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Half-year report 2007

- Half-year 2007 sales up by 19.5% to CHF 224.4 million
- Expansion costs and higher raw material prices bring EBIT down to CHF 4.1 million
- Maintaining high growth dynamic in second half-year

Sales continue to grow strongly

Gurit reports a 19.5% sales increase to CHF 224.4 million for the first half of 2007. Material and technology deliveries for Wind Energy applications accounted for 55% of Group sales. While the underlying market grew at some 27%, Gurit increased its Wind Energy operations by 39%. Expanding its global reach and extending its customer base, Gurit is clearly gaining market share in this dynamic market. The new plant in China, officially inaugurated as planned on August 22, is an important step in Gurit's growth strategy.

The higher than expected cumulated effects of the late production start for prepregs in Canada, the expansion costs and raw material price increases which have not yet been passed on to customers, resulted in a low EBIT of CHF 4.1 million.

The second half of the year will be stronger. For the full year 2007, Gurit expects an EBIT margin below last year's figure, before the EBIT margin returns to a more attractive target range in 2008.

Mastering and accommodating growth proved to be the main topic for Gurit in the first half of 2007. Compared with the same period of last year, consolidated sales increased by 19.5% to CHF 224.4 million. Material and technology shipments for the global Wind Energy market increased even by 39% and largely exceeded the 27% growth rate of the underlying market. Gurit is clearly gaining market share in this important application area which currently accounts for some 55% of Group sales.

Chinese factory opened on schedule

To master this kind of rapid expansion, Gurit had launched various projects to prepare the Group for the future: The purpose-built production facility in China was largely finished during the first six months of the year and officially inaugurated as planned on August 22. Today, Gurit is producing fibre-reinforced composites (prepregs) as well as tailoring and kitting structural foam materials locally in China.

Late prepreg production start in Canada

Relocating existing equipment from Europe to Canada and dedicating it to the manufacture of a different material range turned out to be a far more complex undertaking than anticipated. Instead of initiating commercial production early in the year as originally planned, the manufacture of prepregs in North America only started after various rounds of rather intricate modifications, fine-tuned in close cooperation with customers. This production line is now also up and running.

Growth related costs and higher raw material prices put pressure on EBIT

The Group's operating profit was negatively impacted by this delay: Direct costs consisted of various refitting efforts including custom-made changes to the equipment, longer-than-expected machine and product trials as well as qualification runs. The incurred production delays also led to indirect costs, such as necessary alterations in the production planning at other Gurit production units during the second quarter as well as ultimately higher shipping costs to fulfil supply agreements in North America. Also the expansion projects which ran fully on track led to not capitalized expansion costs during the first half of this

year. These costs, together with the effect of the delay in Canada, led in almost equal parts to one-off costs of CHF 9 million.

In addition, raw material and energy costs have increased by up to 20%. These price increases could not yet be fully passed on to customers. What is more, the first half of 2007 saw a change to a less favourable production mix. All these factors together brought the Group EBIT down to CHF 4.1 million, from CHF 14.5 million in the same period the year before.

Strong growth in Wind Energy

Gurit achieved the strongest growth with material supplies and technology solutions for the Wind Energy market. While the underlying market grew at some 27% world-wide, Gurit increased sales in this area from CHF 88.2 million in the first half of 2006 by 39% to CHF 122.6 million in the first six months of this year. Adding new important wind blade and wind turbine manufacturers to its customer list and extending its global reach, Gurit is rapidly gaining market share in this dynamic growth market.

The Wind Energy market has become a global and much more consolidated business during the course of the last few years. Especially the big international wind turbine manufacturers rely on globally present sourcing partners. Having major production resources in Europe, North America and Asia, Gurit is now able to supply all its major international wind energy customers from regional production sites. Therefore, Gurit expects to continue to grow faster than the underlying market and to further strengthen its world-wide market position.

