FINANCIAL REPORT 2017

WESTAG & GETALIT AG

WESTAG & GETALIT AG AT A GLANCE

	2017 [1]	2016 [1]	2015 [1]	2014	2013
Sales (in € '000)	**234,411**	**233,019**	**226,698**	**223,111**	**224,160**
Change over the previous year in percent	0.6%	2.8%	1.6%	- 0.5%	- 1.4%
Export sales (in € '000)	**54,583**	**50,170**	**47,046**	**44,740**	**46,158**
Change over the previous year in percent	8.8%	6.6%	5.2%	- 3.1%	- 5.5%
Export share	**23.3%**	**21.5%**	**20.8%**	**20.1%**	**20.6%**
Investments (in € '000) [2]	**13,844**	**8,002**	**12,319**	**15,914**	**12,416**
Change over the previous year in percent	73.0%	- 35.0%	- 22.6%	28.2%	18.0%
Depreciation (in € '000)	**9,775**	**10,071**	**10,506**	**9,988**	**10,066**
Change over the previous year in percent	- 2.9%	- 4.1%	5.2%	- 0.8%	3.3%
Cost of materials ratio	**48.8%**	**47.8%**	**48.7%**	**49.1%**	**48.7%**
Staff cost ratio	**31.7%**	**32.2%**	**31.9%**	**31.8%**	**31.4%**
Number of employees as of December 31 [3]	**1,279**	**1,308**	**1,304**	**1,301**	**1,284**
Change over the previous year in percent	- 2.2%	0.3%	0.2%	1.3%	- 0.2%
EBITDA (in € '000)	**18,112**	**19,964**	**18,358**	**18,549**	**18,852**
Change over the previous year in percent	- 9.3%	8.7%	- 1.0%	- 1.6%	- 6.1%
EBIT (in € '000)	**8,337**	**9,893**	**7,852**	**8,561**	**8,786**
Change over the previous year in percent	- 15.7%	26.0%	- 8.3%	- 2.6%	- 15.0%
EBT (earnings before tax. in € '000)	**9,099**	**10,542**	**8,602**	**8,858**	**9,111**
Change over the previous year in percent	- 13.7%	22.6%	- 2.9%	- 2.8%	- 15.4%
Net profit (in € '000)	**6,517**	**7,584**	**6,334**	**6,377**	**6,437**
Change over the previous year in percent	- 14.1%	19.7%	- 0.7%	- 0.9%	- 13.8%
Return on sales before taxes	**3.9%**	**4.5%**	**3.8%**	**4.0%**	**4.1%**
ROCE	**7.1%**	**9.0%**	**6.9%**	**7.6%**	**8.2%**
Operating cash flow (in € '000)	**12,173**	**19,235**	**16,622**	**16,612**	**22,905**
Change over the previous year in percent	- 36.7%	15.7%	0.1%	- 27.5 %	31.7%
Equity ratio	**65.3%**	**65.7%**	**67.9%**	**66.8%**	**68.2%**
Return on equity	**6.0%**	**7.0%**	**5.9%**	**6.1%**	**6.0%**
Number of shares [4]	**5,720,000**	**5,720,000**	**5,720,000**	**5,720,000**	**5,720,000**
Earnings per ordinary share (EPS. in €)	**1.19**	**1.38**	**1.14**	**1.15**	**1.16**
Change over the previous year in percent	- 13.8%	21.1%	- 0.9%	- 0.9%	- 14.1%
Earnings per preference share (EPS. in €)	**1.25**	**1.44**	**1.20**	**1.21**	**1.22**
Change over the previous year in percent	- 13.2%	20.0%	- 0.8%	- 0.8%	- 13.5%
Book value per share (in €) [5]	**20.32**	**20.12**	**19.93**	**19.29**	**19.79**
Change over the previous year in percent	1.0%	1.0%	3.3%	- 2.5%	1.4%
Dividend per ordinary share (in €) [6]	**0.74**	**0.94**	**0.74**	**0.94**	**0.94**
Change over the previous year in percent	- 21.3%	27.0%	- 21.3%	0.0%	0.0%
Dividend per preference share (in €) [6]	**0.80**	**1.00**	**0.80**	**1.00**	**1.00**
Change over the previous year in percent	- 20.0%	25.0%	- 20.0%	0.0%	0.0%

[1] The figures for 2015 until 2017 are for the first time presented at Group-wide level
[2] Including intangible assets
[3] Including trainees
[4] 50% ordinary shares and 50% preference shares each (2,860,000 shares each)
[5] The book value per share is calculated taking into account the portfolio of own shares
[6] For 2017 subject to the resolution of the Annual General Meeting on June 26, 2018

CORPORATE STRUCTURE

Divisions	Surfaces/Elements	
Products/Functions	Formwork panels Vehicle panels Industry floors Stage floors Sandwich panels	High pressure laminates (HPL) Kitchen worktops Window sills Interior construction products Solid surface material
Sales focus	Timber traders Construction industry Automotive industry Wagon building Plant engineering	Timber traders DIY stores Interior construction Furniture industry
Export focus	Europe	
Sales	€ 100.6 million	
Export share	30,0%	
Locations	Rheda-Wiedenbrück	Rheda-Wiedenbrück/Wadersloh

The formwork panels produced by the Surfaces/Elements Division provide solutions for high-quality fair-faced concrete surfaces.

The Surfaces/Elements Division offers a multi-faceted range of interior construction materials – from laminates and compound elements to prefabricated products.

Doors/Frames	Headquarters
Technical/high-performance doors/frames Fire/smoke protection Acoustic door sets Burglar-resistant systems Living space doors/frames Lattice walls Special doors	Controlling IT Human Resources Accounting Legal Purchasing Technical services Shipping Cogeneration plant
Timber traders Builders' merchants DIY stores Builders' hardware distributors Dry liners	Internal customers Utilities
Europe	
€ 126.9 million	€ 6,9 million
19,2%	
Rheda-Wiedenbrück	Rheda-Wiedenbrück

WESTAG & GETALIT AG

As a full-range supplier of design-oriented living space doors and technically demanding functional doors, we offer a multi-faceted, diverse product range for all residential and commercial/public requirements.

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LETTER TO SHAREHOLDERS

Dear readers,
dear shareholders,

Our 2017 Annual Report takes a look back at the past fiscal year. It was a year that confronted Westag & Getalit AG with different challenges in the relevant markets. The latter were influenced by diverse political issues at a national and international level as well as by the macroeconomic trend of the year 2017.

The eurozone economy showed a solid trend in the past year. The continued low-interest policy pursued by the European Central Bank again supported corporate and consumer spending. But topics such as the pick-up in the oil price and Brexit also had an impact on the economy in the course of the year.

The economic trend in Germany primarily reflected the availability of cheap capital. Germany's 2017 gross domestic product was up by 2.2% on the previous year. The economy thus expanded more dynamically than projected at the beginning of the year. This growth was supported, among other things, by improved employment figures and the resulting increase in consumer spending.

The German construction sector continued its positive trend also in 2017. At about 6%, growth was even higher than projected by industry experts at the beginning of the year. Based on current figures of the Federal Statistical Office, sales revenues in the building construction segment increased by approx. 7% in 2017. Housing construction activity also showed a positive trend again. By contrast, the number of new building permits declined by close to 8%. Moreover, the completion rate in the housing construction sector was adversely affected by a shortage of tradespeople and skilled labour in 2017. This also impacted the performance of Westag & Getalit AG in the past fiscal year.

At € 234.4 million, Westag & Getalit AG's consolidated sales revenues were slightly higher than in the previous year. While export revenues were up by 8.8% on 2017, total revenues hardly picked due to the weaker domestic business. The positive performance in the international markets was primarily driven by a pick-up in the project business of both divisions. On balance, however, we are not satisfied with the revenue trend in 2017, which was adversely affected by capacity bottlenecks and delays in the implementation of individual distribution-related measures. Sales revenues in the Surfaces/Elements Division were up by 2.2% on the previous year to € 100.6 million. At € 126.9 million, sales revenues in the Doors/Frames Division stayed at a high level compared to the previous years. As production capacity was already fully utilised, sales revenues remained almost constant from the previous year.

While revenues increased moderately, the Group's earnings declined in 2017 due to a rise in various expense types and the charges arising from the comprehensive reorganisation of the product range, especially for decorative surfaces.

In addition, we decided to discontinue the business activity of the Russian distribution company as our expectations in this market were not fulfilled. The resulting expenses are also recognised in the consolidated financial statements for 2017. At € 9.1 million, 2017 consolidated earnings before taxes were thus down on the previous year's € 10.5 million.

Earnings per share for 2017 came in at € 1.25 for the preference shares and at € 1.19 for the ordinary shares. In view of the drop in earnings, the Management Board and the Supervisory Board will propose a dividend of € 0.80 for the preference shares and of € 0.74 for the ordinary shares to the Annual General Meeting on June 26, 2018. This is equivalent to a dividend yield of approx. 3.5% based on the 2017 closing prices.

Fixed-asset investments of € 13.8 million were made in the fiscal year 2017. Much of this amount was invested in additional capacity for the Doors/Frames Division, with the focus on a multi-year investment in a frames finishing line, which has not been completed yet. We will continue to keep our plant and machinery at a high level of functionality going forward.

In view of the strategic measures already initiated and positive industry forecasts, we are optimistic about the future. At the beginning of 2018, our sales revenues showed a positive trend. Based on continued good construction activity and our sales efforts in both product segments, we project moderately rising revenues also for the further course of the year. Although the main expense items will continue to increase, we aim for a better result in 2018. This presupposes, however, that we will be able to offset cost increases by raising our own prices and increasing our sales volumes.

