–
Return on net assets (RONA)	4.9%	1.0%	–
Net cash flow from operating activities	7.6	12.6	–39.4%
Capital expenditures	9.2	6.2	47.9%
Net cash	4.2	6.4	–33.7%
Equity in % of total assets	68.4%	70.8%	–
Number of employees at December 31	2 135	2 007	6.4%
Earnings per bearer share	CHF 23.74	CHF 0.24	–
Distribution per bearer share (proposed/resolved)	CHF 8.50	CHF 7.50	13.3%
Market capitalization at December 31	179.9	211.1	–14.8%

Gurit Reports Strong Growth – Capitalizing on Market Rebound and Advancing Strategic Diversification

Dear Shareholders

In 2014, Gurit returned to a gratifying growth level across all market segments and regions. Profit-wise, we also achieved improvements though further effort is needed to regain our former strength. From a strategic perspective, our strategic growth pillars started to pick up pace and showed initial encouraging results. Looking ahead, we expect a moderate growth momentum and forecast overall increasing sales and earnings results for 2015.

Peter Leupp, Chairman of the Board of Directors (left)
Rudolf Hadorn, Chief Executive Officer (right)

Strategic Growth Pillars Start to Materialize

In its second year of implementation, the Company's new organizational structure, comprised of the Composite Materials and the Composite Systems and Engineering Business Units, and the concomitant focus on new market segments started to partially materialize in terms of sales growth. Gurit achieved good progress in the further diversification of its addressable markets and customers while capitalizing on the favorable development in its traditional markets in 2014.

In the Composite Materials Business Unit, the strategy to broaden the sales base to a wider field of composite application markets was started with the first composite material sales to automotive, ballistic and more general industrial application customers in 2014. The successful launch of respective materials and equally the often-needed qualification steps were taken. Growth momentum was also created by the successful balsa business which could expand the customer base and the sales significantly during 2014. The PVC material trading activity could not yet achieve its desired results during 2014 as the qualification efforts needed with certain customers and the residual stocks in the market did not allow for the planned quick start.

First milestones of the strategy implementation in the Company's composite components business include the successful setup of the new production facility in Hungary. Serving as a manufacturing hub for commuter busses and car parts, the site provides greater proximity to leading OEMs. Recent achievements in this area also include supply of the first visual carbon roofs produced with the Company's new proprietary and patented advanced press technology. Furthermore, Gurit was pleased to announce that it has been selected as the supplier for carbon fiber-based automotive body panels by a new customer starting in the fourth quarter of 2015. Late in 2014, the Company also started the planning steps to merge the Automotive with the Engineered Structures business fields to form the combined Composite Components business, focusing on land transportation components. This decision was communicated and is being implemented during 2015.

In the Company's Tooling business, additional offerings to the wind energy market accommodating the ever growing size of wind turbine blades to measures well over 50 meters were very well received by the market. As the leading independent mould manufacturer for wind turbines worldwide, the Company now also supports its global customer base with metal structure complementary offerings for transport, turning and lifting equipment.

2014 also saw further new product and process innovations. In the aerospace business, existing equipment was upgraded and new prepreg equipment was ordered to support future growth in this industry. The selection for another product qualification program at one of the major aircraft manufacturers also marked a milestone in the aerospace business and is expected to translate into future growth in the mid-term.

The Company's strategy implementation was also backed by further additions to Gurit's global team. We were very pleased to welcome Hannes Haueis as new Head of Group HR and member of the Executive Committee, effective October 1, 2014. Reporting directly to Rudolf Hadorn, CEO of Gurit, Hannes Haueis will play a key role in attracting and retaining a strong and dedicated talent base for the Company. Unfortunately, we also have to bid farewell to one of our long-standing companions of the Executive Committee. As announced at the end of 2014, Markus Knüsli Amacker will leave Gurit by the end of May 2015 in best mutual consent to pursue other professional challenges. We would like to take this opportunity to cordially thank him for his significant contribution to the company`s transformation and development over the past seven years and we wish him all the best for his personal and professional future.

Positive Business Development in Key Markets

Looking at the Company's key vertical markets, the wind energy business recovered from very low levels in 2013 to a more stable and later in 2014 to strongly improving demand. Installation of new projects, particularly in Asia, fueled the upswing for Gurit's composite materials, Tooling and balsa wood business. In total, the wind energy materials market accounted for 39% of total Group sales in 2014 as compared to 42% in 2013.

From an overall perspective, the renewable energy sector has matured in North America and Europe resulting in more moderate expansion rates. In the US, the Obama administration's brief window of production tax credit (PTC) renewal for wind contributed to a more moderate development. The collapse of the oil price at the end of 2014 had no effect on the deployment of sustainable energy technologies in the US and Europe and is also not expected to impact the wind energy industry explicitly in 2015. Long-term adoption of clean energy technologies in Asia saw new promising programs on the verge. Funding and incentives for wind energy projects in China, India, and Japan, in particular, continued in 2014 contributing to a favorable uptake of total capacity installed in Asia.

In the aerospace business, sales continued to develop moderately in 2014. Gurit was able to maintain its leading position as a composite materials supplier for aircraft interiors and certain structural applications. While serving existing contracts, the Company also generated new sales leads in traditional and new geographic areas to secure future growth potential but in summary was not yet able to achieve a business growth during 2014. Among the strategic accomplishments in the aerospace business in 2014 were the upgrading of existing equipment as well as the ordering of a new prepreg tower for the Company's production facility in Kassel, Germany. Gurit was also selected for another product qualification program at one of the major aircraft manufacturers. Going forward, the Company intends to further enhance and broaden its high-quality FST composite materials range, to continuously broaden the number of programs and OEMs served, and to focus on next-generation composite material development.

The marine market showed strong growth in 2014, particularly in Europe, resulting mainly from a higher momentum in superyacht and race boats. As opposed to the wind energy and aerospace markets, which are characterized by a limited number of market-leading players, the marine market is very heterogeneous in its nature. Consisting of generalists as well as purely marine-focused manufacturers from small regional craft builders to international corporations, the marine industry serves various regions as well as numerous ship types. In this respect, Gurit's marine business ranges from pure composite material supply to a combined engineering services and product delivery offering. Based on more than 35 years of heritage and leadership in composite boat building, Gurit's marine strategy is targeted at widening its geographic scope and broadening its segment penetration to all boat types including racing yachts, luxury motorboats, as well as commercial, military, and production vessels.

Other industrial markets including civil construction, lightweight health care components, ballistic protection, and land transportation shaped up well, yet on a relatively low sales and profit contribution level relative to total Group sales. Qualification of new offerings for existing and new composite material markets laid the cornerstone to seize bespoke future business opportunities.

Driven by weight reduction, design flexibility, and visual aspects, interest in composite material solutions in the automotive industry is growing strongly. Gurit addresses the very promising automotive market twofold. The Company, on the one hand, supplies composite materials to leading car manufacturers which already have or are in the process of integrating use of carbon fiber composite materials into their manufacturing process. On the other hand, Gurit has established a composite components business which supplies finished exterior car body panels to leading OEMs. With regard to automotive components, Gurit pursues two strategic avenues: the first is targeted at supplying manually manufactured, smaller series, class-A surface quality, lightweight exterior car body panels for super-premium and premium cars enabling a high degree of design freedom; the second aims at medium-contour, higher-volume series, class-A surface quality car body panels produced with the Company's new proprietary and patented advanced press technology.

Strategic achievements in Gurit's automotive materials and automotive components business include qualification of its new material range for high-temperature products which can pass through car makers' in-line paint shops at temperatures around 200 degrees Celsius. Successful ramp-up of the production facility, delivery of the first bus components produced in Hungary and transfer of the first automotive parts to Hungary were further milestones which Gurit accomplished in 2014.

Key Financial Figures 2014 and Business by Segments

In total, Gurit achieved Group sales of CHF 335.8 million in the 2014 fiscal year, representing an increase of 19.4% compared with net sales of CHF 281.1 million in 2013.

Sales divided by geographical location of material supply showed Europe to be the largest destination of goods delivered but also substantiated the global footprint of Gurit's business activities with significant sales in every major global region. Whereas deliveries to Europe accounted for 41.6% of total sales in 2014 (2013: 47.7%), supply to Asia increased from 17.9% of total sales in 2013 to 23.8% in 2014. Goods delivered to the Americas accounted for 26% of total sales in 2014 (2013: 25.1%), supply to the rest of the world amounted to 8.6% of total sales in 2014 (2013: 9.3%). A detailed breakdown can be found in the Notes to the Consolidated Financial Statements of this Annual Report.

Gurit reports results in two business segments: 'Composite Materials' and 'Composite Systems and Engineering'. The 'Composite Materials' segment comprises Wind Energy and Other Material Markets. The 'Composite Systems and Engineering' segment consists of Automotive, Tooling and Engineered Structures. The segment mix changed in the period under review compared with 2013. The Composite Materials segment contributed 76% of total Group sales in 2014 (2013: 81%), while the Composite Systems and Engineering segment accounted for 24% of total Group sales (2013: 19%).

Gurit Composite Materials Progressed Well in 2014

Gurit Composite Materials achieved full-year sales of CHF 256.7 million in 2014. This represents an increase of 13% compared with full-year sales of CHF 227.3 million in 2013.

Demand in the wind energy business increased by 11.8% to CHF 131.2 million, pulled by the markedly recovered Asian market. The ongoing technology change in wind blade production and the related lower demand for glass prepreg products could be fully compensated by stronger synthetic and balsa core material sales to wind energy customers and strong sales of carbon prepreg products to the American market. Material supply to other markets grew by 14.2% to CHF 125.5 million essentially due to higher deliveries to the marine market, particularly in Europe.

In terms of operational excellence, we will continue to focus our attention on improving operational performance in our Composite Materials segment while at the same time remaining flexible to serve customer demands according to market requirements. Operating results were mixed in 2014. Some areas performed well while the prepreg material production, in particular, had underutilization which impacted the overall result along with one significant operating issue which was concluded in 2014. Areas for further improvement have been identified and already partially addressed over the course of 2014.

Gurit Composite Systems and Engineering Gathers Momentum

Sales in Gurit's Composite Systems and Engineering segment increased by 46.9% to CHF 79.1 million for the full year 2014 compared with full-year sales of CHF 53.8 million in 2013.

Improved output of automotive exterior components as well as higher sales in Tooling from the wind energy business uptake in Asia were the main drivers for this significant improvement in 2014. Sales from the automotive components business accounted for CHF 24.4 million, up 62.9%. The Tooling business contributed CHF 46.8 million of sales in 2014, representing an increase of 42.9% compared with 2013. Sales in the Engineered Structures business grew by 28.7% from CHF 6.1 million in 2013 to CHF 7.9 million in 2014 driven by the growth in demand for bus components.

Higher Profitability, Yet Room for Improvement

Backed by the positive sales development, operating profit for the Group increased to CHF 14.2 million in 2014. The operating profit margin improved to 4.2% in 2014 from 2.3% in 2013. Overall, profitability of the Group benefited from the positive development in the Tooling business and other rewarding segments but was still impacted by operational inefficiencies in the Company's Composite Materials business as well as in a project of significance in the automotive business. Lower but improving margins in the wind energy-related material supply also had adverse effects on profitability. Part of the identified inefficiencies has already been addressed in 2014 and the Company will continue to firmly work on continuous improvement of its operational excellence in the course of 2015.

The increase in inventories in 2014 mainly resulted from increased stock in core materials to accommodate the growing customer demand in this area. Higher personnel expenses predominantly originated from staffing for the accelerated automotive parts business, increased activities at our prepreg and formulated product site in the UK and the growth in balsa production in Ecuador. Increase in other operating expenses mainly resulted from outsourcing activities for certain project excess capacities which will be retrieved in the course of 2015.

After tax expenses of CHF 4.1 million (2013: CHF 4.7 million), Gurit reports a net profit of CHF 11.1 million in 2014 (2013: CHF 0.1 million). This equals to earnings of CHF 23.74 per listed bearer share (2013: CHF 0.24).

Positive Cash Flow and Strong Balance Sheet

Gurit generated a positive cash flow from operating activities of CHF 7.6 million and closed the year with a net cash position of CHF 4.2 million (2013: CHF 6.4 million) and a strong equity ratio of 68.4% (2013: 70.8%).

Capital expenditures in 2014 increased to CHF 9.2 million compared with CHF 6.2 million in 2013. Investments predominantly related to the ramp-up of production at the Company's new composite components production facility in Hungary, upgrading of production capabilities at the balsa wood sites in Ecuador, tooling factory enlargement in China as well as upgrading of existing equipment in various sites, and the ordering of new prepreg equipment for the Company's aerospace production facility in Kassel, Germany.

Sustainability, Occupational Health, and Safety

Gurit is committed to providing a production concept that guarantees economic manufacturing with minimal ecological impact. We strive to achieve this aim through our dedicated focus on customer needs, a superior level of technology and competence, operations excellence as well as environmental, social, and ethical best practice and conduct. As part of the initiated measures, Gurit strives to certify its facilities according to ISO 14001. Continued attention is also paid to the raising of the general awareness for sustainability of our staff with special instructions and constant monitoring. Furthermore, the Company supports efforts by its customers and business partners to reach the joint target of a socially responsible supply chain.