Broader customer base in Transportation

The slight 2.2% sales decrease in Transportation mostly reflects the delays in Airbus' A380 program. Building up a specialized automotive parts business, Gurit will extend the customer base in the Transportation market which today accounts with CHF 31.0 million for 14% of Group sales: Having proven last year to be able to produce so called Class-A car body parts made of carbon prepregs at attractive prices, Gurit has been successful in attracting the attention of various car producers for this new capa-

bility. Class-A carbon car body parts can be painted just like any traditional metal or aluminium car body panels. For smaller series or limited editions of cars, shifting from metal to composites is technologically very attractive and economically a truly cost-efficient production method.

The manufacture of fenders, hoods and trunk lids for a European super-luxury car is scheduled to commence in the last quarter of 2007. To enter this market, Gurit has built a new automotive industry supply centre on the Isle of Wight. This business, however, will not strengthen the EBIT during the start-up phase.

Building on expertise in Marine, Sport & Civil Engineering

Providing materials and engineering services for eight out of twelve America's Cup teams, Gurit again proved to be at the forefront of technological developments in the marine business. This high-end expertise is increasingly leveraged successfully into the rapidly growing top range of the production boat business.

The mild winter in Europe once again put pressure on the winter sports industry; the volumes Gurit shipped for winter sports applications were smaller than in previous years.

Growing demand was seen from civil engineering and architectural markets and Gurit is currently adding additional capacity for these applications.

Overall, materials and technology supplies to the Marine, Sport and Civil Engineering market accounted for CHF 61,7 million which is 3.3% below the same figure last year. This market makes up 27% of Group sales.

Half-year results

For the first half-year of 2007, Gurit reports an EBIT of CHF 4.1 million after CHF 14.5 million in the same period last year. The net financial result amounts to CHF 0.8 million after CHF 0.4 million and tax payments also totalled CHF 0.8 million after CHF 3.9 million last year. This translates into a net income figure for the first half of 2007 of CHF 2.5 million. This result is not directly comparable with the result of the same period last year (CHF 20.3 million) which still included a sizable earnings contribution of the now independent Medisize Group.

Current assets show a strong increase in inventories. The bigger portion of this surge is linked to the growth of the business volume and the expansion of production sites. Another reason are raw material inventories which were increased to enhance the ongoing security of supplies.

The rise in fixed assets reflects the current investment program.

Shareholders' capital stood at CHF 327.0 million. The increase is mainly attributable to the sale of treasury stock; respective profits were directly recognized in equity and not shown in the profit and loss statement. Showing an equity ratio of 64%, Gurit continues to be very solidly financed.

Funds paid for operating activities and investment activities amounted in total to CHF 27.6 million (before dividend payments). With CHF 25.2 million, investments into property, plant and equipment made up the largest part by far. The necessary means were provided by bank loans, through the sale of treasury stock and a reduction of liquid assets.

Necessary price increases and lower expansion costs in the second half of 2007

After the massive raw material price increases, Gurit has to adapt its sales prices to the new cost levels of the world market. Maintaining and extending its global market position will imply further expansion projects in the foreseeable future. At the Group's current growth rate, annual capital expenditures will continue to be considerable, exceeding the level of normal depreciation.

The expansion projects currently under way may lead to additional growth-related costs until their completion – yet to a lesser extent than in the first half of 2007. Growing sales as dynamically as before, Gurit expects a stronger second semester, yet a lower EBIT margin for the full fiscal year compared with last year. From 2008 onwards, Gurit's EBIT margin should find its way back into a more attractive target range.