Our workforce will be instrumental in reaching the targets Westag & Getalit AG has set itself for the current year. We would like to take this opportunity to thank our employees for their great commitment and performance in the past fiscal year. Let us jointly make 2018 a successful year.

Rheda-Wiedenbrück, March 09, 2018

The Management Board

REPORT OF THE SUPERVISORY BOARD

Klaus Pampel
Chairman of the
Supervisory Board

Dear readers,

Although the economic environment was generally positive, the performance of Westag & Getalit AG was not satisfactory in some areas in the past fiscal year 2017.

At € 234.4 million, the Group's sales revenues were only slightly higher than the previous year's € 233.0 million. On the upside, export revenues increased at a disproportionate rate from € 50.2 million to € 54.6 million. While sales revenues in the Doors/Frames Division were almost on a par with the previous year for capacity reasons, the Surfaces/Elements Division increased its revenues moderately compared to the previous year.

An increase in several expense types, especially in conjunction with the expenses for the reorganisation of the product range in the Surfaces/Elements Division, and the discontinuation of the business activity of the Russian subsidiary sent the Group's net profit falling from € 7.6 million in the previous year to € 6.5 million.

The Supervisory Board performed the tasks imposed on it by law, the statutes, the German Corporate Governance Code and the rules of procedure in the fiscal year 2017. As a controlling body, the Supervisory Board primarily monitored the Management Board's management activities and thus supported and advised it on managing the company. The Management Board regularly provided us with timely and comprehensive information in oral and written reports on the strategies pursued, the sales and earnings trend, the company's financial situation, the state of the investment projects as well as on important individual events and measures. These reports as well as strategic issues were discussed in detail at the Supervisory Board meetings. The members of the Supervisory Board always had sufficient opportunity to critically review the reports and resolution proposals of the

Management Board and to make their own suggestions. The Chairman and the members of the Supervisory Board maintained a regular exchange of information and ideas between each other and with the Management Board. Material transactions requiring the approval of the Supervisory Board were discussed in detail and the respective resolutions were adopted. There were no indications of conflicts of interest on the part of the members of the Management Board and the Supervisory Board that would have had to be disclosed to the Supervisory Board. No changes occurred with regard to the composition of the Supervisory Board.

Meetings of the Supervisory Board

The Supervisory Board held four ordinary meetings in the fiscal year 2017. All meetings were attended by all Supervisory Board members, by a representative of our auditors and – save for of the meeting on September 19, 2017 – by all members of the Management Board. The Supervisory Board meetings were characterised by open, factual and constructive talks.

The consultations at the Supervisory Board meeting on March 29, 2017 focused on the separate and the consolidated financial statements for 2016 of Westag & Getalit AG and on the resolution on the Management Board's profit appropriation proposal for the fiscal year 2016.
Following the Management Board's report on current business developments, individual topics were discussed, including the implementation of material sales-related projects as well as risk management.

At the Supervisory Board meeting held after the Annual General Meeting on June 27, 2017, Mr Pampel was re-elected Chairman and Mr Holzinger was elected Vice Chairman of the Supervisory Board. The composition of the three Supervisory Board committees remained unchanged. Among the topics discussed at this meeting were the continued capacity bottlenecks in the Doors/Frames Division and the main expense types. The Supervisory Board also addressed the targets for the share of women in the company and defined new targets and deadlines for the Supervisory Board and the Management Board. At the meeting, we also looked at the statutory amendments regarding non-financial reporting as well as the anticipated effects of the "Entgelttransparenzgesetz" (Transparency of Remuneration Act).
The auditor elected at the Annual General Meeting was commissioned to conduct the audit and authorised to provide certain tax consulting and other advisory services.

At the Supervisory Board meeting on September 19, 2017, we discussed the current situation in the Surfaces/Elements Division and at our Russian subsidiary.

The main items on the agenda of the Supervisory Board meeting on December 12, 2017 included the revenue and earnings performance of the first ten months of the fiscal year as well as the plans and budgets for the fiscal year 2018. Following thorough discussion with the Management Board, we took note of and consented to the plans and budgets. We also approved the investment plan for 2018 previously explained by the Management Board. Other items included the extension of the audit assignment for the auditor regarding the non-financial report, the revision of the rules of procedure of the Supervisory Board on the basis of the German Corporate Governance Code as well as the new declaration of conformity pursuant to section 161 of the German Stock Corporation Act (AktG). The Supervisory Board also addressed the continuation of the share buy-back programme until December 31, 2018 and the efficiency review of the Supervisory Board.

Work of the committees

The members of the Audit Committee held two meetings in the past fiscal year. In compliance with the recommendations of the German Corporate Governance Code, the interim report and the quarterly statements of the year 2017 were discussed with the Management Board at telephone conferences before being released for publication.

At the meeting on March 29, 2017, the Audit Committee focused on the separate and the consolidated financial statements for the year 2016.

At the meeting on December 11, 2017, the Audit Committee discussed the focal points for the 2017 financial statements with a representative of the auditors. We also discussed the new version of the declaration of conformity pursuant to section 161 AktG as well as the rules of procedure of the Supervisory Board and performed the required regular efficiency review of the Supervisory Board. Another item on the agenda was the new non-financial report as well as the review by the auditor.

The Human Resources Committee held one meeting in the fiscal year on March 29, 2017. Additional votes were held on the phone.

At its meeting on March 29, 2017, the Nomination Committee decided to nominate Mr Heite and Dr. Schönbeck for re-election to the Supervisory Board. The Nomination Committee met again on December 11, 2017 and discussed the re-elections to the Supervisory Board to be held at the next Annual General Meeting. Mr Holzinger expressed his readiness to stand for re-election.

Separate and consolidated financial statements

The Management Board has prepared the separate financial statements for the fiscal year 2017 in accordance with the provisions of the German Commercial Code (HGB) and the consolidated financial statements for the fiscal year 2017 to International Financial Reporting Standards (IFRS). In addition, a combined management report was prepared.

The separate and the consolidated financial statements as well as the combined management report were audited by Peters & Partner GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Hanover, which was elected auditor by the Annual General Meeting on June 27, 2017 and subsequently commissioned by the Supervisory Board. To fulfil its audit mission, the Supervisory Board additionally commissioned the auditor to review the separate combined non-financial report for 2017.

Unqualified audit opinions were issued for the separate financial statements to HGB and the consolidated financial statements to IFRS as well as for the combined management report. We received the financial statements, the auditor's audit report, the separate combined non-financial report, the corporate governance report, the compensation report, the report under the Transparency of Remuneration Act and the Management Board's profit appropriation proposal in good time prior to the annual accounts meeting of the Supervisory Board. They were discussed in detail at the meeting of the Audit Committee on March 21, 2018 and at the Supervisory Board's annual accounts meeting on the following day, which was attended by a representative of the auditors. The latter reported on the main results of the audit. We were also informed of the audit of the company's internal control and risk management system, which led to no objections. We have taken note of and approved the audit reports.

We reviewed the separate and the consolidated financial statements, the combined management report and the separate combined non-financial report. We agree with the result of the auditors' audit based on our own findings and endorse the separate and the consolidated financial statements, the combined management report and the separate combined non-financial report prepared by the Management Board. The financial statements have thus been approved. We also approved the corporate governance declaration. We concurred with the Management Board's profit appropriation proposal following our own review.

The Supervisory Board also reviewed the related party disclosures of the Management Board. This review and the review of the auditors' report led to no objections. The report of the auditors contains the following audit certificate:

"Based on our duly performed audit and assessment, we confirm that

1. the information provided in the report is accurate
2. the consideration paid by the company for the transactions listed in the report was not unreasonably high."

Due to the final result of our audit, we raise no objections against the Management Board's related party disclosures.

The Supervisory Board would like to thank the members of the Management Board and all employees for their great efforts and their achievements in the past fiscal year.

Rheda-Wiedenbrück, March 22, 2018

The Supervisory Board
Klaus Pampel
Chairman

Members of the Supervisory Board

Klaus Pampel, Meerbusch
Businessman
Chairman

Pedro Holzinger, Rheda-Wiedenbrück
Businessman
Vice Chairman

Jürgen Heite, Meerbusch
Managing Director of Thyssen'sche Handelsgesellschaft m.b.H., Mülheim an der Ruhr

Dr. Joachim Schönbeck, Krefeld
Member of the Management Board of Andritz AG, Graz

Heinz-Georg Großerohde*, Rheda-Wiedenbrück
Occupational Safety Officer

Dietmar Lewe*. Rietberg
Industrial Timber Processing Master

* employee representative

Wilhelm Beckers

Graduate process engineer
56
Chairman of the Management Board
Head of the Doors/Frames Division
Herzebrock-Clarholz

Christopher Stenzel

Graduate Businessman
51
Chief Financial Officer
Gütersloh

WESTAG & GETALIT AG

Westag & Getalit AG is one of Europe's leading manufacturers of first-class wooden products for construction and interior finishing. A wide range of products is manufactured at the company's locations in Rheda-Wiedenbrück and Wadersloh. These include ready-to-install solutions such as doors and frames, kitchen worktops and window sills. The product range also includes various sheet materials such as high-pressure laminates, laminated plywood panels as well as solid surface materials.

The company uses state-of-the-art manufacturing technologies to offer its customers innovative products of maximum functional and visual quality. In the fiscal year 2017, Westag & Getalit AG employed about 1,300 people and generated sales revenues of € 234.4 million, of which about 23.3% came from sales outside Germany.