Maintaining a high standard of technical expertise, assuring high-quality production processes, and safety in the workplace are major priorities for Gurit. We are aware that our employees could be affected by certain aggressive chemicals we deal with, by processing dust, steel welding, and lifting and transporting heavy equipment. Therefore, we constantly strive to de-risk our operations with specific trainings and changes to risky areas or dangerous processes. In 2014, we managed to bring work-related accidents and the number of incidents across the whole Group further down.

Corporate Governance

In 2014, the Annual General Meeting of Shareholders adopted the proposed implementation of the new legal requirements stipulated by the Swiss Ordinance against Excessive Compensations in listed Stock Corporations (so-called "Minder initiative"). Accordingly, the Company's Articles of Incorporation and internal processes were adapted to accommodate these changes. The respective changes and concepts are outlined in the Corporate Governance and the Remuneration Report of this Annual Report.

Outlook and Proposed Distribution to Shareholders

Our outlook for the Company's development in 2015 is prudently optimistic. We expect favorable demand in the wind energy market and an upswing of the sales momentum in the automotive materials sector. While we anticipate the aero and marine markets to continue to grow on a moderate level, we are counting on growth impulses from new product applications and business development initiatives in the industrial markets. We estimate that the recent strengthening of the Swiss Franc compared to the average exchange rates 2014 will negatively impact the reported CHF value of our Group sales in 2015 by approximately 5% to 8% and the profit margins only by a minor degree as most of Gurit's business activities are conducted outside of Switzerland. The impact on the 2015 balance sheet total in CHF is currently estimated at around 12% compared to year-end 2014. The impact on the equity ratio as well as on the financial result is not expected to be significant.

Overall, we are confident that the Company will continue to grow in 2015 and we will continue to firmly work on the further improvement of our operating profit level in 2015.

The Board of Directors proposes to the Annual General Meeting scheduled for April 9, 2015, to distribute a total of CHF 4.0 million or CHF 8.50 per listed bearer share out of the reserves from former capital contributions.

We would like to thank all our employees for their excellent performance and vital contribution to the Company's success. Together, we will be successful in the further deployment of our strategy and the future growth of our Company.

We would also like to express our gratitude to all our customers and business partners for their confidence, continued support as well as for excellent business relationships over the past years. We look forward to a continued close collaboration and open dialogue in the future.

Yours sincerely, Gurit Holding AG

Peter Leupp, Chairman of the Board of Directors	Rudolf Hadorn Chief Executive Officer

Organization

Board and Group Management

Board of Directors of Gurit Holding AG	Peter Leupp, Chairman of the Board of Directors Robert Heberlein, Chairman of the Audit and Corporate Governance Committee (until AGM 2014) Stefan Breitenstein, Chairman of the Audit and Corporate Governance Committee (from AGM 2014 onwards) Nick Huber, Chairman of the Compensation Committee Urs Kaufmann, Member Peter Pauli, Member
Group Management	Rudolf Hadorn, CEO and General Manager Gurit Composite Systems and Engineering Markus Knüsli Amacker, CFO Stefan Gautschi, General Manager Gurit Composite Materials Damian Bannister, Chief Technology Officer Hannes Haueis, Head of Group Human Resources
Auditors	PricewaterhouseCoopers AG, Zurich

Organizational Chart

Chief Executive Officer (CEO)
Rudolf Hadorn

Composite Materials
General Manager
Stefan Gautschi

Composite Systems and Engineering
General Manager
Rudolf Hadorn

Chief Technology Officer (CTO)
Damian Bannister

Chief Financial Officer (CFO)
Markus Knüsli Amacker

Head of Group Human Resources
Hannes Haueis

As of December 31, 2014

Investor Relations

Share Capital

The share capital of Gurit Holding AG is divided into:

240 000 registered shares at CHF 10.00 par value	Securities no. 185 039
420 000 bearer shares at CHF 50.00 par value	Securities no. 801 223

Par value adjusted to CHF 50.00, this results, purely arithmetically, in a total of 468 000 shares.

Stock Market Trading

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

Bearer share:

Reuters	GUR.S
Telekurs	GUR
Securities no.	801 223
ISIN	CH0008012236

Important Dates

April 9, 2015
Annual General Meeting
Press release on Q1 sales

End of Jan. 2016
Press release on FY 2015 sales

August 14, 2015
Half-Year Report 2015
Analyst/Media conference call

March 2016
Presentation full-year results 2015
Analyst/Media conference
Publication of Annual Report

October 20, 2015
Press release on Q3 sales

April 2016
Annual General Meeting

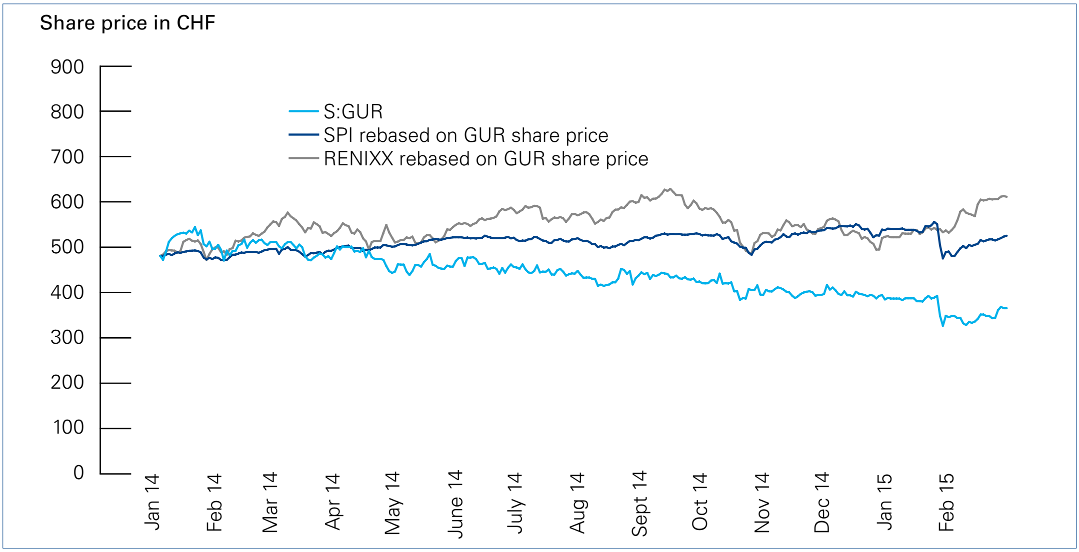
The key dates are continuously updated at http://investors.gurit.com.

Internet/E-mail Alerts

For additional information, please visit the Gurit website at www.gurit.com.
Sign-up for e-mail alerts on Gurit is available at http://investors.gurit.com/news-alert-subscription.aspx.

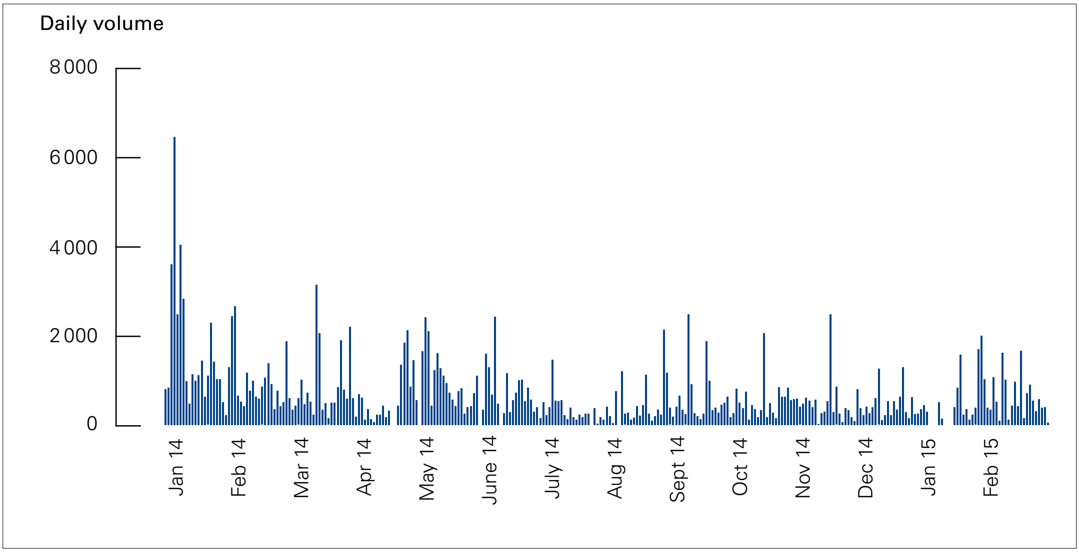
Stock Price Chart

Gurit Bearer Shares and Respective Indices



Source: Thomson Reuters Datastream: Gurit; SPI; Volumes; IWR Internationales Wirtschaftsforum Regenerative Energien: RENIXX

Trading Volumes in Gurit Bearer Shares



Source: Thomson Reuters Datastream

Key Figures per Bearer Share

	2014	2013	2012	2011	2010
Price at year-end	CHF 384.50	CHF 451.00	CHF 360.50	CHF 408.25	CHF 573.00
Highest price	CHF 550.00	CHF 465.00	CHF 545.00	CHF 688.00	CHF 629.00
Date	13.01.2014	26.11.2013	23.04.2012	21.04.2011	12.04.2010
Lowest price	CHF 380.00	CHF 339.00	CHF 360.00	CHF 361.00	CHF 406.25
Date	13.10.2014	22.04.2013	21.12.2012	12.09.2011	31.08.2010
Earnings per share	CHF 23.74	CHF 0.24	CHF 29.39	CHF 47.83	CHF 53.45
Distribution out of reserves from capital contributions	CHF 8.50	CHF 7.50	CHF 15.00	CHF 15.00	CHF 15.00

Taxable Values of Traded Securities

	31.12.2014	31.12.2013	31.12.2012	31.12.2011	31.12.2010
Bearer shares CHF 50.00	CHF 384.50	CHF 451.00	CHF 360.50	CHF 408.25	CHF 573.00

Corporate Governance

The following chapter describes the principles of corporate governance applied at Board and Senior Management level at Gurit in accordance with the "Guidelines concerning information on Corporate Governance" published by SIX Swiss Exchange. Unless otherwise indicated, all information refers to the financial year 2014 ended December 31, 2014. The key principles and rules on Corporate Governance for Gurit are defined in the Articles of Incorporation and the Organizational Regulations; they are based on the recommendations set out in the "Swiss Code of Best Practice for Corporate Governance" published by economiesuisse. Significant changes occurred between year-end and the copy deadline are duly disclosed. Gurit also publishes a Remuneration Report, included as a separate chapter in this Annual Report.

1. Group Structure and Shareholders

1.1 Group Structure

1.1.1 Operative Group Structure

The Gurit Group is an international industrial group specializing in the development, production, supply, and marketing of advanced composite materials, as well as composite systems and engineering. An organizational chart depicting the Group Organization for the financial year 2014 can be found on page 12.

1.1.2 Legal Structure of Subsidiaries

Of all the companies consolidated, Gurit Holding AG (the Gurit Group's holding company) is the only one listed on a stock exchange. Gurit Holding AG is domiciled in Wattwil/SG. Gurit bearer shares (security No. 801223, ISIN CH0008012236, symbol GUR) are listed on SIX Swiss Exchange; the registered shares of Gurit Holding AG are not listed.

Based on the bearer shares' year-end closing price of CHF 384.50 and equally valuating the par-value-adjusted registered shares, the market capitalization on December 31, 2014, amounted to CHF 180 million.

1.1.3 Information about the non-listed companies can be found in the overview on page 80 of the Financial Report.

1.2 Major Shareholders

On December 31, 2014, the Company knew of the following shareholders holding over 3% of the voting rights in Gurit Holding AG:

Huwa Finanz- und Beteiligungs AG, Bahnhofstrasse 2, 9435 Heerbrugg, is holding 220000 registered shares. This equals 9.4% of the share capital and 33.33% of all voting rights in Gurit Holding AG. The shares of Huwa Finanz- und Beteiligungs AG are controlled by Hans Huber, Appenzell.

Robert Heberlein, Tobelmülistrasse 20, 8126 Zumikon, held directly and indirectly via Burix Holding AG, Bleicherweg 58, 8027 Zürich, 4.59% of the voting rights in Gurit. 2.96 percentage points thereof stem from the ownership of 19545 registered shares and 1.63 percentage points from 10765 bearer shares.

Martin Bisang, 8700 Küsnacht, held since a purchase on October 29, 2012, through Whale Holding AG, Baarerstrasse 2, 6300 Zug, with 35000 bearer shares 5.3% of the voting rights in Gurit Holding AG.

J. Safra Sarasin Investmentfonds AG, Wallstrasse 9, 4002 Basel, disclosed on January 20, 2011, that they held since a purchase on January 19, 2011, a total of 3.11% of the voting rights in Gurit Holding AG with 20500 bearer shares.

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

1.3 Cross-Shareholding

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

2. Capital Structure

Information about the capital structure can be found in Gurit Holding AG's Articles of Incorporation, in the Financial Report and the Statements on Gurit Holding AG as well as in the Investor Relations section on page 13 of this report. The Articles of Incorporation are available on the website at http://investors.gurit.com/corporate-governance-1.aspx

2.1 Capital

Details on the capital are included in the Notes to Gurit Holding AG's financial statements on page 80.

2.2 Authorized or Contingent Capital in Particular

Gurit Holding AG has no authorized or contingent capital.

2.3 Changes in Equity of Gurit Holding AG

In the past three years the following changes in equity occurred.