Yours sincerely
Gurit Holding AG



Dr. Paul Hälg, Chairman of the Board of Directors



Jouni Heinonen, Chief Executive Officer

Group Income Statement

IN CHF 1000

| | 1 HY 2007 | 1 HY 2006 |
|---|--------------|---------------|
| Income statement | | |
| Net sales | 224 391 | 188 000 |
| Cost of goods sold | -139 002 | -102 600 |
| Personnel expenses | -44 711 | -41 000 |
| Other operating expenses | -16 084 | -11 500 |
| Marketing and administrative expense | -12 490 | -11 200 |
| Sundry operating result | -833 | 200 |
| Depreciation and amortization | -7 197 | -7 400 |
| Operating profit | 4 074 | 14 500 |
| Financial expenses | -2 380 | -2 000 |
| Financial income | 1 567 | 1 600 |
| Profit before tax | 3 261 | 14 100 |
| Tax expenses | -783 | -3 900 |
| Result from discontinuing operations (Health Care Division) | 0 | 10 144 |
| Profit after tax | 2 478 | 20 344 |
| Minority interest | 0 | 0 |
| Group profit | 2 478 | 20 344 |
| Half-year earnings per bearer share | CHF 5.40 | CHF 44.21 |
| Diluted half-year earnings per bearer share | CHF 5.40 | CHF 44.11 |
| Half-year earnings per registered share | CHF 1.08 | CHF 8.84 |
| Diluted half-year earnings per registered share | CHF 1.08 | CHF 8.82 |

Group Balance Sheet

[Group Income Statement](#)
[Group Balance Sheet](#)
[Group Cash Flow Statement \(condensed\)](#)
[Shareholders' Equity and Minority Interests](#)
[Selected Notes](#)

IN CHF 1000

| | 30.06.2007 | 31.12.2006 | 30.06.2006 |
|--|----------------|----------------|----------------|
| Assets | | | |
| Cash and cash equivalents | 32 366 | 35 580 | 31 068 |
| Securities through profit&loss | 184 | 8 484 | 0 |
| Accounts receivable from deliveries and sales | 76 393 | 80 806 | 66 757 |
| Tax assets | 1 626 | 218 | 119 |
| Other receivables and accruals | 14 952 | 10 524 | 9 759 |
| Inventories | 63 105 | 45 474 | 42 200 |
| Current assets | 188 626 | 181 086 | 149 903 |
| Property, plant and equipment | 139 541 | 115 160 | 107 357 |
| Financial assets | 3 479 | 3 300 | 41 813 |
| Intangible assets | 175 303 | 171 830 | 163 784 |
| Deferred tax assets | 2 772 | 1 394 | 2 236 |
| Non-current assets | 321 095 | 291 684 | 315 190 |
| Total assets | 509 721 | 472 770 | 465 093 |
| Equity and liabilities | | | |
| Bank loans | 39 839 | 36 506 | 57 984 |
| Accounts payable to suppliers | 51 355 | 47 907 | 32 600 |
| Other accounts payable and accruals | 15 271 | 22 380 | 22 108 |
| Tax liabilities | 4 291 | 1 947 | 3 443 |
| Short-term provisions | 9 678 | 8 963 | 17 942 |
| Current liabilities | 120 434 | 117 703 | 134 077 |
| Mortgage and loans | 42 517 | 23 563 | 18 033 |
| Other long-term liabilities | 0 | 0 | 571 |
| Deferred taxes | 16 825 | 16 794 | 15 511 |
| Long-term provisions | 2 952 | 2 937 | 3 912 |
| Non-current liabilities | 62 294 | 43 294 | 38 027 |
| Total liabilities | 182 728 | 160 997 | 172 104 |
| Share capital | 23 300 | 22 861 | 22 974 |
| Additional paid-in capital | 28 642 | 28 642 | 28 642 |
| Currency translation adjustments | 21 217 | 14 592 | 3 959 |
| retained earnings | 253 834 | 245 678 | 237 414 |
| Total equity (excl. minority interests) | 326 993 | 311 773 | 292 989 |
| Total equity | 326 993 | 311 773 | 292 989 |
| Total equity and liabilities | 509 721 | 472 770 | 465 093 |

Group Cash Flow Statement (condensed)