To produce and market the individual products, the company is divided into two operating segments, i.e. the Surfaces/Elements Division and the Doors/Frames Division. Each Division has its own production department and a separate sales organisation. In addition, there is a Central Division, which provides services to the two segments. This corporate structure ensures that the different customer groups are always addressed and served in accordance with their actual requirements. The company's most important customers are manufacturers and wholesalers, who deliver the products to processors and directly to construction sites as well as end users.

Ever since Westag & Getalit AG's foundation in 1901, customers have relied on the company's expertise in the manufacture of high-quality products. Its committed and motivated staff, high-tech production facilities, conscientious operation and high-performance logistics make the company one of Europe's leading manufacturers of wooden products.

The constant further development of all products and processes combined with a focus on the customer benefit form an important basis for the future growth of Westag & Getalit AG both in Germany and in the international markets.

GetaLit worktops for modern kitchens.

FUNCTION AND DESIGN | THE SURFACES/ELEMENTS DIVISION

The Surfaces/Elements Division combines design-oriented trends with advanced technical know-how. The production process focuses on our core competency in surface production. Two plants produce various solutions for interior finishing projects and many other applications including concrete construction. The offering ranges from such coating materials as the GetaLit laminate and the GetaCore solid surface material to ready-to-install products such as cut-to-size kitchen worktops and backwall systems for modern kitchens as well as window sills. The product portfolio also includes floor panels for industrial applications and the manufacturing of utility vehicles as well as formwork panels for the realisation of high-quality fair-faced concrete surfaces.

A close look at the individual output markets, the high level of vertical integration and the extremely flexible production are the key factors which ensure that the product portfolio is always up to date. The Division's product range is therefore constantly adapted to current market requirements. The multi-facetted collections of the GetaCore solid surface material and the GetaLit high-pressure laminate serve both decorative and technical trends. This is reflected, for instance, in the new GetaLit decor collection 2017-2020, which has recently been launched as a comprehensive update to the range of decors and surfaces. The company has also revised its large range of compact panels, whose material properties make them suitable for an extremely wide variety of purposes. This has resulted in products which harmoniously combine design and technology and thus lend themselves to diverse possible uses.

Reinhold Herkströter, Plant Manager Surfaces/Elements, Rheda-Wiedenbrück plant, Head of Central Development: "Our ‚Made in Germany' philosophy is expressed in Westag & Getalit AG's continuing commitment to keep our operations based in this country. It is also reflected in the selection of our production equipment, in the fact that many materials are sourced from our immediate surroundings, in the way our products are engineered and in the great importance we attach to quality and flexibility."

FROM LAMINATE TO THE APPLICATION

Decors and surfaces waiting to be combined

GetaLit laminates are the right choice for all applications requiring design-oriented heavy-duty surfaces of high quality. Westag & Getalit AG combines decades of experience with a varied cutting-edge decor collection to offer the perfect solution for every taste and use. In 2017, the company presented its latest products at leading trade fairs such as Interzum in Cologne.

The comprehensive range of decors facilitates suitable solutions for customers' diverse demands. The core of the current collection is formed by different design groups such as wood, stone and digitally printed decors. The tactile qualities of the materials is as important as the visual impression of the laminates. In addition to the latest decor and colour trends, the new collection therefore also features new surface structures. A total of over 200 decors and 25 surface finishes is available in the newly presented GetaLit-HPL range. The design process for the new decors attached particular importance to permitting numerous combinations within the collection. Thanks to its digital printing expertise, Westag & Getalit AG can moreover meet individual customer requirements. The collection thus offers a suitable solution for almost every area of interior design.

The homogenous through-dyed laminate and compact panel variants offer planners and processors numerous options to use the materials.

The compact panels of the range can be used both as kitchen worktops and to make furniture.

Trend-oriented worktop solutions

Together with the new decors, Westag & Getalit AG also presents new product solutions for its worktop range. These include in particular new compact panels. Thin worktops that almost seem to float play a key role in the manufacturing of modern kitchen furniture. The “UniColor Compact” panels are perfectly suited for this application. The up to 20 mm thick compact panels are homogenous through-dyed variants which do not only look good, but offer various advantages when it comes to cutting and shaping. In combination with the stylish decors and textures, they open up numerous possibilities in the entire interior design sector.

In order to ensure this, Westag & Getalit AG offers its compact panel line in a total of four different surface textures. Besides the matt surface “SetaForte”, which is resistant to fingerprints, the focus is on modern surfaces with a stone design that create a particularly authentic and high-quality look when combined with the variety of new decors.

Their through-dyed core gives the compact panels an elegant look and makes them particularly suited for the furniture and interior design sector. Thanks to their high stability, the compact panels can be used both on their own and in combination with other materials.

Like all laminates from Westag & Getalit AG, the new compact panel variants have an anti-bacterial effect. Many of the new compact panels are therefore also the perfect solution for hygiene-sensitive areas such as hospitals and surgeries.

The Lineo designer doors add highlights to modern living rooms.

PARTNERSHIP AND EXPERTISE | THE DOORS/FRAMES DIVISION

The Doors/Frames Division offers its customers high-quality products combined with a wide range of services. This approach has made the Division the market leader in plastic-coated doors and frames in Germany. The company provides a wide variety of product solutions. The Division operates as a full-range supplier and offers a large portfolio from standard residential doors to highly complex functional doors for public and semi-public uses. In combination with a wide range of different surfaces – from plastic-coated and painted doors to wood veneered doors – customers can choose from a variety of doors many possible applications.

The company manufactured its first doors back in 1937. Today customers can choose from a comprehensive product range that provides the right solution for every application. The areas of application are equally varied and range from standard housing construction to more complex public and semi-public properties such as hotels, schools and hospitals, which make particularly high demands on the doors and frames used.

The extremely varied product portfolio combined with an extensive service range provides the basis for a cooperative partnership with the Division's customers. The focus is on shared growth with the company's trade partners. Never losing sight of future industry developments, the Doors/Frames Division pro-actively accepts the challenges of the markets, thus always offering an up-to-date product portfolio.

Gerd Habrich, Sales Manager Doors/Frames: "When realising projects in the housing construction sector and fitting out properties, we operate in close partnership with our customers. Our broad-based range of doors and frames forms the basis that allows us to meet the diverse demands of our retail and trade partners. We will remain a competent partner to our customers by offering them attractive solutions and value-added services also in the future."

DOORS FOR THE HOUSING CONSTRUCTION SECTOR – DIVERSE AND ELEGANT

Designer doors add highlights to interior designs

Unobtrusive, not too complex shapes create a harmonious atmosphere in modern living rooms. Leading the trend towards simple elegance, Westag & Getalit AG's Westaline doors feature milled grooves while its Lineo doors with integrated pilaster strips provide an authentic stainless steel look. These two door series add elegant and modern highlights to interior designs.

Purist design is here to stay and the Westaline doors from the company's product portfolio celebrate this enduring trend. Subtle, but still expressive surface grooves exude a touch of timeless elegance. In combination with the high-quality painted surface, the doors of the Westaline series can be integrated in almost every living environment. This is not least ensured by an extensive paint collection that ranges from elegant classic white to cool arctic white to trendy grey and brown hues.

Westag & Getalit AG most recently expanded its range of Westaline designer doors by introducing innovative groove variants that give the doors a completely new look. The offering comprises different types of grooves. Westag & Getalit AG's Lineo doors are a good example for the elegant combination of two contrasting materials: Pilaster strips in stainless steel look contrast perfectly with the warm painted or plastic surfaces. Due to their slightly curved shape, they subtly reflect the light, making the

Delicate pilaster strips in stainless steel look characterise the Lineo designer doors from Westag & Getalit AG's product portfolio.

Subtle surface grooves add a touch of timeless elegance to the painted Westaline designer doors.

door panel an unobtrusive eye-catcher. The new series is available in a total of eight different versions with differently arranged pilaster strips. Whether vertical or horizontal or combined with a strip aperture, with its stainless steel look the pilaster strips give the new Lineo doors a timeless, modern design.

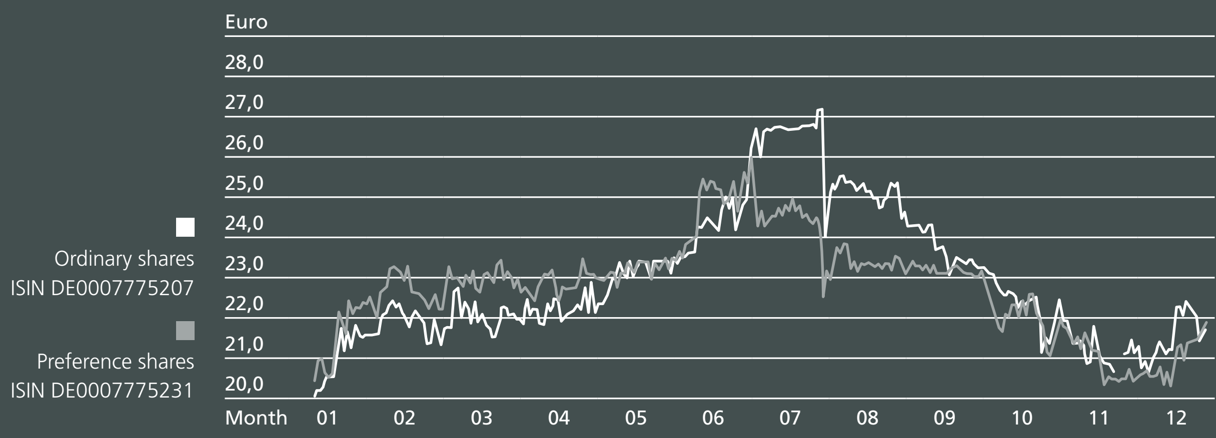
The Lineo designer door programme allows customers to choose from a wide variety of variants. Trade partners can choose from a total of 13 different types. The designer doors are available both as white painted doors with WestaLack surfaces and as CPL-coated PortaLit doors. The Division thus meets its customers' current needs with an extensive choice of different surfaces, decors and types for numerous modern living room designs.