In CHF 1000	December 31, 2014	December 31, 2013	December 31, 2012
Share capital	23 400	23 400	23 400
General reserves:			
– Reserves from capital contributions	22 194	25 704	32 724
– Other general reserves	4 680	4 680	–
Reserves for treasury shares	50	37	37
Retained earnings	64 773	58 722	62 099
Total equity	**115 097**	112 543	118 260

2.4 Shares and Participation Certificates

The Company's share capital consists of 240000 registered shares with a par value of CHF 10.00 and 420000 bearer shares with a par value of CHF 50.00. Bearer shares are traded in the domestic segment of SIX Swiss Exchange (security No. 801223, ISIN CH0008012236, symbol GUR). All shares are fully paid up and entitled to dividends. All registered shares and bearer shares, regardless of their nominal value, are entitled to one vote.

Gurit Holding AG has not issued any participation certificates.

2.5 Profit-Sharing Certificates

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

2.6 Restrictions on Transferability of Shares and Nominee Registrations

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

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

2.7 Convertible Bonds and Warrants/Options

Gurit Holding AG has no outstanding convertible bonds nor options.

3. Board of Directors

On December 31, 2014, the Board of Directors of Gurit Holding AG consisted of five members.

3.1 and 3.2 Members of the Board of Directors

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

Gurit Board of Directors

Peter Leupp

Chairman of the Board of Directors
El.-Ing. ETH Zurich
Swiss citizen, 1951
Non-exectuive member

Professional background (main stages)

1977–1988	Various functions at BBC (now ABB) in High Voltage Development
1988–1989	CEO, Technochemie
1989–1999	Various leading positions at High and Medium Voltage, ABB, Switzerland
1999–2000	Local Head of Power Transmissions and Distribution division at ABB, Switzerland
2001–2006	Country Manager in China; Chairman and President of ABB (China) Ltd
2005–2006	Region Manager North Asia, ABB Ltd, Switzerland
2007–2012	Head Power Systems division, Member of the Group Executive Committee of ABB Ltd, Switzerland
Since 2012	Executive Advisor to the Group Executive Committee of ABB Ltd, Switzerland

Other important activities and vested interests

Member of the Board of Directors ABB (India) Ltd, India
Member of the Board of Directors ABB (China) Ltd, China

Stefan Breitenstein

Member of the Board of Directors
Attorney at Law, Dr. iur. University Zurich
LL.M. Harvard Law School, Diplôme des Hautes Etudes Européennes, College of Europe, Bruges
Swiss citizen, 1957
Non-executive member

Professional background (main stages)

Since 1994	Partner at Lenz & Staehelin

Other important activities and vested interests

Vice-Chairman of the Board of Directors Brink's International Holdings AG, Zug
Vice-Chairman of the Board of Directors Fibi Bank (Switzerland) Ltd., Zurich
Member of the Board of Directors MAN Truck & Bus AG, Otelfingen
Member of the Board of Directors Kar-Tess Holding, Luxembourg
Member of the Board of Directors The A.G. Leventis Foundation, Liechtenstein

Nick Huber

Member of the Board of Directors
Businessman, Stanford Executive Program, Stanford University
Swiss citizen, 1964
Non-executive member

Professional background (main stages)

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

Other important activities and vested interests

Chairman of the Board of Directors COLTENE Holding AG, Altstätten
Member of the Board of Directors Huwa Finanz- und Beteiligungs AG, Heerbrugg

Urs Kaufmann

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

Professional background (main stages)

1987–1993	Production and Sales Manager with Zellweger Uster AG, Uster and USA
1994–1997	Managing Director of Henry Berchtold AG, Zell ZH, subsidiary of Huber+Suhner AG
1997–2000	Division Manager and Member of the Executive Management Team at Huber+Suhner AG
2001–2002	Member of Group Management Huber+Suhner AG
Since 2002	CEO Huber+Suhner AG
Since 2014	Delegate of the Board Huber+Suhner AG

Other important activities and vested interests

Member of the Board Müller Martini Holding AG, Hergiswil
Member of the Board of Directors SFS Holding AG, Heerbrugg
Member of the Executive Committee SWISSMEM

Peter Pauli
Member of the Board of Directors
Mechanical engineer, postgraduate studies in industrial engineering
Advanced Management Program INSEAD
Swiss citizen, 1960
Non-executive member

Professional background (main stages)

1985–1995	Various functions inc. Member of Executive Board, Transelastic AG, CH-Wallbach (Siegling Group)
1995–2000	Head of Executive Board, Siegling (Switzerland)
2000–2002	Head Sales and Marketing, Siegling GmbH, Hannover
Since 2002	CEO, Member and Delegate of the Board of Directors Meyer Burger Technology AG

Other important activities and vested interests

Since 2011	Member and Delegate of the Board of Directors of Meyer Burger Technology AG

Members of the Board of Directors

Name	Born	Position in BoD	First election to BoD
Peter Leupp	1951	Chairman	23.4.2010
Stefan Breitenstein	1957	Member	10.4.2014
Nick Huber	1964	Member	15.6.1995
Urs Kaufmann	1962	Member	12.4.2006
Peter Pauli	1960	Member	23.4.2012

3.4 Election and term of office

Starting with the Ordinary Annual General Meeting of Shareholders 2014, all members of the Board of Directors and the Chairman of the Board of Directors are elected individually by the Annual General Meeting of Shareholders (AGM) for a term of office of one year (i.e., until the following Annual General Meeting). Previously, the members of the Board were elected for a three-year term of office.

Members may be reelected. There is no statutory limit to the maximum period of office for members of the Board of Directors. But the period of office is limited to the AGM following the completion of the age of 72.

3.5 Internal Organization

3.5.1 Allocation of Tasks within the Board of Directors

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

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

3.5.2 Membership of the Board's Committees, their Duties and Responsibilities

The Board has formed two permanent committees:

Audit and Corporate Governance Committee

Chairman: Robert Heberlein (until AGM 2014)
Stefan Breitenstein (from AGM 2014 onwards)
Members: Nick Huber, Urs Kaufmann, Peter Leupp, Peter Pauli

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

Compensation Committee

Chairman: Nick Huber
Members: Robert Heberlein (until AGM 2014), Stefan Breitenstein (from AGM 2014 onwards), Urs Kaufmann, Peter Leupp, Peter Pauli

The Compensation Committee prepares all relevant decisions of the Board of Directors with respect to the remuneration of members of the Board of Directors and the Group management and submits the respective proposals and recommendations to the Board of Directors. It defines the guidelines for the selection and election of potential new members of the Board of Directors as well as the function of the Group's CEO. The committee approves appointments to the Group Management made by the CEO, the remuneration system for the Group, in particular with respect to employee share option plans and success-based remuneration plans, as well as general principles of the Group's human resource policy.

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

3.5.3 Working Methods of the Board of Directors and its Committees

The Board of Directors meets annually at least for four ordinary meetings, generally one in each quarter. In 2014, the Board of Directors met seven times. All meetings were held in person.

The Audit and Corporate Governance Committee met twice in 2014 in person.

The Compensation Committee also met twice in 2014 in person.

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

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

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

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

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

All proposals and decisions are entered in the minutes to the meeting.

3.6 Definition of Areas of Responsibility

The Board of Directors' main duties are:

- to formulate the general Group policy and the industrial concept behind the Group as a whole, and to decide on any acquisition, sale, foundation, or liquidation of subsidiaries as well as to approve of investment decisions exceeding CHF 500000;
- to define the Group's organizational structure and its organizing regulations;
- to define the Group's financing strategy, decide on collective means of financing as well as to determine accounting, financial control, financial planning, and to approve the financial statements;
- to appoint and dismiss Group Management and people entrusted with representation functions.

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

3.7 Information and Control Instruments vis-à-vis Group Management

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

4. Group Management

On December 31, 2014, Gurit Holding AG's Group Management consisted of the CEO and the CFO as well as three other members of the Executive Committee. The personal details together with the other activities and vested interests of the individual members of the Executive Committee are listed below:

Gurit Executive Committee

Rudolf Hadorn
Chief Executive Officer and
General Manager Gurit Composite
Systems and Engineering
MBA University of St Gallen
Swiss citizen, 1963

Professional background (main stages)

1989–2000	Management and Executive positions with GM in Europe
2000–2002	CEO, Krone GmbH, Berlin, CFO Krone Group
2002–2004	CFO, Ascom Group, Bern
2004–2007	CEO, Ascom Group, Bern
Since 1.11.2007	CEO, Gurit
Since 1.2.2013	CEO and General Manager Composites Systems and Engineering, Gurit

Other important activities and vested interests
Member of the Board of Directors of Looser Holding AG, Arbon
Member of the Advisory Board of Cross 1 Private Equity Firm

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

Professional background (main stages)

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

Damian Bannister
Chief Technology Officer
Bachelor of Science, PhD
British citizen, 1970

Professional background (main stages)

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

Stefan Gautschi
General Manager
Gurit Composite Materials
MBA University of Little Rock at Arkansas;
BA Business Administration HWV, Zurich
Swiss citizen, 1968

Professional background (main stages)

1995–2000	Functions in Finance and Marketing, Georg Fischer Piping Systems, Schaffhausen
1997–1998	CFO/Controller, Georg Fischer Sloane Inc., Little Rock, AR, USA
2001–2003	General Manager, Georg Fischer Piping Systems Shanghai Ltd, Shanghai, China
2004–2009	CFO/CIO, Georg Fischer Piping Systems, Schaffhausen
2009–2011	VP Operations, Georg Fischer Piping Systems, Schaffhausen
2011–2012	VP Global Business Unit Utility, Georg Fischer Piping Systems, Schaffhausen
Since 1.2.2013	General Manager Gurit Composite Materials

Other important activities and vested interests
Member of the Board of Swiss Plastics Association
Member of the Board of the Swiss Employers' Union (Schweizerischer Arbeitgeberverband)

Hannes Haueis
Head of Group Human Resources
Degree in Electrical Engineering
Austrian citizen, 1962

Professional background (main stages)

1997–2004	Head of Global Training & Development, Unaxis AG
2004–2009	VP Human Resources / Corporate People Development, OC Oerlikon
2009–2012	VP Human Resources / Learning & Development, SR Technics AG
2012–2014	VP Human Resources, Kaba Holding AG / Division ADS EMEA / AP
Since 1.10.2014	Head of Group Human Resources, Gurit

4.3 Management Contracts

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

5. Compensation, Shareholdings, and Loans

The information on compensation, shareholdings, and loans regarding members of the Board of Directors and Group Management are presented in a Remuneration Report as a separate chapter of this Annual Report on pages 26 to 35.

6. Shareholders' Participation Rights

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

6.1 Voting Right Restrictions and Representation

The Articles of Incorporation 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, another shareholder attending the General Meeting, or by the independent proxy holder.

6.2 Statutory Quorums

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

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

6.3 Convocation of the General Meeting

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

6.4 Agenda

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

6.5 Entries in the Share Register

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

7. Changes of Control and Defense Measures

7.1 Public Purchase Offers

The threshold at which a shareholder is obliged to make an offer for all Gurit Holding AG's stock in accordance with article 32 paragraph 1 of the Swiss Law on Stock Exchanges and Securities Trading (Bundesgesetz über die Börsen und den Effektenhandel), of March 24, 1995, version of May 1, 2013, has been raised to 49% of the total votes.

7.2 Clauses on Changes of Control

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

8. Auditors

8.1 Duration of Mandate and Lead Auditor's Term of Office

If its predecessors are included, PricewaterhouseCoopers AG, Zurich, has been Gurit Holding's statutory auditors since 1984 and Group auditors since 1994. Patrick Balkanyi is lead auditor since 2014.

8.2 Auditing Fees

The total sum charged during the year under review by PricewaterhouseCoopers in its capacity as auditor amounted to CHF 376 350.

8.3 Additional Fees

Fees for additional services supplied by the auditors during the year under review amounted to CHF 201 646. These fees consist of CHF 127 660 for tax advisory, and CHF 73 986 for other services. There were no transaction fees in 2014. The additional fees represent 54% of the auditing fees disclosed under 8.2.

8.4 Supervisors and Control Instruments Pertaining to the Auditors

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

9. Information Policy

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

10. Internet

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

E-mail alerts: the latest financial information from Gurit Holding can be received via e-mail alert; sign-up is available at http://www.gurit.com/register-for-news-alerts.aspx.

11. Ad Hoc Publicity

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

Contact Address

Gurit Services AG
Tanja Moehler
Head of Marketing & Corp. Communications
Schaffhauserstrasse 339
CH-8050 Zurich
Phone +41 (0)44 316 1555
Telefax +41 (0)44 316 1569
E-mail: tanja.moehler@gurit.com

Important Dates

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

April 9, 2015
Annual General Meeting
Press release on Q1 sales

August 14, 2015
Half-Year Report 2015
Analyst/Media conference call

October 20, 2015
Press release on Q3 sales

End of Jan. 2016
Press release on FY 2015 sales

March 2016
Presentation full-year results 2015
Analyst/Media conference
Publication of Annual Report

April 2016
Annual General Meeting

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

Remuneration Report

This report describes the philosophy, policy, and practices as well as the governance and architectural framework of the compensation system for all employees and the members of the Board of Directors of Gurit. The report discloses the information regarding variable, performance-based compensation as well as fixed, performance-independent compensation including the equity participation schemes of the members of the Executive Committee and the members of the Board of Directors.