IN CHF 1000

| | 1 HY 2007 | 1 HY 2006 |
|--|----------------|----------------|
| Cash flow from operating activities | -2 381 | 18 945 |
| Investments in fixed assets (net) | -25 185 | -5 522 |
| Investments in financial assets (net) | 90 | -155 |
| Investments in intangible assets (net) | -116 | -47 |
| Cash flow from investment activities Health Care | 0 | -2 596 |
| Cash flow from investment activities | -25 211 | -8 320 |
| Change in current bank loans and other loans (net) | 18 038 | 3 458 |
| Other financing activities | 0 | -723 |
| Sale of treasury stock | 12 060 | 1 548 |
| Lease payments | -183 | 0 |
| Dividend distribution | -5 943 | -11 034 |
| Cash flow from financing activities Health Care | 0 | -2 492 |
| Cash flow from financing activities | 23 972 | -9 243 |
| Exchange rate differences | 406 | 411 |
| Total cash flow | -3 214 | 1 793 |
| Separation Health Care Division | 0 | -27 137 |
| Change in cash and cash equivalents | -3 214 | -25 344 |
| Cash and cash equivalents at beginning of the year | 35 580 | 56 412 |
| Cash and cash equivalents at end of half year | 32 366 | 31 068 |

Shareholders' Equity and Minority Interests

IN CHF 1000

| | Equity Share capital | Additional paid-in capital | Cur. transl. adjustments | Retained earnings | Gurit shareholders' equity | Minority interests | Total Equity |
|--|----------------------------|-------------------------------|-----------------------------|----------------------|----------------------------------|-----------------------|-----------------|
| 31.12.2005 | 46 035 | 28 642 | -850 | 349 986 | 423 813 | 0 | 423 813 |
| Half-year group profit | | | | 20 344 | 20 344 | | 20 344 |
| Currency effects | | | -3 570 | | -3 570 | | -3 570 |
| <i>Total of all profit and losses</i> | <i>0</i> | <i>0</i> | <i>-3 570</i> | <i>20 344</i> | <i>16 774</i> | <i>0</i> | <i>16 774</i> |
| Dividend distribution | | | | -11 036 | -11 036 | | -11 036 |
| Split-off Health Care division | -23 400 | | 8 379 | -122 537 | -137 558 | | -137 558 |
| Change in treasury stock | 339 | | | 657 | 996 | | 996 |
| <i>Total transaction with shareholders</i> | <i>-23 061</i> | <i>0</i> | <i>8 379</i> | <i>-132 916</i> | <i>-147 598</i> | <i>0</i> | <i>-147 598</i> |
| 30.06.2006 | 22 974 | 28 642 | 3 959 | 237 414 | 292 989 | 0 | 292 989 |
| Half-year group profit | | | | 8 402 | 8 402 | | 8 402 |
| Currency effects | | | 10 633 | | 10 633 | | 10 633 |
| <i>Total of all profit and losses</i> | <i>0</i> | <i>0</i> | <i>10 633</i> | <i>8 402</i> | <i>19 035</i> | <i>0</i> | <i>19 035</i> |
| Change in treasury stock | -113 | | | -138 | -251 | | -251 |
| <i>Total transaction with shareholders</i> | <i>-113</i> | <i>0</i> | <i>0</i> | <i>-138</i> | <i>-251</i> | <i>0</i> | <i>-251</i> |
| 31.12.2006 | 22 861 | 28 642 | 14 592 | 245 678 | 311 773 | 0 | 311 773 |
| Half-year group profit | | | | 2 478 | 2 478 | | 2 478 |
| Currency effects | | | 6 625 | | 6 625 | | 6 625 |
| <i>Total of all profit and losses</i> | <i>0</i> | <i>0</i> | <i>6 625</i> | <i>2 478</i> | <i>9 103</i> | <i>0</i> | <i>9 103</i> |
| Dividend distribution | | | | -5 943 | -5 943 | | -5 943 |
| Change in treasury stock | 439 | | | 11 621 | 12 060 | | 12 060 |
| <i>Total transaction with shareholders</i> | <i>439</i> | <i>0</i> | <i>0</i> | <i>5 678</i> | <i>6 117</i> | <i>0</i> | <i>6 117</i> |
| 30.06.2007 | 23 300 | 28 642 | 21 217 | 253 834 | 326 993 | 0 | 326 993 |

Selected Notes

This unaudited consolidated half-year report was prepared in accordance with IAS 34, using the same principles of consolidation and accounting policies as in the year-end report 2006. The new standards and the amended standards, all effective as of January 1, 2007, lead to no changes in this half-year report.