INVESTOR RELATIONS

Continuous communication makes the company's performance transparent to the capital markets.

	2017	2016	2015	2014	2013
Total number of shares [1]	5,720,000	5,720,000	5,720,000	5,720,000	5,720,000
Portfolio of own shares	365,066	340,827	310,828	310,828	310,828
Book value per share (in €) [2]	20.32	20.12	19.93	19.29	19.79
Ordinary share information					
Number of ordinary shares [1]	2,860,000	2,860,000	2,860,000	2,860,000	2,860,000
Highest price (in €)	27.20	20.20	20.75	22.00	20.00
Lowest price (in €)	20.00	17.20	17.88	17.35	15.95
Year-end price (in €)	21.71	19.90	19.51	18.50	17.31
Net profit per share (in €) [2]	1.19	1.38	1.14	1.15	1.16
Dividend per share (in €) [3]	0.74	0.94	0.74	0.94	0.94
Dividend yield (in %) [4]	3.4	4.7	3.8	5.1	5.4
PER [2]	18.2	14.4	17.1	16.1	14.9
Preference share information					
Number of preference shares [1]	2,860.000	2,860,000	2,860,000	2,860,000	2,860,000
Portfolio of own shares	365,066	340,827	310,828	310,828	310,828
Highest price (in €)	25.85	20.86	20.70	21.80	19.70
Lowest price (in €)	20.52	17.03	18.19	17.30	15.62
Year-end price (in €)	21.90	20.48	20.20	18.45	17.40
Net profit per share (in €) [2]	1.25	1.44	1.20	1.21	1.22
Dividend per share (in €) [3]	0.80	1.00	0.80	1.00	1.00
Dividend yield (in %) [4]	3.7	4.9	4.0	5.4	5.8
PER [2]	17.5	14.2	16.8	15.3	14.3

[1] diluted and basic
[2] the figures for 2015 to 2017 refer to the Group as a whole
[3] for 2017 subject to the AGM resolution on June 26, 2018
[4] based on XETRA year-end prices



Capital market developments

On the whole, the stock markets delivered a very positive performance in the past year. Besides various political influences, this is primarily attributable to the generally good economic trend. Consequently, the German Institute of Economic Research raised its original growth forecast for 2017 at the end of the year. This and the continued low interest rates sent Germany's DAX index rising by close to 18% to a new temporary high. On the last trading day, the DAX closed at 12,918 points, having gained 12.5% in the year as a whole.
The shares of Westag & Getalit AG also performed well in the positive stock market environment. The ordinary shares and the preference shares gained 9.1% and 6.9%, respectively, and closed the year at € 21.71 and € 21.90, respectively.

Investor relations activities

The past fiscal year again saw Westag & Getalit AG organise various investor relations activities to keep its shareholders and all other stakeholders informed about the company and its current business trend. These included the company's annual accounts conference as well as the Annual General Meeting on June 27, 2017, which was again attended by over 300 shareholders. The company also participated in a capital markets conference in Frankfurt to present itself to equity analysts and institutional investors. Overall, Westag & Getalit AG uses diverse possibilities to keep the public informed about all relevant topics and its economic performance.

Dividend

The Management Board and the Supervisory Board will propose a dividend of € 0.80 for the preference shares and of € 0.74 for the ordinary shares to the Annual General Meeting on June 26, 2018. This would be equivalent to a dividend yield of 3.4% for the ordinary shares and 3.7% for the preference shares.

Highly qualified employees are key to success for the Westag & Getalit AG.

Great importance attached to training skilled labour

Just like many other companies, Westag & Getalit AG is facing the challenges arising from demographic change and the shortage of skilled labour in Germany. It is therefore becoming increasingly difficult to fill vacant positions and apprenticeships with suitable candidates. To counteract this trend, Westag & Getalit AG has always been committed to offering young people attractive vocational training opportunities. This is not least reflected in the fact that trainees and apprentices represent almost 5.0% of the workforce.

Westag & Getalit AG trains young people in 11 different professions. These range from technical occupations to various commercial traineeships to dual study courses.

The company engages in diverse activities to attract potential applicants. Apart from various job information exchanges and cooperations with schools in the immediate vicinity of the Rheda-Wiedenbrück plant, the company also organised its first "Vocational Training Day" in 2017. On this occasion, Westag & Getalit AG welcomed over 100 interested pupils from local schools.

Employees of the different departments and the HR managers jointly used this opportunity to present the wide range of different traineeships and apprenticeships offered by the company. This day primarily focused on the technical professions. All departments introduced themselves and their apprenticeships in a highly practice-oriented manner. This gave Westag & Getalit's apprentices the chance to provide the young visitors with first insights into their everyday work routing and to answer training-related questions. HR managers were also available to answer all questions related to vocational training in general as well as to the commercial traineeships offered by the company.

Every year, more than 20 apprentices and trainees successfully complete their vocational training in different trades and professions at Westag & Getalit AG. The aim is to offer as many trainees and apprentices as possible a career start and to qualify them for a future position in the company. In the past years, nearly all trainees and apprentices were offered permanent employment contracts following their successful exams. The company's diverse measures to attract potential trainees and apprentices reflect its commitment to counteracting the consequences of demographic change and the shortage of skilled labours also in the coming years.

EMPLOYEES

Human resources management

Motivated and highly qualified employees are key to the company's success. Westag & Getalit AG company therefore offers comprehensive further training measures which are very well received by the workforce and will help secure the company's future competitiveness. Effective human resources management therefore means winning talented people, developing them on an ongoing basis and retaining them in the long term. In this context, a focus is placed on internal training. The company's increased presence at job information fairs is one instrument used to recruit suitable trainees and apprentices. On these occasions, potential candidates are informed about the different training options offered by the company, which range from technical apprenticeships and commercial traineeships to dual study courses.

Personnel information

As of December 31, 2017, the Group employed 1,279 people (previous year: 1,308). 1,086 of them worked at our plant in Rheda-Wiedenbrück, while 193 were employed in Wadersloh. The table below shows further personnel information.

Personnel Information	31.12.2017	31.12.2016
Headcount	1,279	1,308
thereof		
blue-collar workers	865	875
white-collar workers	356	372
trainees/apprentices	58	61
men	1,136	1,151
women	143	157
in Wiedenbrück	1,086	1,116
in Wadersloh	193	192
Average age	45	45
Average service life (years)	18	18

COMBINED MANAGEMENT REPORT

FUNDAMENTALS OF THE GROUP

Business model

Westag & Getalit AG is a manufacturer of wooden and plastic products operating across Europe. As a surface specialist, the company produces not only laminating materials but also a wide range of elements and ready-to-install products such as doors and frames as well as kitchen worktops and window sills. The company's main products are complemented by diverse customised solutions tailored to the specific requirements profiles of the customers. These include technical floor panels for industrial applications. The products are manufactured exclusively at the company's two German locations in Rheda-Wiedenbrück and Wadersloh using state-of-the-art technology. The products manufactured by the two operating divisions – Surfaces/Elements and Doors/Frames – serve numerous markets and industries. The two divi-sions are supported by the Central Division, where company-wide tasks such as controlling, human resources and accounting as well as IT services are pooled.

Corporate structure

Westag & Getalit AG is headquartered in Rheda-Wiedenbrück, where it also maintains a production plant. The company also has a branch plant in Wadersloh, some 15 kilometres from the headquarters. OOO Westag & Getalit, Moscow, a consolidated entity in Russia, has discontinued its business activity in the meantime. Since the beginning of 2018, the Russian customers have been served by the parent company again.

Controlling system

All important decisions taken by Westag & Getalit AG at divisional and corporate level are informed by a detailed SAP-based controlling system. The Management Board essentially controls the Group on the basis of a reporting system which outlines and explains the companies' results in a detailed monthly breakdown by divisions. Sales revenues, profit contributions and earnings are the key performance indicators analysed by the Board. These reports are complemented at Management Board level by more detailed evaluations and performance indicators from the fields of distribution, production, purchasing, human resources and financing.

The related analyses also form the basis for the Management Board's regular reports to the Supervisory Board.

ECONOMIC REPORT

Macroeconomic and sectoral environment

2017 was a good year for the world economy. The low interest policy pursued by many central banks remained one of the most important influencing factors and again stimulated the economies in many countries in 2017. On balance, the economies in Asia and Europe performed better than expected by many economists.

Within Europe, the monetary policy pursued by the European Central Bank (ECB) supported growing consumer spending, thereby stimulating the economy in general. This was offset by the renewed increase in the oil price and the effects of Brexit. The final consequences of Great Britain's exit from the EU are still not clear and continue to cause concern among economists.

The overall economic trend in 2017 was positive

Generally speaking, 2017 was also a good year for the German economy, with the gross domestic product growing by 2.2% compared to the previous year. The economy thus showed a more dynamic trend than projected at the beginning of the year. This trend was supported, among other things, by a notable improvement in employment figures and the resulting increase in consumer spending, which also benefited from the availability of low-cost loans.