1. Remuneration Philosophy

Gurit's compensation system is designed to align the interests of the Board of Directors, of the Executive Committee, additional key managers, as well as of all other employees across the whole Group with the long-term goals of the Company and the interests of the shareholders. Gurit is a globally active industrial group operating in a competitive marketplace. The compensation system is therefore intended to enhance Gurit's ability to recruit and retain a talented and performing workforce. The system also seeks to motivate Gurit employees on all levels to adopt an entrepreneurial stance, to strive for above-market-average performance, accountability and value creation, and to reward individuals according to predefined targets and objectives.

Gurit maintains a compensation system in accordance with the employment practices relevant in the various countries in which the Company operates. In the context of Gurit's compensation system, the total compensation for an individual employee generally reflects the requested qualifications, the scope and complexity of a person's role, Group-internal as well as -external relativities, national legal requirements and employment conditions in the relevant countries, the overall business performance, as well as the person's individual performance.

Gurit is convinced that a well-balanced compensation system including elements of performance-independent compensation as well as some performance-related compensation fosters and supports a sustainable business as well as employee loyalty and entrepreneurship.

2. Remuneration Reporting Standards

Unless otherwise indicated, all information disclosed in this report refers to the financial year closed on December 31, 2014. This report follows Art. 13 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies and the Swiss Code of Best Practice for Corporate Governance published by economiesuisse and complies with Chapter 5.1 of the Appendix to SIX Swiss Exchange's Guidelines concerning information on corporate governance and the Swiss Code of Obligations. In addition, the compensation system is coherent with Gurit's Code of Conduct which establishes comprehensive guidance of business principles applicable throughout the Group. The Code of Conduct is available online at http://www.gurit.com/code-of-conduct.aspx.

3. Remuneration Governance

Responsibilities of the Annual General Meeting of Shareholders

Starting in 2014, the Annual General Meeting approves all compensation paid to the members of the Board of Directors as a Group prospectively for the period from the date of the ordinary Annual General Meeting until the next ordinary Annual General Meeting.

It furthermore approves the maximum fixed compensation paid to the members of the Executive Committee for the period from July 1 following the date of the ordinary Annual General Meeting to June 30 the year after as well as the maximum variable compensation paid to the same employees for the period from January 1 to December 31 of the year in which the Annual General Meeting takes place.

Responsibilities of the Board of Directors

The Board of Directors is ultimately responsible for the compensation system and the formulation of the proposals to the Annual General Meeting regarding compensation.

Responsibilities of the Compensation Committee

The Compensation Committee is responsible for the design and maintenance of the compensation systems for members of the Board of Directors, the Executive Committee, and all other Gurit employees.

The Compensation Committee proposes the fixed compensation (in cash, benefits, and shares) for members of the Board of Directors, the Chief Executive Officer, and the other members of the Executive Committee to the Board of Directors and the Annual General Meeting of Shareholders.

The Compensation Committee approves the allocation of shares to Gurit employees under the Share Participation Plan for Management.

The Compensation Committee furthermore approves the Executive Committee's proposals regarding Group- or Business-Unit-related performance objectives for the Group-wide bonus plan. It also approves the resulting bonus payments within the limits approved by the Annual General Meeting of Shareholders, based on target achievement ratios calculated by the Chief Financial Officer.

The Committee reserves itself the right to amend the Group or Business Unit performance targets and required achievement levels to take major changes in the economic environment into consideration.

The Articles of Association furthermore define additional responsibilities of the Compensation Committee.

Responsibilities of the Chief Executive Officer

The Chief Executive Officer proposes the compensation for members of the Executive Committee to the Compensation Committee.

Responsibilities of the Executive Committee

The Business Unit managers and the CEO approve the objectives of the Performance Incentive Schemes for production and sales employees and the evaluation of the achievement of these objectives.

The CEO and CFO furthermore propose the Group or Business Unit performance-related objectives for the Performance Incentive Scheme for other employees to the Compensation Committee.

The Remuneration Governance can be summarized as shown in the table at the bottom of this page.

Overview Compensation Governance

Recipient	Compensation system design	Approval of bonus plan objectives	Compensation proposal	Approval of compensation proposal
Production employees	CC	BU Mgr & CEO	Line managers*	Site managers*
Sales employees	CC	BU Mgr & CEO**	Line managers*	Line managers superior (plus CC for shares)*
Management and other employees	CC	CC**	Line managers*	Line managers superior (plus CC for shares)*
Members of the Executive Committee	CC	CC	CEO	CC & AGM
CEO	CC	CC	CC	AGM
BoD members	CC	n.a.	CC	AGM

* Within limits of the budget approved by the Executive Committee and the Board of Directors.
** Plus line managers for individual bonus targets (see description of Performence Incentive Scheme).
CC = Compensation Committee

4. Remuneration Policy and Key Elements

As a general rule, the total compensation for all Gurit employees consists of a fixed, performance-independent salary component and a variable, performance-related bonus element. These two elements together form the target market salary for a given position.

4.1 Fixed Salary Components

In 2014, the fixed, performance-independent compensation elements of Gurit's Compensation system include:

– Fixed cash compensation (base salary);
– Pension plans and social security according to applicable jurisdiction;
– Certain fringe benefits such as car and parking allowances for certain employees;
– A performance-independent, share-based compensation for the members of the Board of Directors and the Chief Executive Officer. These shares are subject to a blocking period of three years from the date of the grant during which the members of the Board of Directors and the Chief Executive Officer cannot sell the shares and are considered at the value of the shares at the date they are granted;
– A performance-independent share-based compensation for the members of the Executive Committee (excluding the CEO) and the next level of management according to the rules of the Share Participation Plan for Management (SPPM).

The fixed cash compensation is reviewed annually, taking into account inflation and the situation on the employment markets in the countries where the respective employees are employed, as well as individual performance and changes in responsibilities.

4.2 Variable, Performance-related Salary Components

In 2014, the variable, performance-related compensation elements of Gurit's compensation system include:

– Performance-related cash payments as defined by Gurit's Performance Incentive Scheme;
– In exceptional cases: limited individual bonuses for special achievements (not for CEO or members of the Executive Committee).

5. Share-based Compensation for Selected Categories of Management

The Group's Share Participation Plan for Management (SPPM) aims at providing to the Executive Committee and the next level of management a part of their performance-independent compensation in form of Gurit bearer shares to build their long-term commitment to Gurit and align their interests to the interests of Gurit shareholders. The number of shares granted to the various levels of Management is determined every year by the Compensation Committee and not part of the employment contract of the employees. The shares granted under this plan are blocked during a period of three years, during which the employee cannot sell the shares and are considered at the value of the shares at the date they are granted.

In 2014, the shares granted under this plan have been considered as part of the fixed salary component, as the amount of shares granted was not related to the achievement of any performance criteria.

Starting 2015, shares granted under this plan will be considered as part of the variable compensation, as the amount of shares granted will be subject to the achievement of the following performance criteria: market environment, strategy deployment, prospective cash flow development, and financial results in perspective to competition.

The level of achievement of these criteria will be assessed at the end of the year by the Compensation Committee. Depending on the level of achievement, the amount of shares granted will vary between 50% and 150% of the target amount of shares fixed for each level of management as follows:

- Chief Executive Officer: 300 shares
- Executive Committee members: 50 shares
- Managers or senior staff members: between 15 and 50 shares, depending on the management level.

6. Cash-based Performance Incentive Schemes

Gurit's Cash-based Performance Incentive Scheme defines performance-related payments and covers all Gurit employees. It is essentially made up of the following three distinct elements:

6.1 Performance Incentive Scheme for Production Employees

As defined by the Performance Incentive Scheme for Production Employees, the cash bonus of production staff can range from 5% of person's fixed salary, at target goal achievement, up to 8%, at maximum. The objectives for this bonus are defined at site level by the site management and approved by the Executive Committee. The targets include objectives for health and safety, quality, productivity, and attendance. The achievement of these objectives is discussed with all operations' employees four times per year, or in certain cases monthly, and the bonus is generally paid on a quarterly basis, reflecting the need for operational flexibility. The bonus payments are calculated by the local site management and approved by the respective Business Unit manager and the CEO.

6.2 Performance Incentive Scheme for Sales Employees

As defined by the Performance Incentive Scheme for Sales Employees, the cash bonus of sales employees can range up to 20% of a person's fixed salary of which three quarters are linked to the achievement or overachievement of the sales budget and one quarter to the achievement of individual, more qualitative objectives. The sales targets are defined in the context of the Group's budgeting process and are approved in their entirety as part of the Group's budget by the Executive Committee and the Board of Directors. The individual targets are set and evaluated by the line manager of the respective sales employee. No bonus is paid if the sales targets or the individual targets are not achieved.

6.3 Performance Incentive Scheme for Other Employees

As defined by the Performance Incentive Scheme for other employees, the cash bonus for all other employees consists of a general performance element related to the relevant Business Unit, Sub-Unit or the total Group, plus an individual performance element.

Summary Bonus Components

Recipient	Group performance component	Business Unit or Sub-Unit performance component	Total general performance bonus component	Individual bonus component	Total maximum bonus
Chief Executive Officer	80%	–	80%	20%	100%
Business Unit/Sub-Unit Manager	50%	30%	80%	20%	100%
Corporate Functions	60%	–	60%	40%	100%
Business Unit Functions	30%	30%	60%	40%	100%

The total bonus per employee benefitting from this scheme may vary between maximum 8% and maximum 100% of the fixed salary, depending on the hierarchical level:

- Chief Executive Officer: up to 100% of the base salary;
- Executive Committee members: up to 50% of the base salary;
- Managers or senior staff members: up to 15% or 30% of the base salary, depending on the management level;
- Other employees: Up to 8% of base salary.

6.3.1 Business Unit, Sub-Unit, and Group General Performance Bonus Component

The Business Unit, Sub-Unit, and Group general performance bonus component is annually calculated considering the following three key performance indicators: 1) Net sales, 2) Operating profit excluding one-off income and expenses, and 3) Net working capital per Business Unit/Sub-Unit or Group.

Each indicator defines 33.3% of the general performance bonus component. For some Sub-Units, contribution margin or order intake might be applied instead. The respective minimum objective levels, target levels, and cap levels are proposed by the CEO and CFO and approved by the Compensation Committee.

At the end of the financial year, the Business Unit, Sub-Unit, and Group general performance bonus achievements are calculated by the CFO and approved by the Compensation Committee. Bonus payment starts at the achievement of the minimum objective level, rises linearly to 66.7% pay-out of the maximum bonus at achievement of the target level, and then rises again linearly to full maximum payout at achievement of the cap level. During the year under review, the minimum objective levels were in general between 7% and 30% below the target levels and the cap levels exceeded the target levels in general between 7% and 30%. No bonus is paid if the minimum objective level has not been achieved.

The general performance bonus component based on Business Unit, Sub-Unit, and Group performance may vary from 60% to 80% of the total maximum bonus (CEO) as summarized in the table at the bottom of this page.

The level of the Business Unit, Sub-Unit, or Group bonus element has no impact on the level of achievement of the individual bonus.

6.3.2 Individual Bonus Component

The fulfilment levels of the individual and/or factory related objectives and targets are assessed on a yearly basis by the line manager of each person, based on objectives and targets defined in the first quarter of each business year. The individual bonus element represents 20% to 40% of the total maximum bonus as shown in the table on the bottom of this page.

Bonuses under the Performance Incentive Scheme for other employees are paid out after publication of the annual results.

6.3.3 Limited Individual Bonus for Special Achievements

In exceptional cases some limited, individual bonuses for special achievements may be granted. Upon proposal by the respective line manager, the Chief Executive Officer together with the Chief Financial Officer and the Head of Human Resources may approve the granting of such special bonuses. Such limited, individual bonuses may not be granted to the CEO and the other members of the Executive Committee.

7. Compensation for Members of the Executive Committee and the Board of Directors

7.1 Chief Executive Officer

The fixed, performance-independent compensation of the Chief Executive Officer (base salary) is based on what has been assessed by the Compensation Committee as industry standard for comparable listed Swiss industrial companies of similar size in terms of net sales (around CHF 500 million) and complexity, based on the Compensation Committee's members experience. In 2014, it included an element of fixed cash compensation and an element of fixed share-based compensation. Starting 2015, the element of fixed share-based compensation will be discontinued.

The Chief Executive Officer benefits from a supplementary pension scheme of which half of the premiums are financed by himself. The part financed by Gurit is disclosed as part of the other compensation in article 8 of this report.

The Chief Executive Officer is entitled to performance-related compensation according to the Performance Incentive Scheme described above. He is entitled to a performance-related bonus payment of maximum 100% of his base salary. 20% of performance-related bonus depends on the achievement of individual targets set by the Compensation Committee. The remaining 80% depends on the achievement of the general Group bonus component.

Starting 2015, the Chief Executive Officer will also be entitled to the grant of shares according to the Group's Share Participation Plan for Management described under paragraph 5 above and be considered as part of the variable compensation. The amount of shares granted will vary between 150 and 450 shares per annum.

7.2 Other Members of the Executive Committee

The fixed, performance-independent compensation of the other members of the Executive Committee (base salary) is based on the market and employment conditions in the relevant country as gathered from various sources as well as reflecting the individual qualifications and requirements needed for the specific position.

A supplementary pension scheme exists for certain members of the Executive Committee according to the practices of the countries in which the person is employed. Half of the premiums are financed by the members themselves. The part financed by Gurit is disclosed as part of the other compensation in article 8 of this report.