In the previous year's figures, the Health Care division, which was separated as of June 23, 2006, under the name Medisize Holding AG is shown as "discontinued operations" and the corresponding result is shown separately in the income statement.

1) Material changes

Securities through profit&loss

The result of the sale of securities was used to finance the growth of the business volume.

Stock

The inventories increased because of the growth of the business volume and the expansion of the production sites by 38.8%.

Property, plant and equipment

The current investment program reflects the increase in property, plant and equipment.

Equity

The increase of equity is mainly attributable to the gain in the sale of treasury stock which was recognized directly under equity.

2) Exchange rates in CHF

| | 31.12.2006 | 30.06.2007 | Ø 1. HY 2007 | 30.06.2006 | Ø 1. HY 2006 |
|-------|------------|------------|--------------------|------------|--------------------|
| 1 USD | 1.225 | 1.2292 | 1.2271 | 1.2493 | 1.2697 |
| 1 EUR | 1.608 | 1.6511 | 1.6314 | 1.5655 | 1.5609 |
| 1 GBP | 2.397 | 2.4542 | 2.4191 | 2.2619 | 2.2725 |

3) Dividend

According to the general meeting from April 17, 2007 a dividend of 26% (CHF 13.– per registered share, CHF 2.60 per bearer share) was paid to the shareholders on April 20, 2007.

4) Segment information

IN CHF MIO.

| | 1 HY 2007 | | 1 HY 2006 | |
|--|--------------|---------------|--------------|---------------|
| Net sales | | | | |
| Composite | 222.4 | 99.1% | 185.3 | 98.6% |
| Other/Consolidation | 2.0 | 0.9% | 2.7 | 1.4% |
| Total net sales | 224.4 | 100.0% | 188.0 | 100.0% |
| EBITDA (operating profit before depreciation) | | | | |
| Composite | 11.8 | 5.3% | 22.2 | 11.8% |
| Other/Consolidation | -0.5 | -0.2% | -0.3 | -0.2% |
| Total EBITDA | 11.3 | 5.0% | 21.9 | 11.6% |
| EBIT (operating profit) | | | | |
| Composite | 5.0 | 2.2% | 15.3 | 8.1% |
| Other/Consolidation | -0.9 | -0.4% | -0.8 | -0.4% |
| Total EBIT | 4.1 | 1.8% | 14.5 | 7.7% |
| EBIT in % of net sales | | | | |
| Composite | 2.2% | | 8.3% | |
| Total EBIT in % | 1.8% | | 7.7% | |

5) Subsequent events

When the financial statements were signed off on August 29, 2007 the Board of Directors and the Group Management were not informed of any important events subsequent to the closing of the books.



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, this results, purely arithmetically, in a total of 468 000 shares.

Stock market trading:

The bearer shares are listed on SWX 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 |

Important dates:

March 2008: Key figures YE 2007
April 2008: Annual General Meeting
August 2008: Half-year report

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://www.gurit.com/investor-relations/news_en.html

This report contains forward-looking statements that include risk and uncertainties regarding the future global developments that cannot be influenced by the company. Forward-looking statements may reflect the intentions, beliefs or current expectations and projections of Gurit Holding AG about the future results of operations, financial condition, liquidity, performance and similar circumstances. Such statements are made on the basis of assumptions and expectations which may prove to be erroneous, although Gurit Holding AG believes them to be reasonable at this time.

This half-year report is also available in German. The German version is binding.

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