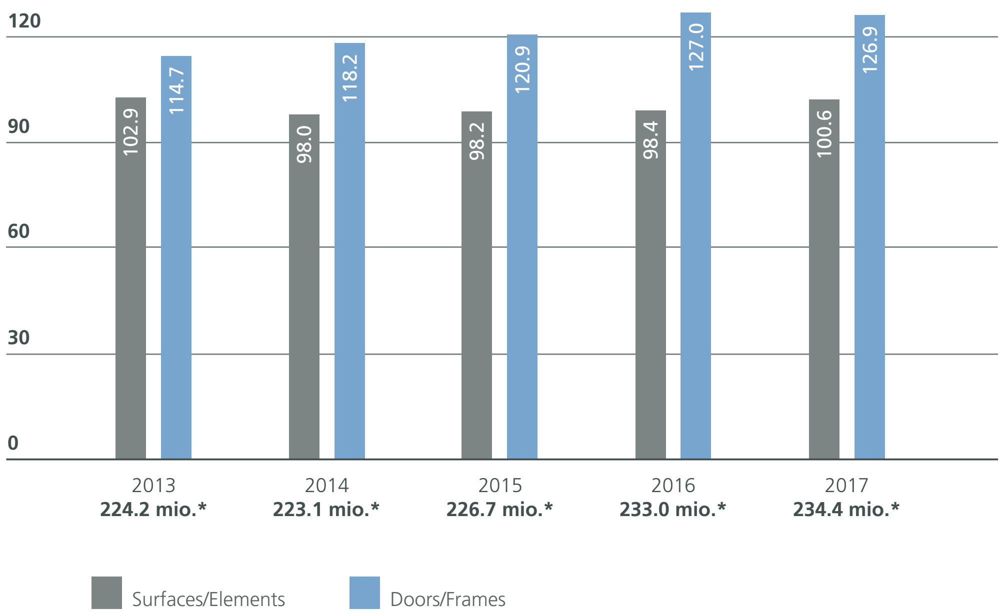
This trend also had an effect on the construction sector and was clearly a factor in its extremely positive performance. According to the latest figures from the Federal Statistical Office for the year 2017, the construction sector expanded by about 6%, growing ahead of the projections published by industry experts at the beginning of the year. A growth rate of about 7% is assumed for the building construction sector. Housing construction activity also showed a positive trend again. By contrast, the number of building permits declined by close to 8%. Moreover, the shortage of tradesmen and skilled labour had an adverse impact on the number of completions in the housing construction sector in 2017. This also affected the performance of Westag & Getalit AG in the past fiscal year.

Business in 2017

Consolidated sales revenues totalled € 234.4 million

Westag & Getalit AG generated consolidated sales revenues of € 234.4 million in 2017. The Group was thus able to increase its revenues year-on-year thanks to a pick-up in business in the fourth quarter of 2017. Total revenues were only slightly higher than the previous year's € 233.0 million, meaning that the company failed to fully benefit from the positive trend in the construction sector. The increase in the Group's revenues in 2017 was due to higher export sales. On balance, our sales revenues were in line with the forecast published at the beginning of the year, which projected moderate revenue growth.

Sales revenues by divisions € million



* Total sales revenues include revenues generated by the cogeneration unit (2017: € 6.6 million; previous year € 7.4 million) and other sales revenues of our Central Division (2017: € 0.3 million; previous year € 0.2 million), which are not shown separately in the chart.

Exports

Export sales increased by 8.8%

Growing by 8.8% to € 54.6 million, export sales showed a particularly positive trend in 2017 (previous year: € 50.2 million). Export revenues thus improved at a disproportionate rate and reflect the intensified distribution efforts in foreign markets. As a result, the export share climbed from 21.5% to 23.3%.

Surfaces/Elements

Sales revenues of the Surfaces/Elements Division increased by 2.2% in 2017

Sales revenues of the Surfaces/Elements Division increased from the previous year's € 98.4 million to € 100.6 million in 2017. While we were not satisfied with the sales trend in Germany, our distribution efforts helped boost the Division's export revenues by 7.5% to € 30.2 million in 2017 (previous year: € 28.1 million).

Doors/Frames

At € 126.9 million, sales revenues of the Doors/Frames Division again reached a high level

At € 126.9 million, sales revenues in the Doors/Frames Division were only marginally lower than the previous year's € 127.0 million. The Division thus continues to operate at a high level. Export revenues increased from € 22.1 million to € 24.4 million in 2017. Consequently, the export share improved from 17.4% to 19.2%. The positive export trend is attributable to a pick-up in the project business. Consistently high capacity utilisation and the resulting extended delivery times prevented a better domestic performance.

Situation of the Group

Results of operation

Consolidated earnings before taxes amounted to € 9.1 million

Consolidated earnings before taxes amounted to € 9.1 million in 2017. This was below the previous year's € 10.5 million, reflecting an increase in various expense types as well as certain one-off effects. These included, for instance, the reorganisation of the range of decorative products for interior construction, which primarily had an adverse impact on the profitability of the Surfaces/Elements Division due to its complexity and the resulting delays. Moreover, the Management Board of Westag & Getalit AG decided to discontinue the business activity of the Russian distribution company, as the expectations placed in this market were not fulfilled. The resulting expenses and the operating loss posted by the distribution company are recognised in the 2017 consolidated financial statements in the amount of € 0.4 million. As a result of the increase in material expense types, earnings declined from the previous year contrary to the original forecast. The increase primarily related to the cost of materials as well as maintenance and advertising expenses.

The increased cost of materials resulted from higher purchase prices of individual material types and from the fact that more merchandise had to be sourced. The Group's cost of materials as a percentage of sales climbed from 47.8% to 48.8% in 2017.

By contrast, personnel expenses as a percentage of sales fell from 32.2% to 31.7%. This decline is due, among other things, to the reduced headcount and the earnings-related reduction in variable compensation components.

Depreciation/amortisation declined from € 10.1 million in 2016 to € 9.8 million in 2017. Other operating expenses rose from € 27.3 million to € 30.2 million in 2017. This is mainly attributable to increased maintenance expenses, part of which were incurred due for unforeseen repair work on the cogeneration plant. Advertising expenses picked up as well. This was due to the regular trade fair participations and the burdens resulting from the above-mentioned reorganisation of the product range including services sourced from external providers.

As a result of the above factors, including the expenses required to discontinue the business activity of the Russian subsidiary, other operating expenses represented 12.9% of the Group's total revenues, up from 11.7% in the previous year.

As in the previous years, the fact that Westag & Getalit AG generates its own energy again had a positive impact on the company's results even though this entails high maintenance expenses.

Earnings before income tax/Net profit € million

Financial position

Cash and cash equivalents declined by € 7.0 million to € 16.9 million as of December 31, 2017. This reduction was due to the fact that operating cash flow came in € 7.0 million lower than in the previous year. The increased investments in property, plant and equipment as well as intangible assets and the lower cash flow from financing activities also had an adverse impact on the company's cash position. As in the past, Westag & Getalit AG has no liabilities to banks.

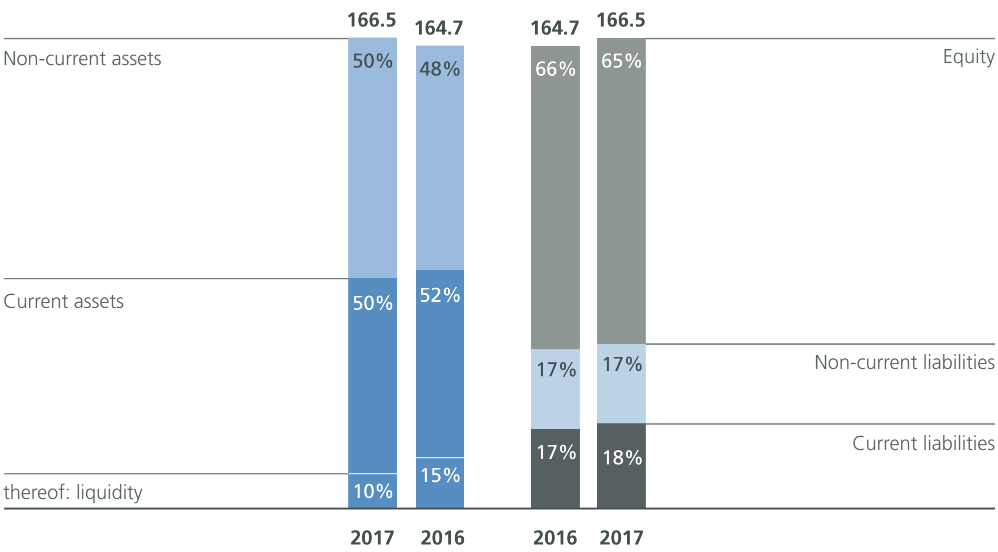
Net worth position

Total assets increased to € 166.5 million in 2017

Balance sheet structure
The Group's total assets increased to € 166.5 million as at December 31, 2017 (previous year: € 164.7 million). While fixed assets increased due to the fact that capital expenditures were higher than depreciation/amortisation, current assets declined from € 85.8 million to € 83.0 million. Inventories and receivables were up on the previous year, whereas cash and cash equivalents dropped from € 23.9 million to € 16.9 million.

On the liabilities side, the Group's equity capital remained almost unchanged at € 108.8 million (previous year: € 108.2 million). The equity ratio thus stood at 65.3% as at December 31, 2017 (previous year: 65.7%). Due to the increase in pension obligations, long-term debt capital rose from € 27.9 million to € 28.3 million. Short-term debt capital increased by € 0.9 million to € 29.5 million primarily due to the fact that trade paypables were higher than in the previous year for reporting date-related reasons.