In 2014, as part of their fixed, performance-independent compensation, the other members of the Executive Committee were also entitled to shares granted according to the Group's Share Participation Plan for Management described above.

Starting 2015, the grant of such shares will be subject to certain performance criteria described under paragraph 5 above and be considered as part of the variable compensation. The amount of shares granted will vary between 25 and 75 shares per annum.

The other members of the Executive Committee are furthermore entitled to a performance-related compensation based on the Performance Incentive Scheme described above. As such, they are entitled to a performance-related contribution of maximum 50% of their base salary. 20% to 40% of their bonus depends on the achievement of individual targets set by the CEO and approved by the Compensation Committee. The remaining 60% to 80% depend on the achievement of the Business Unit and Group bonus components.

7.3 Members of the Board of Directors

The fixed, performance-independent compensation of the members of the Board of Directors is based on what has been assessed by the Compensation Committee as industry standard for comparable listed Swiss industrial companies of similar size in terms of net sales and complexity based on the Compensation Committee's members experience. It includes an element of fixed cash compensation and an element of fixed share-based compensation.

The members of the Board of Directors are not subject to any performance-based incentive scheme.

8. Management Compensation 2013/2014

The following tables show compensation of the Board of Directors and the Executive Committee in 2013 and 2014. Other fixed compensation includes pension contributions and social benefits relating to the fixed cash and share-based compensation. Variable compensation contains the accrued cash bonuses and related accrued social benefits for the years 2013 and 2014, which have been or will be paid out in 2014 and 2015 respectively.

In 2014, the performance-related compensation of the members of the Executive Committee varied from 20% to 43% (2013: 13% to 20%) of the individual fixed compensation.

The total amount paid to Management (Board of Directors and Executive Committee) increased in 2014 compared with 2013 mainly due to the increase of the performance-related compensation of the members of the Executive Committee.

Gurit did not pay any exit remuneration to anyone leaving office during the year under review. There was no remuneration paid to former members of governing bodies during the year under review. There were no transactions with current or former members of the Board of Directors or the Executive Committee (or parties closely linked to them) at conditions which are not at arm's length. No loans, securities, advances, or credits were granted to members of the Board of Directors or the members of the Executive Committee (or parties closely linked to them). There are no options issued on Gurit bearer shares on December 31, 2014, in the context of a participation program.

In CHF 1000 — 2014

	Fixed cash compensation	Fixed share-based compensation	Fixed other compensation	Variable cash compensation	Total compensation
Board of Directors					
Peter Leupp (Chairman)	250	24	–	–	274
Stefan Breitenstein (member since April 10, 2014)	53	8	8		69
Robert Heberlein (member until April 10, 2014)	27	4	3		34
Nick Huber (member)	80	12	12	–	104
Urs Kaufmann (member)	80	12	12	–	104
Peter Pauli (member)	80	12	12	–	104
Total Board of Directors	**570**	**72**	**47**	**–**	**689**
Executive Committee					
Rudolf Hadorn (CEO)	630	146	146	388	1 310
Other members	872	73	191	297	1 433
Total Executive Committee	**1 502**	**219**	**337**	**685**	**2 743**
Total Management compensation	**2 072**	**291**	**384**	**685**	**3 432**

In CHF 1000 — 2013

	Fixed cash compensation	Fixed share-based compensation	Fixed other compensation	Variable cash compensation	Total compensation
Board of Directors					
Peter Leupp (Chairman)	250	24	–	–	274
Robert Heberlein (member until April 10, 2014)	80	12	9	–	101
Nick Huber (member)	80	12	14	–	106
Urs Kaufmann (member)	80	12	14	–	106
Peter Pauli (member)	80	12	14	–	106
Total Board of Directors	570	72	51	–	693
Executive Committee					
Rudolf Hadorn (CEO)	630	120	138	176	1 064
Other members	857	61	177	137	1 232
Total Executive Committee	1 487	181	315	313	2 296
Total Management compensation	2 057	253	366	313	2 989

9. Management Compensation Compared to Amounts Approved by the Annual General Meeting

The below table provides a comparison of the actual compensation amounts in the reporting year to the respective amounts approved by the Annual General Meeting.

In CHF 1000	Approved maximum compensation total period	Approved maximum compensation relating to current reporting year *	Actual compensation current reporting year
Fixed compensation Board of Directors			
April 10, 2014–April 8, 2015	720		
April 10, 2014–December 31, 2014		540	517
Fixed compensation Executive Committee			
July 1, 2014–June 30, 2015	2 100		
July 1, 2014–December 31, 2014		1 208	1 060
Variable compensation Executive Committee			
January 1, 2014–December 31, 2014	1 150		
January 1, 2014–December 31, 2014		1 236	691

* Including an additional amount for a member of the Executive Committee, who has been appointed after the last Annual General Meeting, in line with article 25 of the Articles of Association of the Company.

Report of the statutory auditor to the General Meeting on the remuneration report 2014

We have audited section "8. Management compensation 2013/2014" included in the preceding remuneration report of Gurit Holding AG for the year ended December 31, 2014.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation and overall fair presentation of the remuneration report in accordance with Swiss law and the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance). The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's responsibility

Our responsibility is to express an opinion on the accompanying remuneration report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report complies with Swiss law and articles 14–16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the remuneration report with regard to compensation, loans and credits in accordance with articles 14–16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the remuneration report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the remuneration report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the remuneration report of Gurit Holding AG for the year ended December 31, 2014 complies with Swiss law and articles 14–16 of the Ordinance.

PricewaterhouseCoopers AG

Patrick Balkanyi	Simon Dejung
Audit expert	Audit expert
Auditor in charge	

Zürich, March 6, 2015

Financial Report

Table of contents

Consolidated Income Statement

In CHF 1000	Note	Year ended December 31, 2014	Year ended December 31, 2013
Net sales	5	335 799	281 135
Other operating income	6	375	3 034
Change in inventories of finished and unfinished goods		6 567	1 102
Material expense		–176 227	–151 601
Personnel expense	7	–89 879	–76 110
Other operating expenses	8	–52 955	–39 790
Impairment charges	20	–452	–2 398
Impairment reversals	20	415	986
Depreciation	20	–8 504	–8 961
Amortization	21	–980	–895
Operating profit		14 159	6 502
Finance expense	9	–2 948	–2 278
Finance income	10	1 964	595
Ordinary result		13 175	4 819
Non-operating result	11	2 051	–
Profit before tax		15 226	4 819
Income tax expense	12	–4 120	–4 707
Profit for the year		**11 106**	**112**

Earnings per share	13		
Basic earnings per bearer share		CHF 23.74	CHF 0.24
Diluted earnings per bearer share		CHF 23.74	CHF 0.24
Basic earnings per registered share		CHF 4.75	CHF 0.05
Diluted earnings per registered share		CHF 4.75	CHF 0.05

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

Consolidated Balance Sheet

In CHF 1000	Note	At December 31, 2014	At December 31, 2013
Assets			
Cash and cash equivalents		29 011	23 101
Derivative financial instruments	15	54	668
Trade receivables	16	67 764	62 962
Other receivables	17	9 410	6 712
Prepayments and accrued income	18	10 099	13 737
Inventories	19	54 798	37 526
Current assets		171 136	144 706
Other receivables	17	421	916
Deferred income tax assets	24	2 370	957
Property, plant and equipment	20	73 768	70 259
Intangible assets	21	5 666	5 272
Non-current assets		82 225	77 404
Total assets		**253 361**	222 110
Liabilities and equity			
Borrowings	22	23 768	10 609
Derivative financial instruments	15	353	136
Trade payables		24 429	19 419
Other payables		7 720	6 241
Accrued liabilities and deferred income	23	19 015	17 361
Provisions	25	2 086	3 372
Current liabilities		77 371	57 138
Borrowings	22	1 000	6 089
Derivative financial instruments	15	584	13
Deferred income tax liabilities	24	247	839
Provisions	25	800	765
Non-current liabilities		2 631	7 706
Total liabilities		**80 002**	64 844
Share capital		23 400	23 400
Capital reserve		22 194	25 704
Treasury shares		–50	–37
Hedging reserve		–513	253
Currency translation adjustments		–20 366	–29 674
Offset goodwill		–26 690	–26 690
Retained earnings		175 384	164 310
Total equity	26	**173 359**	157 266
Total liabilities and equity		**253 361**	222 110

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

Consolidated Cash Flow Statement

In CHF 1000	Note	Year ended December 31, 2014	Year ended December 31, 2013
Profit for the year		11 106	112
Adjustments for:			
Impairment, net of reversals	20	37	1 412
Depreciation and amortization	20, 21	9 484	9 856
Finance income and expense, net	9, 10	984	1 683
Income tax expense	12	4 120	4 707
Net (gains)/losses from disposal of fixed assets	6, 8, 11	–1 934	178
Other non-cash items		–53	4 801
Working capital changes (excluding the effects of acquisitions and disposals of subsidiaries):			
Change in trade receivables		–105	–3 134
Change in inventories		–14 224	–5 467
Change in other receivables and prepayments and accrued income		4 916	–10 719
Change in trade and other payables and accrued liabilities and deferred income		3 650	13 110
Change in provisions		–1 823	464
Cash generated from operations		16 158	17 003
Finance cost, net paid		–1 221	–902
Income tax paid		–7 319	–3 526
Net cash flow from operating activities		**7 618**	12 575
Purchase of property, plant and equipment	20	–8 255	–5 598
Proceeds from sale of property, plant and equipment		2 391	91
Purchase of intangible assets	21	–963	–635
Loan repayments received		204	850
Acquisition of subsidiaries	29	–	185
Net cash flow from investing activities		**–6 623**	–5 107
Proceeds from/(repayments of) current borrowings		7 332	–14 413
Distribution to shareholders	14	–3 510	–7 019
Purchase of treasury shares		–469	–404
Net cash flow from financing activities		**3 353**	–21 836
Net change in cash and cash equivalents		**4 348**	–14 368
Cash and cash equivalents at the beginning of the year		23 101	37 266
Net change in cash and cash equivalents		4 348	–14 368
Exchange gains on cash		1 562	203
Cash and cash equivalents at the end of the year		**29 011**	23 101

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

Consolidated Statement of Changes in Equity

In CHF 1000	Share capital	Capital reserve
Balance at January 1, 2013	**23 400**	**32 724**
Profit for the year	–	–
Changes in hedging reserve	–	–
Currency translation adjustments	–	–
Total income and expense for the year	–	–
Distribution to shareholders (note 14)	–	–7 020
Usage of treasury shares for share-based compensation	–	–
Share-based compensation	–	–
Purchase of treasury shares	–	–
Total transactions with shareholders	–	–7 020
Goodwill directly offset with equity (note 26)	–	–
Balance at December 31, 2013	**23 400**	**25 704**
Profit for the year	–	–
Changes in hedging reserve	–	–
Currency translation adjustments	–	–
Total income and expense for the year	–	–
Distribution to shareholders (note 14)	–	–3 510
Usage of treasury shares for share-based compensation	–	–
Share-based compensation	–	–
Purchase of treasury shares	–	–
Total transactions with shareholders	–	–3 510
Balance at December 31, 2014	**23 400**	**22 194**

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

Treasury shares	Hedging reserve	Currency translation adjustments	Offset goodwill	Retained earnings	Total equity
–37	**–68**	**–28 929**	**–27 920**	**164 188**	**163 358**
–	–	–	–	112	112
–	321	–	–	–	321
–	–	–745	–	–	–745
–	321	–745	–	112	–312
–	–	–	–	1	–7 019
404	–	–	–	–404	–
–	–	–	–	413	413
–404	–	–	–	–	–404
–	–	–	–	10	–7 010
–	–	–	1 230	–	1 230
–37	**253**	**–29 674**	**–26 690**	**164 310**	**157 266**
–	–	–	–	11 106	11 106
–	–766	–	–	–	–766
–	–	9 308	–	–	9 308
–	–766	9 308	–	11 106	19 648
–	–	–	–	–	–3 510
455	–	–	–	–455	–
–	–	–	–	423	423
–468	–	–	–	–	–468
–13	–	–	–	–32	–3 555
–50	**–513**	**–20 366**	**–26 690**	**175 384**	**173 359**

Notes to the Consolidated Financial Statements

1. General information

Gurit Holding AG, incorporated in Wattwil, Switzerland ("the Company"), and its subsidiaries (together "the Group") are specialized in the development and manufacture of advanced composite materials, related technologies, and selected finished parts and components. The comprehensive product range comprises fiber-reinforced prepregs, structural core products (man-made materials and balsa wood), gel coats, adhesives, resins, and consumables.

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

These consolidated financial statements were signed off by the Board of Directors on March 6, 2015, for publication. The Annual General Meeting of Shareholders, scheduled for April 9, 2015, will vote on these consolidated financial statements.

2. Summary of significant accounting policies

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

2.1 Basis of preparation

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

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

The Swiss Foundation for Accounting and Recommendations (Swiss GAAP FER) has approved the supplemental recommendation for publicly owned and listed companies on January 24, 2013. Swiss GAAP FER 31 will take effect January 1, 2015, and early adoption is permitted. The Group has not early adopted Swiss GAAP FER 31. The new rules of Swiss GAAP FER 31 will require additional disclosures but will not have any significant impact on the consolidated balance sheet and income statement of the Gurit Group.

2.2 Consolidation

2.2.1 Changes in the scope of consolidation

In 2014, the Group merged its wholly owned subsidiaries Gurit (Ittigen) AG, in Switzerland, Heberlein & Co. AG, in Switzerland, and High Modulus International, in New Zealand, into other Group companies. In addition, the Group has liquidated its wholly owned subsidiaries High Modulus Europe, in the United Kingdom, and Gurit (Newport) Ltd., in the United Kingdom.

In 2013, the Group has incorporated the new subsidiaries Gurit (Hungary) Kft, in Hungary, and Gurit Composite Materials AG, in Switzerland. In addition, the Group has liquidated its wholly owned subsidiary Gurit (Australia) Pty Ltd., in Australia.

2.2.2 Subsidiaries

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

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

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

2.3 Foreign currency translation

2.3.1 Functional and presentation currency

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

2.3.2 Transactions and balances

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

2.3.3 Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(b) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
(c) all resulting exchange differences are recognized as a separate component of equity.

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

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

The principal exchange rates versus the Swiss franc were as follows:

	December 31, 2014	Ø 2014	December 31, 2013	Ø 2013
1 USD	0.9895	0.9152	0.8905	0.9272
1 EUR	1.2028	1.2146	1.2259	1.2309
1 GBP	1.5370	1.5068	1.4684	1.4500
1 CAD	0.8510	0.8287	0.8327	0.9008
1 CNY	0.1610	0.1489	0.1457	0.1498

2.4 Revenue recognition

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

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

2.5 Employee benefits

2.5.1 Pension obligations

The obligations of all Group companies in respect of retirement, death, and disability are based on local rules and regulations in the respective countries. The obligation in respect of the pension plans of all Group companies is with the pension institution and not with the Group companies.

2.5.2 Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal termination date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal;

or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than twelve months after the balance sheet date are discounted to present value. Provisions for termination benefits are recorded in the consolidated balance sheet within "provisions".

2.5.3 Share-based compensation

The Group operates different equity-settled share-based compensation schemes, under which the entity receives services from directors and from employees for equity instruments of the Company (see note 30). The fair value of the services received in exchange for the grant of equity instruments is recognized as an expense. The total amount to be expensed is determined by reference to the fair value of the equity instruments granted.

2.6 Current and deferred income tax

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

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

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

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

2.7 Distributions to shareholders

Distributions to the Company's shareholders are recognized as a liability in the Group's financial statements in the period in which the distributions are approved by the Company's shareholders.

2.8 Derivative financial instruments and hedging activities

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

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

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

2.8.1 Cash flow hedges

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

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

2.8.2 Derivates accounted for at fair value through profit or loss

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

2.9 Cash and cash equivalents

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

2.10 Trade receivables

Trade receivables are valued at par value less impairment, if any. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the trade receivable is impaired. Furthermore, the Group records a general provision on long overdue, not insured or otherwise secured receivables, that are not covered by specific provisions, as follows: 30% on all balances overdue more than 90 days and 60% on all balances overdue more than 180 days. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognized in the income statement within "other operating expenses". When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against "other operating expenses" in the income statement.

2.11 Inventories

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

2.12 Property, plant and equipment

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

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

- Plant and equipment: 4–15 years
- Buildings: 40–50 years
- Other tangible assets: 4–10 years

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

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

2.13 Intangible assets

Intangible assets contain patents, land-use rights, software, and other intangible assets. They are carried at historical cost less accumulated amortization. Amortization is calculated using the straight-line method to allocate the cost of the intangible assets over their estimated useful lives, which for patents, software, and other intangible assets normally do not exceed five years, but can extend to twelve years in exceptional cases. Land-use rights are amortized over 50 years, which represents the period of the use rights.

Internally generated intangible assets are not recognized as assets.

2.14 Impairment of assets

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

2.15 Borrowings

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

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

2.16 Leases

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

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

2.17 Trade payables and other payables

Trade payables and other payables are recognized at par value.

2.18 Provisions

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

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

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

2.19 Equity

2.19.1 Ordinary shares

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

2.19.2 Treasury shares

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

2.19.3 Goodwill offset in equity

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

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

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

2.20 Government grants

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

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

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

3. Critical accounting estimates and assumptions

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

3.1 Provision for impairment of trade receivables

At the end of 2014, trade receivables at par value increased from CHF 65 240 000 in prior year to CHF 70 276 000, whereas the receivable balances overdue since more than 30 days decreased from CHF 10 179 000 at the end of 2013 to CHF 9 934 000 at the end of 2014. Even though certain receivables in China continue to be long overdue, there is no objective evidence that the Group will not be able to collect the carrying amounts of trade receivables. Management believes that the Group will be able to recover the carrying amount of trade receivables as recorded at the end of 2014.

4. Risk management

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

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

4.1 Risk assessment

Risks are categorized and prioritized by the Business Units' management and the EC. The risks are categorized into the following three categories:

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

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

4.2 Strategy execution and operational risks

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

4.3 Financial risk management

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

4.3.1 Currency risk

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

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

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

4.3.2 Interest rate risk

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

4.3.3 Credit risk

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

4.3.4 Liquidity risk

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

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

In CHF 1000	2014	2013
Cash and cash equivalents	29 011	23 101
Undrawn available committed credit lines	23 532	26 362
Total liquidity reserves and available credit lines	**52 543**	49 463

4.3.5 Capital risk management

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

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

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

In CHF 1000	2014	2013
Debt	24 768	16 698
EBITDA	25 731	17 770
Debt / EBITDA ratio	**1.0**	0.9
Assets	253 361	222 110
Equity	173 359	157 266
Equity ratio	**68.4%**	70.8%

5. Net sales

In CHF 1000	2014	2013
Net sales by business units		
Composite Materials	256 741	227 304
Composite Systems and Engineering	79 058	53 831
Total net sales	**335 799**	**281 135**

In CHF 1000	2014	2013
Net sales by regions of destination		
Europe	139 685	134 199
Asia	80 047	50 139
Americas	87 266	70 621
Rest of the world	28 801	26 176
Total net sales	**335 799**	**281 135**

6. Other operating income

In CHF 1000	2014	2013
Release of restructuring provision (note 25)	–	785
Gains from disposals of fixed assets	60	4
Income from settlement of a legal case	–	549
Other income	315	1 696
Total other operating income	**375**	**3 034**

7. Personnel expense

In CHF 1000	2014	2013
Salaries and wages	72 607	60 485
Pension expense	3 771	3 440
Social security expense	8 460	7 424
Other personnel expenses	5 041	4 761
Total personnel expense	**89 879**	**76 110**

The pension expense is summarized as follows:

Economical benefit/obligation and pension expenses

In CHF 1000	Surplus/deficit	Economical share of the Group		Change to prior year	Contributions accrued	Pension benefit expenses within personnel expense	
	Dec. 31, 2014	Dec. 31, 2014	Dec. 31, 2013			2014	2013
Patronage funds/pension institutions	–	–	–	–	–	–	–
Pension institutions without surplus/deficit	–	–	–	–	–	3 771	3 440
Pension institutions with surplus	–	–	–	–	–	–	–
Pension institutions with deficit	–	–	–	–	–	–	–
Pension institutions without own assets	–	–	–	–	–	–	–
Total	**–**	**–**	–	–	–	**3 771**	3 440

During 2014 and 2013, the Group did not have any employer contribution reserves.

8. Other operating expenses

In CHF 1000	2014	2013
Utilities, maintenance, and rent expense	16 847	13 863
Non-recurring expense	378	350
Other operating expenses	35 730	25 577
Total other operating expenses	**52 955**	39 790

The non-recurring expense is summarized as follows:

In CHF 1000	2014	2013
Losses from disposals of fixed assets	177	182
Other expenses	201	168
Total non-recurring expense	**378**	350

9. Finance expense

In CHF 1000	2014	2013
Interest expense	1 059	758
Exchange rate losses	1 597	1 240
Other finance expenses	292	280
Total finance expense	**2 948**	2 278

In CHF 1000					2014
Exchange rate gains and losses per currency	EUR	GBP	USD	Other	Total
Net gains per currency (note 10)	144	–	1 025	604	1 773
Net losses per currency	–776	–72	–485	–264	–1 597
Total	**–632**	**–72**	**540**	**340**	**176**
Whereof:					
Gains per currency and balance sheet position	1 079	168	3 642	787	5 676
Losses per currency and balance sheet position	–1 711	–240	–3 102	–447	–5 500

In CHF 1000					2013
Exchange rate gains and losses per currency	EUR	GBP	USD	Other	Total
Net gains per currency (note 10)	468	–	–	8	476
Net losses per currency	–12	–168	–572	–488	–1 240
Total	456	–168	–572	–480	–764
Whereof:					
Gains per currency and balance sheet position	529	111	1 641	122	2 403
Losses per currency and balance sheet position	–73	–279	–2 213	–602	–3 167

10. Finance income

In CHF 1000	2014	2013
Interest income	191	119
Exchange rate gains (note 9)	1 773	476
Total finance income	**1 964**	**595**

11. Non-operating result

The non-operating gain of CHF 2 051 000 in 2014 relates to a sale of operationally not needed land lots in Switzerland.

12. Income tax expense

In CHF 1000	2014	2013
Deferred income tax credit (note 24)	–1 677	–111
Current income tax expense	5 797	4 818
Total income tax expense	**4 120**	**4 707**

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

In CHF 1000	2014	2013
Profit before tax	15 226	4 819
Tax expense at the average tax rate of 21.7% (2013: 23.6%)	3 304	1 136
Utilization of previously unrecognized tax losses	–496	–91
Tax losses for which no deferred income tax asset was recognized	1 387	3 033
Effect of unrecognized deferred tax asset from temporary differences	–	381
Derecognition of previously recognized tax liability from temporary differences	–778	–
Expenses not deductible for tax purposes	702	363
Adjustment in respect of prior years	336	220
Effect of tax concessions	–293	–381
Others	–42	46
Income tax expense recognized in profit or loss	**4 120**	**4 707**

13. Earnings per share

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

	2014	2013
Profit for the year (in CHF 1000):	**11 106**	**112**
Weighted average number of shares in issue during the year:		
Bearer shares	419 870	419 939
Registered shares	239 795	239 795
Basic and also diluted earnings per share (in CHF):		
Bearer shares (par value of CHF 50)	23.74	0.24
Registered shares (par value of CHF 10)	4.75	0.05

14. Distribution to shareholders

The distribution to shareholders in 2014 out of reserves from capital contributions amounted to CHF 3 510 000 (CHF 1.50 per registered share and CHF 7.50 per bearer share). In 2013, a distribution out of reserves from capital contributions in the amount of CHF 7 019 000 (CHF 3.00 per registered share and CHF 15.00 per bearer share) was paid to the shareholders. A distribution out of reserves from capital contributions of CHF 1.70 per registered share and CHF 8.50 per bearer share, amounting to a total distribution of CHF 3 978 000, is to be proposed at the Annual General Meeting on April 9, 2015. These financial statements do not reflect this distribution payable.

15. Derivative financial instruments

In CHF 1000	2014		2013	
	Assets	Liabilities	Assets	Liabilities
Cash flow hedges, categorized as derivatives used for hedging	–	–836	544	–149
Cash flow hedges, categorized as derivatives at fair value through profit and loss	54	–101	124	–
Total derivative financial instruments	**54**	**–937**	668	–149
Whereof:				
Current portion	54	–353	668	–136
Non-current portion	–	–584	–	–13

All of the Group's cash flow hedges relate to foreign exchange instruments. The hedged highly probable forecast transactions denominated in foreign currency are expected to occur at various dates until 2016.