Balance sheet structure € million

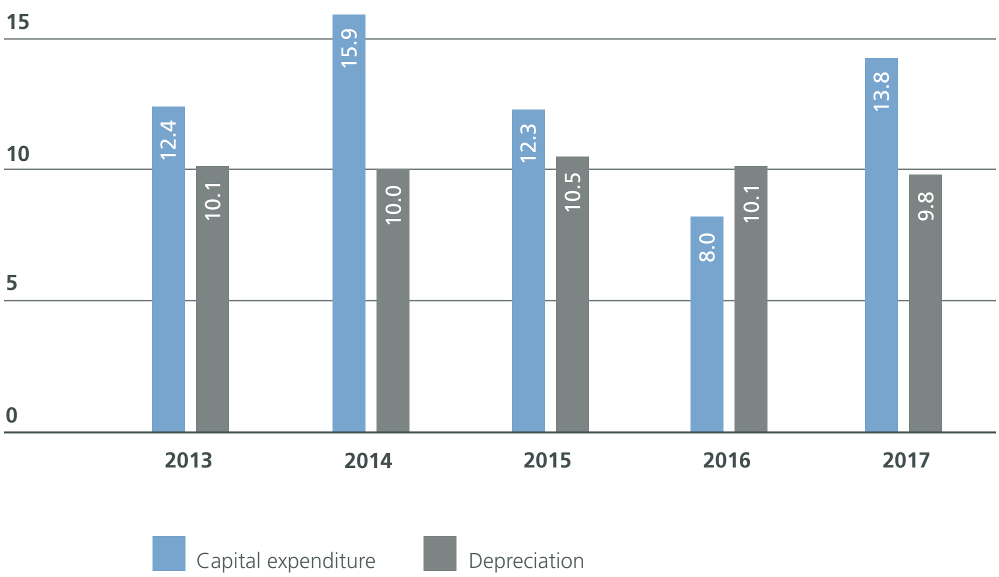


Investments of € 13.8 million were made in 2017

Capital expenditure
Investments in intangible assets and property, plant and equipment amounted to € 13.8 million in the past fiscal year (previous year: € 8.0 million). Capital expenditures contrasted with depreciation/amortisation in the amount of € 9.8 million in 2017 (previous year: € 10.1 million).

As utilisation remained high, investments primarily focused on capacity expansion in the Doors/Frames Division in the fiscal year 2017. This also comprises a multi-year, and stillon-going, investment in a new frames finishing line. In addition, the technical equipment and machines of the two Divisions continue to be kept at a high level of functionality. The investments have laid the basis on which the company will be able to benefit from the positive conditions in Germany and abroad also in the future.

Capital expenditure and depreciation € million



Associates/investments

Westag & Getalit AG has held a 49% share in AKP Carat-Arbeitsplatten GmbH, Meiningen/Thuringia, since 2006. The company is a specialist for cut-to-size worktops made from a wide range of different materials – from HPL and solid surface materials to natural stone and solid wood. It supplies showroom kitchens, the kitchen industry and large furniture chains throughout Germany. In 2017, the company and its subsidiaries generated sales revenues of € 20.5 million (previous year: € 19.2 million). Net profit for the year increased from € 1.3 million in 2016 to € 1.4 million in 2017. Westag & Getalit AG's shares in AKP Carat-Arbeitsplatten GmbH are accounted for in the consolidated financial statements of Westag & Getalit AG using the equity method. The business activity of the Russian subsidiary has been discontinued in the meantime, as the expectations placed in the local market were not fulfilled.

Current assets

To secure the Group's supply of input materials, inventories were expanded by € 2.7 million to € 36.5 million. As revenues improved in the fourth quarter of 2017, trade receivables increased from € 26.5 million in the previous year to € 27.9 million.

Portfolio of own shares

As of December 31, 2017, Westag & Getalit AG held 365,066 own shares (previous year: 340,827 shares). All of these shares are preference shares. Pursuant to a resolution adopted by the Annual General Meeting on August 18, 2015, the company is authorised to repurchase more own shares until and including August 17, 2020. According to a resolution adopted on December 12, 2017, the Supervisory Board approved the extension of the share repurchase programme until December 31, 2018. In accordance with IFRS and the information provided in the notes, the value of own shares is recognised in equity.

Non-current liabilities

Pension provisions increased moderately from € 26.5 million to € 26.9 million. Apart from an interest-related increase of € 0.3 million (previous year: € 3.4 million), which was recognised in equity, an addition of € 0.1 million (previous year: € 0.2 million) was made and recognised in profit/loss.

Net assets, financial position and results of operations of Westag & Getalit AG (HGB)

The key statements on the situation of the Group in 2016 equally apply also to Westag & Getalit AG.

The main difference between the result in the consolidated financial statements and the separate financial statements pursuant to HGB results from the different methods used to measure pension provisions. While the addition to pension provisions in the consolidated financial statements to IFRS was almost entirely recognised in equity, an addition of € 1.4 million recognised in profit/loss was required in the separate financial statements to HGB.

Moreover, in the consolidated financial statements, the contribution to the result made by the associated entity, AKP Carat-Arbeitsplatten GmbH, comprises the pro-rated result according to the equity method. In the separate financial statements to HGB, it is recognised merely on the basis of the distribution made.

The Russian distribution company, OOO Westag & Getalit, Moscow, made only a negligible contribution to the Group's business activity in the fiscal year. While the 2017 consolidated financial statements reflect the negative operating result of the subsidiary, the corresponding financial assets were written off in full in the separate financial statements of Westag & Getalit AG pursuant to HGB.

The tables below show the composition as well as the changes in net assets, financial position and results of operations of Westag & Getalit AG pursuant to HGB.

Financial position **Assets**	**Dec. 31, 2017** € '000	**Dec. 31, 2016** € '000	**Change** € '000
Intangible assets and property, plant and equipment	76,775	72,719	4,056
Financial assets	1,200	1,507	- 307
Current assets	**77,975**	**74,226**	**3,749**
Inventory	36,505	33,832	2,673
Accounts receivable and other assets	29,496	27,922	1,574
Bank deposits	16,911	23.651	- 6,740
Current assets	**82,912**	**85,405**	**- 2,493**
Prepaid expenses	**85**	**103**	**- 18**
Total assets	**160,972**	**159,734**	**1,238**

Liabilities	Dec. 31, 2017 € '000	Dec. 31, 2016 € '000	Change € '000
Subscribed capital	13,709	13,771	- 62
Reserves	85,714	85,704	10
Accumulated profit	10,802	11,768	- 966
Equity	**110,225**	**111,243**	**- 1,018**
Special item with an equity portion	**154**	**163**	**- 9**
Pension provisions	19,770	18,398	1,372
Other provisions	16,802	18,121	- 1,319
Provisions	**36,572**	**36,519**	**53**
Liabilities	**14,021**	**11,809**	**2,212**
Total liabilities	**160,972**	**159,734**	**1,238**

Results of operations	2017 € '000	2016 € '000	Change € '000
Sales revenues	224,416	233,018	1,398
Change in finished goods, inventories and work in process	608	- 805	1,413
Other own work capitalised	413	244	169
	235,437	**232,457**	**2,980**
Other operating income	1,811	1,595	216
Cost of materials	- 114,317	- 111,307	- 3.010
Personnel expenses	- 74,712	- 73,979	- 733
Depreciation/amortisation	- 9,760	- 10,071	311
Other operating expenses	- 30,048	- 29,084	- 964
Income from equity investments	333	366	- 33
Other interest and income	69	26	43
Depreciation on financial assets	- 347	0	- 347
Interest and similar expenses	- 721	- 707	- 14
Taxes on income	- 2,694	- 3,182	488
Earnings after taxes	**5,051**	**6,114**	**- 1,063**
Other taxes	- 333	- 286	- 47
Net profit	**4,718**	**5,828**	**- 1,110**

Financial and non-financial performance indicators

Sales revenues and earnings are the key performance indicators used to control the Group. Capital expenditure, receivables and inventories, which are described above to analyse the situation, are less significant but important side aspects. Non-financial performance indicators also help to better understand the overall performance. The latter is analysed by looking at "environmental matters", "employee-related matters", "social matters", "respect for human rights" and "anti-corruption and bribery matters". Detailed information on these aspects is provided in the separate combined non-financial report for 2017, which is available for download at www.westag-getalit.com/nichtfinanzielle-berichte.

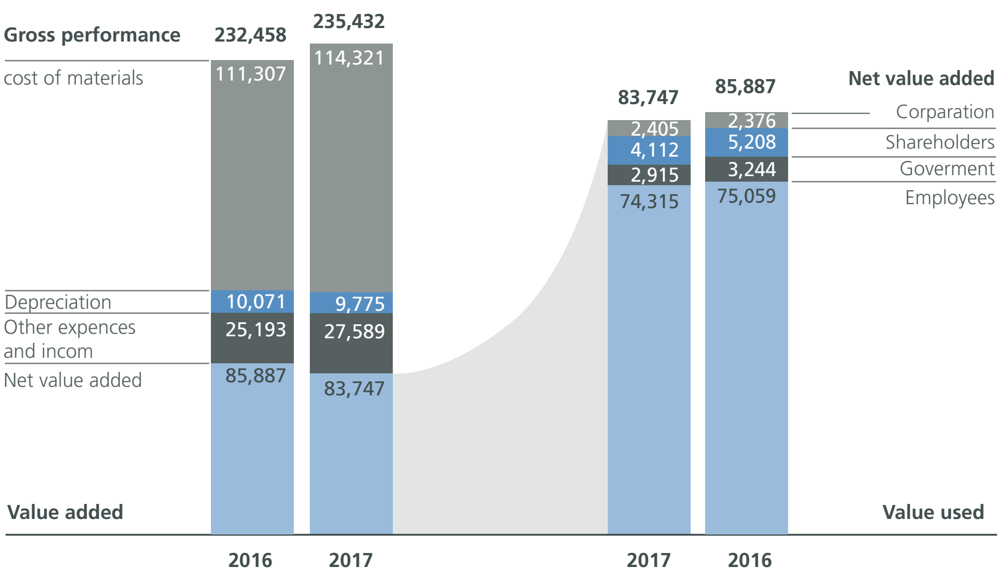
Value added

Net value added decreased to € 83.8 million in 2017

On the input side, net value added was down by 2.4% to € 83.9 million (previous year: € 85.9 million). Although total output was up by 1.3% on the previous year, the decline is attributable to higher cost of materials and other operating expenses totalling € 5.4 million Depreciation of fixed assets amounted to € 9.8 million.