16. Trade receivables

In CHF 1000	2014	2013
Trade receivables	70 276	65 240
Less: provision for impairment	–2 512	–2 278
Trade receivables – net	**67 764**	62 962

In CHF 1000	2014	2013
Aging of trade receivables		
Not due	49 190	42 284
Overdue 1–15 days	7 736	6 612
Overdue 16–30 days	3 416	6 165
Overdue more than 30 days	9 934	10 179
Total trade receivables	**70 276**	65 240
Less: provision for impairment	–2 512	–2 278
Total trade receivables – net	**67 764**	62 962

In CHF 1000	2014	2013
Movements on the provision for impairment		
Balance at January 1	2 278	2 324
Provision for receivables impairment	689	795
Receivables written off as uncollectible	–263	–191
Unused amounts reversed	–378	–640
Exchange differences	186	–10
Balance at December 31	**2 512**	2 278

In CHF 1000	2014	2013
Trade receivables by currency		
US dollar	25 301	23 725
GB pound	9 773	7 651
Euro	13 755	18 166
Chinese yuan (Renminbi)	18 151	12 619
Others	784	801
Total trade receivables – net	**67 764**	62 962

17. Other receivables

In CHF 1000	2014	2013
Other receivables	9 081	7 062
Loans	750	566
Total other receivables	**9 831**	7 628
Whereof:		
Current portion	9 410	6 712
Non-current portion	421	916

18. Prepayments and accrued income

In CHF 1000	2014	2013
Current income tax assets	2 352	160
Prepaid expenses	3 869	3 495
Accrued income	3 878	10 082
Total prepayments and accrued income	**10 099**	**13 737**

19. Inventories

In CHF 1000	2014	2013
Raw materials	26 636	18 309
Work in progress	5 937	2 510
Semi-finished goods	9 122	6 379
Finished goods	17 236	16 474
Total inventories	**58 931**	**43 672**
Less: inventory provision	–4 133	–6 146
Total inventories – net	**54 798**	**37 526**

20. Property, plant and equipment

In CHF 1000	Plant and equipment	Real estate	Equipment under construction	Other tangible assets	Total property, plant and equipment
Cost					
Balance at January 1, 2013	125 794	49 117	546	1 642	177 099
Additions	1 790	285	3 437	86	5 598
Disposals	–1 292	–18	–	–13	–1 323
Reclassifications	2 460	–2 817	–695	38	–1 014
Exchange differences	–3 222	–558	45	–21	–3 756
Balance at December 31, 2013	125 530	46 009	3 333	1 732	176 604
Additions	2 636	376	4 971	272	8 255
Disposals	–2 786	–141	–	–55	–2 982
Reclassifications	4 617	487	–5 104	–	–
Exchange differences	5 652	2 524	130	88	8 394
Balance at December 31, 2014	**135 649**	**49 255**	**3 330**	**2 037**	**190 271**
Accumulated depreciation					
Balance at January 1, 2013	86 151	12 714	–	1 181	100 046
Depreciation charges	6 196	2 574	–	191	8 961
Impairment charges	1 862	536	–	–	2 398
Impairment reversals	–986	–	–	–	–986
Disposals	–1 036	–6	–	–13	–1 055
Reclassifications	222	–426	–	22	–182
Exchange differences	–2 518	–295	–	–24	–2 837
Balance at December 31, 2013	89 891	15 097	–	1 357	106 345
Depreciation charges	7 156	1 166	–	182	8 504
Impairment charges	452	–	–	–	452
Impairment reversals	–415	–	–	–	–415
Disposals	–2 478	–1	–	–46	–2 525
Exchange differences	3 582	495	–	65	4 142
Balance at December 31, 2014	**98 188**	**16 757**	**–**	**1 558**	**116 503**
Net book values					
Balance at January 1, 2013	39 643	36 403	546	461	77 053
Balance at December 31, 2013	35 639	30 912	3 333	375	70 259
Balance at December 31, 2014	**37 461**	**32 498**	**3 330**	**479**	**73 768**

In 2013, following the implementation of the Group's new PVC core material strategy, the outlook of the current PVC production facility had worsened. The Group had therefore carried out an impairment test, which at the time showed that the carrying amount of the facility exceeded its recoverable amount by CHF 1 705 000. As a consequence, the Group had recognized an impairment charge at this amount regarding this production facility. The outlook for this PVC production facility has in the meantime improved due to a generally improved market environment. The impairment has however not been reversed in the current year. A potential impairment reversal shall be reassessed in 2015 based on an evaluation of the sustainability of the positive market development. Undeveloped land included in real estate amounts to zero at December 31, 2014 (2013: CHF 100 000). Fire insurance values of property, plant and equipment amounted to CHF 245 000 000 (2013: CHF 239 000 000).

21. Intangible assets

In CHF 1000	Patents and trademarks	Land-use rights	Software and other intangibles	Total intangible assets
Cost				
Balance at January 1, 2013	3 463	3 074	5 326	11 863
Additions	278	–	357	635
Disposals	–	–	–593	–593
Exchange differences	–116	15	–81	–182
Balance at December 31, 2013	3 625	3 089	5 009	11 723
Additions	229	–	734	963
Disposals	–	–	–4	–4
Exchange differences	148	324	185	657
Balance at December 31, 2014	**4 002**	**3 413**	**5 924**	**13 339**
Accumulated amortization				
Balance at January 1, 2013	1 918	192	4 087	6 197
Amortization charge	311	65	519	895
Disposals	–	–	–593	–593
Reclassifications	–	–	114	114
Exchange differences	–100	–1	–61	–162
Balance at December 31, 2013	2 129	256	4 066	6 451
Amortization charge	298	64	618	980
Disposals	–	–	–4	–4
Exchange differences	81	32	133	246
Balance at December 31, 2014	**2 508**	**352**	**4 813**	**7 673**
Net book values				
Balance at January 1, 2013	1 545	2 882	1 239	5 666
Balance at December 31, 2013	1 496	2 833	943	5 272
Balance at December 31, 2014	**1 494**	**3 061**	**1 111**	**5 666**

22. Borrowings

In CHF 1000	2014	2013
Current		
Bank overdrafts	4 939	–
Bank loans	18 807	10 503
Other loans	22	106
Total current borrowings	**23 768**	10 609
Non-current		
Bank loans	1 000	6 089
Total non-current borrowings	**1 000**	6 089
Total borrowings	**24 768**	16 698

Bank loans bear average interest rates of 2.3% annually (2013: 1.9%). Bank overdrafts bear average interest rates of 2.4% annually.

In 2013 and 2014, there were no secured bank borrowings included in total borrowings.

Borrowings become due as follows:

In CHF 1000	2014	2013
3 months or less	14 890	6 404
4–12 months	8 878	4 205
1–5 years	1 000	6 089
Total borrowings	**24 768**	16 698

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

In CHF 1000	2014	2013
Currency		
Swiss franc	8 066	10 000
Canadian dollar	2 425	106
Euro	4 391	1 176
US dollar	9 886	5 416
Total borrowings	**24 768**	**16 698**

23. Accrued liabilities and deferred income

In CHF 1000	2014	2013
Current income tax liabilities	1 960	1 081
Advance payments from customers	3 347	6 012
Accruals	13 708	10 268
Total accrued liabilities and deferred income	**19 015**	**17 361**

24. Deferred income tax

In CHF 1000	2014	2013
Deferred income tax assets	2 370	957
Deferred income tax (liabilities)	–247	–839
Deferred income tax assets / (liabilities), net	**2 123**	**118**

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

In CHF 1000	2014	2013
Balance at January 1	118	116
Deferred income tax credit (note 12)	1 677	111
Tax effect recorded in equity	286	–118
Exchange differences	42	9
Balance at December 31	**2 123**	**118**

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

In CHF 1000	2014		2013	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Trade receivables	364	54	79	30
Other receivables	339	–	537	–
Inventories	424	406	197	124
Property, plant and equipment	302	143	77	225
Intangible assets	373	–	446	87
Investments in subsidiaries	–	–	–	779
Provisions	219	63	183	61
Other liabilities	301	–	60	155
Deferred income taxes from losses carried forward	467	–	–	–
Offset of deferred income tax assets and liabilities	–419	–419	–622	–622
Total	**2 370**	**247**	**957**	**839**

The Group did not recognize deferred income tax assets of CHF 9 389 000 (2013: CHF 9 952 000) in respect of unused tax losses amounting to CHF 34 164 000 (2013: CHF 37 739 000). These tax losses expire as shown in the table below:

In CHF 1000	2014	2013
0–3 years	3 940	7 986
4–6 years	11 670	11 120
Over 6 years	8 399	13 285
No expiry	10 155	5 348
Total unrecognized tax losses	**34 164**	**37 739**

25. Provisions

In CHF 1000	Contingent purchase consideration	Warranty	Restructuring	Other	Total provisions
Balance at January 1, 2013	1 208	957	2 198	522	4 885
Utilized during the year	–	–649	–1 389	–14	–2 052
Additions	–	3 744	–	–	3 744
Unused amounts reversed	–1 230	–240	–785	–203	–2 458
Revaluation	22	–	–	–	22
Exchange differences	–	19	–24	1	–4
Balance at December 31, 2013	–	3 831	–	306	4 137
Utilized during the year	–	–5 391	–	–139	–5 530
Additions	–	3 662	–	496	4 158
Unused amounts reversed	–	–46	–	–55	–101
Exchange differences	–	223	–	–1	222
Balance at December 31, 2014	**–**	**2 279**	**–**	**607**	**2 886**
Whereof at December 31, 2013:					
Current portion	–	3 180	–	192	3 372
Non-current portion	–	651	–	114	765
Whereof at December 31, 2014:					
Current portion	–	1 489	–	597	2 086
Non-current portion	–	790	–	10	800

26. Equity

The issued share capital of the Company consists of 420 000 bearer shares (2013: 420 000 shares) with a par value of CHF 50.00 each and 240 000 registered shares (2013: 240 000 shares) with a par value of CHF 10.00 each. All issued shares are fully paid. The Company has no authorized or conditional capital.

At December 31, 2014, "treasury shares" consisted of 31 bearer share (2013: 1 share) and 205 registered shares (2013: 205 shares).

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

The Company's statutory or legal reserves that may not be distributed amounted to CHF 4 730 000 at December 31, 2014 (2013: CHF 4 717 000).

Goodwill from acquisitions

Goodwill from acquisitions is fully offset against equity at the date of acquisition. The impact of the theoretical capitalization and amortization of goodwill is disclosed below:

In CHF 1000	Cost	Accumulated amortization	Theoretical net book value
Balance at January 1, 2013	27 920	–16 963	10 957
Subsequent purchase price adjustments	–1 230	–	–1 230
Amortization charge	–	–3 997	–3 997
Impairment charge	–	–434	–434
Balance at December 31, 2013	26 690	–21 394	5 296
Amortization charge	–	–3 525	–3 525
Balance at December 31, 2014	**26 690**	**–24 919**	**1 771**

Subsequent purchase price adjustments relate to the reduction of the contingent purchase consideration from an acquisition of a subsidiary during 2011 (see note 25).

Impact on income statement:

In CHF 1000	2014	2013
Profit for the year according to the consolidated income statement	11 106	112
Amortization of goodwill	–3 525	–3 997
Impairment of goodwill	–	–434
Theoretical profit for the year including amortization and impairment of goodwill	**7 581**	**–4 319**

Impact on balance sheet:

In CHF 1000	2014	2013
Equity according to the balance sheet	173 359	157 266
Theoretical capitalization of goodwill (net book value)	1 771	5 296
Theoretical equity including net book value of goodwill	**175 130**	**162 562**
Equity according to balance sheet	173 359	157 266
Equity as % of total assets	68.4%	70.8%
Theoretical equity including net book value of goodwill	175 130	162 562
Theoretical equity including net book value of goodwill as % of total assets	68.6%	71.5%

27. Contingent liabilities

On January 26, 2010, Seaway Group S.a.r.l., Slovenia ("Seaway"), summoned Gurit to appear before the court in order to intervene in the proceedings between Seaway and its customer Poncin Yachts, France ("Poncin"). The proceedings between Seaway and Poncin were in relation to a yacht manufactured by Seaway for Poncin. Gurit supplied Seaway with material for the manufacture of said yacht. At the hearing in May 2014, Seaway asked the court to remove the file from the files to be judged by the court. As a settlement has been reached between Seaway and Poncin, Gurit assumes that the intervention claim against Gurit has come to an end and therefore considers the case as closed.

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

28. Commitments

Capital expenditures for the purchase of property, plant and equipment contracted for at the balance sheet date but not yet incurred amount to CHF 3 933 000 (2013: CHF 635 000).

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

In CHF 1000	2014	2013
No later than 1 year	3 135	3 234
Later than 1 year, no later than 5 years	5 819	7 236
Later than 5 years	5 264	5 920
Total commitments	**14 218**	16 390

29. Acquisition of subsidiaries

The cash inflow of CHF 185 000 in 2013 from acquisition of subsidiaries related to purchase price adjustment from a past acquisition.

30. Related party transactions

In CHF 1000	2014	2013
Salaries and other short-term employee benefits	2 700	2 344
Post-employment benefits (including employers' social charges)	441	392
Share-based compensation	291	253
Total Key Management compensation	**3 432**	2 989

Key Management includes members of the Board of Directors and members of the Executive Committee.

The members of the Board of Directors receive a fixed number of bearer shares of the Company as part of their total annual remuneration. These shares are subject to a lock-up period of three years. For the year 2014, the Board of Directors received, in aggregate, 150 bearer shares (2013: 150 bearer shares).

The Chief Executive Officer receives a fixed number of 300 bearer shares of the Company per year as part of his total annual compensation. These shares are subject to a lock-up period of three years.

In accordance with a management share participation plan, selected categories of Management receive a part of their compensation in form of bearer shares of the Company. These shares are subject to a lock-up period of three years. In 2014, other members of the Executive Committee received, in aggregate, 150 bearer shares (2013: 150 bearer shares).

31. Subsequent events

The decision of the Swiss National Bank on January 15, 2015, to discontinue the minimum exchange rate of CHF 1.20 per euro has lead to a strengthening of the Swiss franc. Most of the Group's business activities are conducted outside of Switzerland and the Group's sales and cost of sales are mainly generated in euro, US dollar, Chinese yuan, and GB pound. The Group's assets and liabilities are mainly held in euro, Canadian dollar, Chinese yuan, and GB pound. The strengthened Swiss franc therefore mainly affects the Group's reported CHF value of its sales, cost of sales as well as total assets and total liabilities, but has only minor impacts on the Group's relative profit margin and the equity ratio.

No other significant events occurred between the balance sheet date and March 6, 2015, the date on which these consolidated financial statements were signed off by the Board of Directors for publication.

32. Subsidiaries

Company	Activity
Brazil	
Gurit do Brasil Representações Ltda., Sorocaba	Sales of composite materials
Canada	
Gurit Americas Inc., Magog	Production and sales of composite materials
China	
Cheer Tech Investment, Hong Kong	Holding company
Gurit (Qingdao) Composite Material Co., Ltd., Qingdao	Production and sales of composite materials
Gurit (Tianjin) Composite Material Co., Ltd., Tianjin	Production and sales of composite materials
Gurit Tooling (Taicang) Co., Ltd., Taicang	Production and sales of composite process equipment
Ecuador	
Balsablock Cia. Ltda., Guayaquil	Production of balsa wood core panels
Gurit Balsaflex, Cia. Ltda., Quevedo***	Production of balsa wood core panels
Germany	
Gurit (Kassel) GmbH, Kassel	Production and sales of composite materials
Hungary	
Gurit (Hungary) Kft, Székesfehérvár	Production of automotive body panels
India	
Gurit (India) Pvt. Ltd., Pune	Sales of composite materials
Italy	
Gurit (Italy) S.R.L., Dusino San Michele	Sales of composite materials
New Zealand	
High Modulus International, Auckland**	Holding company
Gurit (Asia Pacific) Ltd., Auckland	Structural engineering, production, and sales of composite materials
Spain	
Gurit Balsa, S.L., Girona	Sales of balsa wood core panels
Gurit (Spain) S.A., Albacete	Production and sales of composite materials
Switzerland	
Heberlein & Co. AG, Wattwil**	Real estate company
Gurit Composite Materials AG, Zurich	Trading company
Gurit (Ittigen) AG, Ittigen**	Dormant company
Gurit Services AG, Zurich	Management service company
Gurit (Zullwil) AG, Zullwil	Production and sales of composite materials
United Kingdom	
Gurit Automotive Ltd., Newport	Production and sales of automotive body panels
Gurit Material Systems Ltd., Newport	Holding company
Gurit (Newport) Ltd., Newport**	Dormant company
Gurit (UK) Ltd., Newport	Structural engineering, production, and sales of composite materials
High Modulus Europe, Hamble**	Dormant company
SP Group Ltd., Newport	Holding company
SP Holdings, Newport	Holding company
USA	
Gurit (USA) Inc., Bristol	Structural engineering and sales of composite materials

Registered capital	Group ownership and voting rights 2014	2013
BRL 100 000	100%	100%
CAD 38 626 898	100%	100%
HKD 1	100%	100%
CNY 62 090 245	100%	100%
CNY 128 856 923	100%	100%
CNY 68 559 206	100%	100%
USD 1 000 000	99% *	99% *
USD 1 500 000	99% *	99% *
EUR 100 000	100%	100%
HUF 3 000 000	100%	100%
INR 3 269 080	100%	100%
EUR 10 000	100%	100%
–	0%	100%
NZD 6 830 085	100%	100%
EUR 1 000 000	100%	100%
EUR 1 552 744	100%	100%
–	0%	100%
CHF 500 000	100%	100%
–	0%	100%
CHF 500 000	100%	100%
CHF 500 000	100%	100%
GBP 500 000	100%	100%
GBP 52 011 300	100%	100%
–	0%	100%
GBP 142 571	100%	100%
–	0%	100%
GBP 3 333 324	100%	100%
GBP 1 394 554	100%	100%
USD 3 000	100%	100%

* Minority interests are ignored due to immateriality
** Company liquidated / merged
*** Formerly known as Del.E.B.ES, CIA. LTDA., Quevedo

Report of the Statutory Auditor to the General Meeting on the Consolidated Financial Statements

As statutory auditor, we have audited the consolidated financial statements of Gurit Holding AG, which comprise the balance sheet, income statement, cash flow statement, statement of changes in equity and notes (pages 39 to 75), for the year ended December 31, 2014.

Board of Directors' Responsibility

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

Auditor's Responsibility

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

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

Opinion

In our opinion, the consolidated financial statements for the year ended December 31, 2014, give a true and fair view of the financial position, the results of operations and the cash flows in accordance with Swiss GAAP FER and comply with Swiss law.

Report on other legal requirements

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

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

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

PricewaterhouseCoopers AG

Patrick Balkanyi	Simon Dejung
Audit expert	Audit expert
Auditor in charge	

Zurich, March 6, 2015

Income Statement

In CHF 1000	Year ended December 31, 2014	Year ended December 31, 2013
Income from investments	7 770	3 651
Other income	837	740
Finance income	4 451	2 636
Total income	**13 058**	7 027
Provision on loans to group companies	–2 000	–200
Finance expense	–1 373	–1 092
Stewardship expense	–4 243	–3 320
Administration expense	–1 197	–1 112
Total expenses	**–8 813**	–5 724
Ordinary result	**4 245**	1 303
Gain from disposal of non-operating real estate	2 051	–
Profit before tax	**6 296**	1 303
Tax expense	–232	–
Profit for the year	**6 064**	1 303

Balance Sheet

In CHF 1000	Note	At December 31, 2014	At December 31, 2013
Assets			
Cash and cash equivalents		250	1 338
Other receivables from third parties		176	162
Other receivables from Group companies		2 813	916
Prepayments and accrued income		–	5
Loans to Group companies		1 290	1 542
Current assets		4 529	3 963
Loans to Group companies		24 285	23 152
Investments	1	103 273	111 862
Treasury shares	4	28	15
Non-current assets		127 586	135 029
Total assets		**132 115**	**138 992**
Liabilities and equity			
Bank loans		7 000	4 000
Loans from Group companies		3 789	14 034
Other payables to third parties		10	27
Other payables to Group companies		2 564	1 568
Accruals and provisions		1 441	820
Current liabilities		14 804	20 449
Bank loans		1 000	6 000
Loans from Group companies		1 127	–
Provisions		87	–
Non-current liabilities		2 214	6 000
Total liabilities		**17 018**	**26 449**
Share capital	2	23 400	23 400
General reserves:			
– Reserves from capital contributions	3	22 194	25 704
– Other general reserves		4 680	4 680
Reserves for treasury shares	4	50	37
Retained earnings		64 773	58 722
Total equity		**115 097**	**112 543**
Total liabilities and equity		**132 115**	**138 992**

Notes to the Financial Statements

1. Investments

Company	Activity
Brazil	
Gurit do Brasil Representações Ltda., Sorocaba	Sales of composite materials
Canada	
Gurit Americas Inc., Magog	Production and sales of composite materials
China	
Cheer Tech Investment, Hong Kong	Holding company
Gurit (Qingdao) Composite Material Co., Ltd., Qingdao	Production and sales of composite materials
Gurit (Tianjin) Composite Material Co., Ltd., Tianjin	Production and sales of composite materials
Hungary	
Gurit (Hungary) Kft, Székesfehérvár	Production of automotive body panels
India	
Gurit (India) Pvt. Ltd., Pune	Sales of composite materials
Italy	
Gurit (Italy) S.R.L., Dusino San Michele	Sales of composite materials
New Zealand	
High Modulus International, Auckland*	Holding company
Gurit (Asia Pacific) Ltd., Auckland	Structural engineering, production, and sales of composite materials
Spain	
Gurit Balsa, S.L., Girona	Sales of balsa wood core panels
Switzerland	
Heberlein & Co. AG, Wattwil*	Real estate company
Gurit Composite Materials AG, Zurich	Trading company
Gurit (Ittigen) AG, Ittigen*	Dormant company
Gurit Services AG, Zurich	Management service company
Gurit (Zullwil) AG, Zullwil	Production and sales of composite materials
United Kingdom	
Gurit Automotive Ltd., Newport	Production and sales of automotive body panels
Gurit Material Systems Ltd., Newport	Holding company

* Company merged during the year

Registered capital	Group ownership and voting rights	
	2014	2013
BRL 100 000	99%	99%
CAD 38 626 898	36%	36%
HKD 1	100%	100%
CNY 62 090 245	100%	100%
CNY 128 856 923	100%	100%
HUF 3 000 000	100%	100%
INR 3 269 080	100%	100%
EUR 10 000	100%	100%
–	0%	100%
NZD 6 830 085	100%	100%
EUR 1 000 000	100%	100%
–	0%	100%
CHF 500 000	100%	100%
–	0%	100%
CHF 500 000	100%	100%
CHF 500 000	100%	100%
GBP 500 000	100%	100%
GBP 52 011 300	100%	100%

2. Share capital

The share capital at December 31 consisted of:

In CHF 1000	2014	2013
240 000 registered shares at CHF 10.00	2 400	2 400
420 000 bearer shares at CHF 50.00	21 000	21 000
Total share capital	**23 400**	**23 400**

3. Reserves from capital contributions

In CHF 1000	2014	2013
Balance at January 1	25 704	32 724
Distribution of reserves from capital contributions	–3 510	–7 020
Balance at December 31	**22 194**	**25 704**

4. Treasury shares

The reserves for treasury shares were valued using the weighted average purchase price method. At December 31, 2014, the reserves for treasury shares amounted to CHF 50 000 (2013: CHF 37 000) and thereby covered the treasury shares recognized as assets of CHF 28 000 (2013: CHF 15 000).

In number of shares	2014	2013
Registered shares:		
Balance at January 1	205	205
Balance at December 31	**205**	**205**
Bearer shares:		
Balance at January 1	1	1
Additions (at CHF 480.80/CHF 401.94 each)	975	1 005
Disposals (used for share-based compensation of Board of Directors)	–150	–150
Disposals (used for share-based compensation of employees)	–795	–855
Balance at December 31	**31**	**1**

5. Contingent liabilities

In CHF 1000	2014	2013
Guarantees in favor of banks of subsidiaries, as security for bank loans of these subsidiaries	4 262	1 097
Guarantees in favor of banks of the Group, in respect to credit frame agreements of the Group	43 437	41 738

6. Significant shareholders

In percentage of all voting rights (all above 3%)	2014	2013
Huwa Finanz- und Beteiligungs AG, Heerbrugg (registered shares)	33.33%	33.33%
Whale Holding AG, Zug (Martin Bisang, Küsnacht)	5.30%	5.30%
Robert Heberlein, Zumikon	4.60%	4.60%
J. Safra Sarasin Investmentfonds AG, Basel	3.11%	3.11%

7. Hidden reserves

In CHF 1000	2014	2013
Release of hidden reserves	2 218	14 254

8. Management participation

In number of shares	2014	
	Bearer shares	Registered shares
Board of Directors		
Peter Leupp (Chairman)	250	–
Stefan Breitenstein (member since April 10, 2014)	70	–
Nick Huber (member)	280	–
Urs Kaufmann (member)	285	–
Peter Pauli (member)	300	–
Total Board of Directors	**1 185**	**–**
Executive Committee		
Rudolf Hadorn (CEO)	2 401	–
Damian Bannister (member)	150	–
Stefan Gautschi (member)	100	–
Markus Knuesli Amacker (member)	200	–
Total Executive Committee	**2 851**	**–**
Total Management participation	**4 036**	**–**

In number of shares	2013	
	Bearer shares	Registered shares
Board of Directors		
Peter Leupp (Chairman)	200	–
Robert Heberlein (member until April 10, 2014)	10 765	19 545
Nick Huber (member)	255	–
Urs Kaufmann (member)	260	–
Peter Pauli (member)	275	–
Total Board of Directors	11 755	19 545
Executive Committee		
Rudolf Hadorn (CEO)	1 601	–
Damian Bannister (member)	150	–
Stefan Gautschi (member)	50	–
Markus Knuesli Amacker (member)	150	–
Total Executive Committee	1 951	–
Total Management participation	13 706	19 545

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

10. Basis of preparation
Applying the transitional provisions of the new accounting law, these financial statements have been prepared in accordance with the provisions on accounting and financial reporting of the Swiss Code of Obligations effective until 31 December 2012.

Proposal of the Board of Directors for the Appropriation of Available Earnings and Reserves from Capital Contributions

Appropriation of available earnings as proposed by the Board of Directors

In CHF 1000	2014	2013
Retained earnings carried forward from previous year	58 722	57 419
Net profit for the year	6 064	1 303
Allocation to reserves for treasury shares	– 13	–
Retained earnings available to the Annual General Meeting	**64 773**	58 722
To be carried forward	**64 773**	58 722

Appropriation of reserves from capital contributions

In CHF 1000	2014	2013
Reserves from capital contributions carried forward from previous year	22 194	25 704
Distribution to shareholders from reserves from capital contributions	–3 978	–3 510
To be carried forward	**18 216**	22 194

If this proposal is approved by the Annual General Meeting on April 9, 2015, the distributions will be made as follows:

CHF 1.70	per registered share
CHF 8.50	per bearer share

The distribution is payable on submission of voucher number 34.

Report of the Statutory Auditor to the General Meeting on the Financial Statements

As statutory auditor, we have audited the financial statements of Gurit Holding AG, which comprise the balance sheet, income statement and notes (pages 78 to 85), for the year ended December 31, 2014.

Board of Directors' Responsibility

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

Auditor's Responsibility

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

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

Opinion

In our opinion, the financial statements for the year ended December 31, 2014, comply with Swiss law and the company's articles of incorporation.

Report on other legal requirements

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

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

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

PricewaterhouseCoopers AG

Patrick Balkanyi	Simon Dejung
Audit expert	Audit expert
Auditor in charge	

Zurich, March 6, 2015

Gurit Addresses

Registered office

Gurit Holding AG
Ebnater Strasse 79
CH-9630 Wattwil
Switzerland

Gurit Group Management

Gurit Services AG
Christine Kunz, Executive Assistant
Schaffhauserstrasse 339
CH-8050 Zurich Oerlikon
Switzerland

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

www.gurit.com
Corporate e-mail: info@gurit.ch

Imprint
Gurit Holding AG, Wattwil, Switzerland
c/o Gurit Services AG, Schaffhauserstrasse 339, CH-8050 Zurich
Tanja Moehler, Group Communications/Investor Relations

Printing
Neidhart+Schön AG, Zurich

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

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