The share of the value added that is attributable to the Group's workforce amounted to € 74.3 million (previous year: € 75.1 million). In the context of this year's dividend proposal, the share that is attributable to the shareholders declined to € 4.1 million. Due to the decline in net profit, both the amount that is paid out to the government in the form of taxes and the amount that is retained in the company declined.

Value added € '000

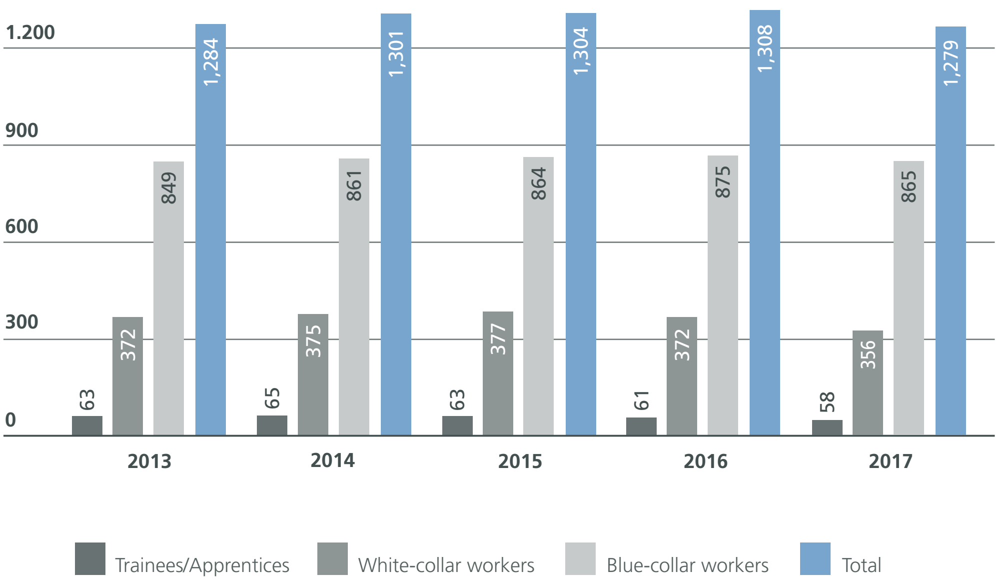


As at December 31, 2017, the headcount amounted to 1,279 people

Employees

As at December 31, 2017, the Group employed a total of 1,279 people, compared to 1,308 on the prior year reporting date. The total number includes 58 trainees/apprentices (previous year: 61). In 2017, trainees and apprentices thus represented 4.5% of the workforce. At 18 years, the average service life of our employees remained unchanged in 2017.

Employees As of Dec. 31



To cover peak requirements in production, we again hired external workers in the past year. As of December 31, 2017, their number totalled 52 (previous year: 66). Permanent employment contracts were signed with 6 external workers in 2017.

Product development

We place a focus on the ongoing further development of our products. In this context, we concentrate not only on the decorative aspects of the surface finishes but also on the technical aspects of the materials. Great importance is also attached to the development of new functions and product improvements to make our doors and frames easier to install. We also push ahead specific product developments catering cater to the special demands made by industrial customers.

Environmental management

The Group is committed to always striking the right balance between economic success, environmental protection and corporate social responsibility. Besides the economic aspects that are of special importance for the sustainable development of Westag & Getalit AG, the company also attaches great importance to environmental and nature protection. This includes, among other things, the analysis of energy consumption and emissions but also the longevity of the products and the protection of eco-systems and resources. To this end, the company invests in environmentally friendly production processes and optimises its existing plants and machines. Such measures help Westag & Getalit AG to reduce the consumption of resources and energy and to minimise the environmental impact, e.g. in the form of emissions. These policies are shared and supported by the Group's employees, who are motivated to make an active contribution to further improving the respectful and low-impact working methods.

More detailed information on environmental management is provided in the separate combined non-financial report for 2017.

POST BALANCE SHEET EVENTS

No events affecting the net assets, financial position and results of operations occurred in 2018.

FORECAST, OPPORTUNITY AND RISK REPORT

Forecast

Economic trend

While the overall economic conditions for 2018 are positive, they also pose challenges with regard to material expense types

The environment for the European economy is expected to remain generally favourable in 2018. Material adverse effects on the economy may arise from a further increase in commodity prices and the consequences of Brexit. The eurozone economy will additionally be influenced by interest rates and their impact on consumer spending.

Against this background, a generally positive trend is expected for the German economy, too. This also applies to the construction sector, although building permits declined by about 8.0% already in 2017. Under these circumstances, the Confederation of the German Construction Industry ("Hauptverband der Deutschen Bauindustrie") and the Central Association of the German Construction Sector ("Zentralverband des Deutschen Baugewerbes") expect sales revenues in the construction sector to grow by 4.0% in 2018. The industry experts project an increase of 3.5% for the housing construction segment and of 4,0% each for the commercial and public construction segments.

Outlook for the Group

In view of the above-mentioned forecasts for the German construction industry, which has the biggest influence on our Doors/Frames Division, we generally expect a positive market environment for 2018. Our positive revenue projections are additionally based on the ongoing expansion of our distribution activities in the Surfaces/Elements Division.

The performance of the increasingly important export markets will again be influenced by the prevailing uncertainties in 2018. In the coming months, the ECB's continued low-interest policy and the implications of Brexit will primarily influence the economies in our European neighbouring countries. Against this background, it is difficult to issue a precise forecast for our business performance abroad. On balance, however, the fact that our product portfolio is tailored to the specific requirements of the individual markets makes us confident that we will be able to expand our export activities assuming a benign economic environment. From today's point of view, the potential effects of Brexit on the business trend of Westag & Getalit AG are expected to be immaterial.

To master the challenges of the markets, we will continue our investment strategy in the future. We have planned investments of approx. € 16.0 million for 2018. In view of the current and anticipated demand, the main focus will be on expanding the capacity of our Doors/Frames Division. This comprises, in particular, the completion of the multi-year investment in the frames finishing line. The additionally planned investments in the optimisation of the operational processes and the technical equipment of the Surfaces/Elements Division will help maintain the high technical standards of our plants.

Moderate revenue growth and improved earnings are the targets for 2018

The negative earnings trend in 2017 was primarily influenced by the one-time effects arising from the complex change of the product range and the discontinuation of the business activity of our Russian subsidiary. For the future, it will be important to see whether Westag & Getalit AG will be able to offset increases in the major expense types, e.g. commodities, by raising its own prices. Based on the assumption that the economic environment will remain favourable, the company projects slightly higher sales revenues for both divisions and a disproportionately higher increase in earnings, which may, however, be adversely affected by the above-mentioned cost increases.

Opportunity Report

Westag & Getalit AG pursues a value-oriented company philosophy, which entails numerous opportunities for Westag & Getalit AG and the Group. As one of the leading manufacturers of wooden and plastic products, we operate, and are well positioned, in an industry characterised by constant innovation.

A solid foundation

Our activities generally focus on healthy and organic long-term growth. The solid balance sheet, which is characterised by an equity ratio of about 65% and satisfactory liquidity, provides safety and room for future growth. Moreover, it enables us to respond at relatively short notice to market-related changes.

Independence

A diversified product portfolio and our presence in different markets reduce our exposure to the developments in individual markets. The fact that we have no bank liabilities makes us financially independent. The installation of our own energy generation plants and their ongoing expansion allow us to cover most of the electricity and heat requirements of our production facilities.

Modern production technology

The high technological standard of our plants depends on continuous investments. To increase our productivity and our flexibility we therefore expand our facilities on an ongoing basis. An important aspect in this context is the ability to supply all products for which it makes economic sense in batch sizes as small as “one” within a short delivery time. As customers’ demand becomes increasingly individualised, this will open up new opportunities for our company.

Market-compliant corporate structure

The operational independence of the two segments ensures that our distribution and development activities are tailored to the respective market. At the same time, the Central Division pools cross-divisional functions and thus forms a service unit for all producing units of the company.

Product diversity

Thanks to our highly diversified product portfolio and customer structure, we are able to respond flexibly to fluctuations in demand.

Swift order processing

Reliability, punctuality and short delivery times are three key success factors which we continue to optimise by aligning our sophisticated internal and external logistic processes with the needs and requirements of our customers. Proven processes allow us to respond quickly to market-related changes and to serve customers' demands.

Economic opportunities

A continued positive trend in construction activity, especially in the public and commercial building construction sector, will open up good opportunities for growing sales revenues thanks to our diverse product portfolio and our distribution activities. We see special potential in our export markets.

Risk report

Preliminary remark

The business activity of Westag & Getalit AG – like any corporate activity – entails numerous opportunities and risks. Risks may arise from our corporate activity but may also be caused by external factors. Many risks can be eliminated with the help of an appropriate approach, others can be mitigated, with the help of insurance or other measures, to such an extent that they remain manageable. The task of our risk management and controlling system is to identify risks at an early stage, to assess them and to take appropriate counter-measures. Risks are assessed primarily with a view to the probability of occurrence and the amount of the potential damage. The type and amount of each risk determine which measures are taken and which internal bodies are informed.

The right organisation, effective rules and regulations and a systematic reporting process ensure that the Management Board is informed of risks in a timely manner and can take counter-measures at an early stage. The Management Board regularly informs the Supervisory Board about existing material risks and their trends. Risks that are of major importance for the economic performance of Westag & Getalit AG are finally evaluated and the measures to be taken to manage them are agreed with the Supervisory Board. In the context of the audit of the 2017 financial statements, the auditor checked the early risk identification system of Westag & Getalit AG for compliance with the German Stock Corporation Act and stated that the system used complies with all relevant statutory requirements. The relevant risks to which Westag & Getalit is exposed as well as the respective risk management measures are presented below. We are of the opinion that the risks presented here do not jeopardise our company, neither on their own or collectively. For further details of these risks, see the table below.

Risk summary

Individual risk	Probability of occurrence	Potential financial impact	Year-on-year change
Economic risks	possible	major	→
Sales risks	possible	major	→
Default risks	possible	moderate	→
Procurement risks	possible	major	↗
Operational risks	possible	major	→
Personnel risks	possible	major	↗
Financial and exchange rate risks	unlikely	moderate	→

↗ increased → unchanged

Economic risks

Due to our product and customer structure, Westag & Getalit AG is very much dependent on economic activity in the construction and kitchen furniture sector as well as in the DIY store sector. We therefore monitor and analyse the respective economic and industry trends on an ongoing basis. Our healthy financial and cash structure means, however, that we have sufficient reserves to successfully manage a potential economic slowdown in the above-mentioned sectors.

Sales risks

Sales risks are of fundamental importance in our line of business. They essentially depend on economic activity in our output markets, our products and the competitive situation. Due to the fact that our divisions partly operate in different markets, we achieve a certain degree of diversification and are less exposed to trends in individual markets than our competitors. Nevertheless, economic trends, customer acceptance of our products and the appropriate pricing of our products as well as our ability to make fast deliveries play an important role. We therefore try to mitigate these risks by constantly modifying our product portfolio while at the same time further diversifying our output markets in order to reduce our exposure to specific market segments and individual countries' economic cycles. In areas where our resources are fully utilised we make investments in the expansion of our production capacity and constantly optimise our operating processes to ensure the fastest possible delivery times.

Default risks

Default risks may arise whenever contractual partners do not fulfil their contractual obligations at all or on time. The main reasons for this include a deteriorating cash position and bankruptcies. We mitigate this risk with the help of a very effective internal receivables management system as well as trade credit insurance protecting our major accounts receivable. In individual cases, we have receivables covered by corresponding guarantees.

Procurement risks

Our procurement risks have increased significantly over the past years, primarily because of reduced production capacities for certain intermediate products as well as a shortage of certain wood types. Moreover, we have to cope with the rising prices of the chemicals, paper and wooden materials sourced by us.

To mitigate the risk of insufficient supplies of raw materials of the required quality we are constantly reviewing our suppliers under our supplier assessment system and continue to expand our supplier network and to increasingly shift the focus of our procurement activities to international markets.

Due to growing demand and restrictive legal regulations, the shortage of wood-based materials is becoming increasingly urgent problem, however. In view of the strong market position of individual providers of certain materials, we only have limited options to address rising raw materials prices. Therefore, it is extremely important to identify imminent price rises quickly and to adapt our sales prices in a timely and appropriate manner. To reduce the risk of unexpected specification changes and defects in intermediate products and raw materials, we rely on corresponding contractual regulations, close controls of incoming goods and regular production-related tests. Where our energy supply is concerned, we have, for several years, taken advantage of the possibility to secure prices and quantities for part of natural gas and electricity supplies under longer-term agreements. This opens up additional opportunities to buy these forms of energy at favourable prices but also entails a risk of an incorrect market and price assessment. We mitigate this risk by closely monitoring the market, consulting experts, making successive purchases and spreading the quantities over different periods.

Operational risks

A major operational challenge is to manufacture products meeting the required quality standards at the best possible cost structure. We are constantly working to improve our production processes and to develop new procedures, which are implemented if they are found to be feasible. We mitigate the risk of production shortfalls by subjecting our existing plants and machines to thorough and preventive service and maintenance work. Regular modernisations ensure that our machines are kept at a high technical level. In addition, we have taken out appropriate insurance cover against damage by natural forces and the breakdown of especially critical machines. These measures are supported by fire protection and other precautionary measures as well as our quality management system, which has been certified to DIN ISO 9001. Especially great importance is attached to information technology and its increasingly pivotal role. Redundant hardware and network components and a modern infrastructure guarantee maximum system availability and the necessary security for our data. Moreover, data losses are minimised with the help of daily back-ups of our relevant data while system downtimes are made virtually impossible by a well-trained team. We have additionally implemented numerous technical and administrative measures to prevent unauthorised access from the Internet and to protect our data.

Personnel risks

The individual skills, professional expertise and the commitment of our employees make a key contribution to the success of our company. Consequently, potential risks for us include the loss of specialised and executive staff as well as a lack of suitable job applicants. Effective human resources management, which is aimed at constantly training our employees and winning new competent people, and effective employee motivation activities are therefore of major importance for us. To mitigate the risks arising from a loss of knowledge and experience resulting from older employees leaving our company, we organise appropriate qualification enhancement measures for younger staff and early succession planning. In view of the anticipated demographic developments but also with a view to undesirable developments in the educational sector, we have stepped up our external efforts to ensure that young talent become aware of Westag & Getalit AG as an attractive employer already during their training. This is done with the help of internships, graduation thesis projects and strengthened cooperation with educational institutions.

To respond to temporary fluctuations in sales and mitigate their adverse impact on earnings, we have implemented flexible working time schemes, which allow us to react swiftly and appropriately, thereby considerably mitigating any potential negative impact on our bottom line. If such fluctuations last longer, however, adverse effects on earnings cannot be entirely avoided, as the instruments used for the flexibilisation of working hours will then reach their limits.

Financial and foreign exchange risks regarding the use of financial instruments

In view of our high equity ratio of about 65% and the available liquidity, we currently see no financing risks. To mitigate the effects of potential changes in exchange rates outside the EU, we invoice almost exclusively in euros. As a general rule, only our UK sales in the local currency are hedged by foreign exchange transactions. On the procurement side, raw material purchases on a US dollar basis are hedged by acquiring the respective US dollar amounts.

INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM FOR THE ACCOUNTING PROCESS

Our internal control and risk management system for the accounting process is guided by the aim of ensuring proper accounting and the compliance of our financial statements and reports with applicable rules and regulations.

The Group's accounting processes are clearly structured with regard to the individual responsibilities. The functions of the two departments primarily involved in the accounting process, Finance and Accounting as well as Controlling, are strictly separated with regard to the preparation of the accounts. An SAP-based, planning-driven information system is our main risk management instrument, which allows us to identify deviations in all our key performance indicators and initiate counter-measures at an early stage. On this basis, all members of the management are involved in the process of avoiding and minimising risks.

The accounting process is based on the SAP platform including a consistent reporting system as well as standardised IT-based processes. All employees involved in the accounting process have the required knowledge and experience. The four-eye principle is applied to all material accounting-relevant processes. The systems used are protected against unauthorised access. Access authorisations are granted on the basis of functions. Appropriate controls have been implemented for all accounting-relevant processes, taking into account the principle of a separation of functions. Besides automatic controls of the IT systems, analytical tests and manual examinations of individual transactions are carried out. New regulations and amended accounting rules are analysed for their impact in a timely manner and implemented swiftly if required.

Expert opinions on pension and tax matters are obtained from external service providers.

The clear definition of responsibilities, a clear organisational structure and appropriate control mechanisms as well as competent personnel and equipment ensure the efficiency of the accounting process. The existing controls help to largely avoid mistakes and detect and correct them, if required.

COMPENSATION OF THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD

The compensation principles and structures are designed in such a way that they provide sufficient incentives to increase the company's profits in a sustainable manner. The details of the compensation of the Management Board members are contractually agreed with each individual member by the Supervisory Board based on a proposal by the Appointments and Compensation Committee. The monetary compensation components are comprised of fixed and variable components. The fixed components are based on the tasks of the respective Board member. The variable components for the Board members responsible for the production divisions depend, on the one hand, on the annual profit of the respective division and, on the other hand, on the annual profit of the company. The variable compensation component received by the Management Board member in charge of the Central Division is based on the company's annual profit. The company's annual profit is its earnings before corporate income taxes less any loss carried forward from the previous year and the amounts to be allocated to open reserves by law and the statutes.

In order to create incentives for a high annual profit, the profit shares increase disproportionately if certain profit levels are exceeded. The percentage of total compensation accounted for by variable components varies with the realised annual profit. In addition, the variable compensation is subject to a sustainability factor. This means that a Management Board member is eligible to only a partial amount of the variable compensation for a fiscal year. Whether the Management Board member also receives all or part of the remaining variable compensation depends on whether or not the company's earnings growth continues in the two following years. This is meant to provide an incentive for a sustainable positive earnings performance.

The Supervisory Board has reserved the right to cap the variable compensation in response to extraordinary, unpredictable developments. In addition, all Management Board contracts contain caps for the variable and the total compensation. The fixed compensation component is paid out monthly on a pro-rata basis, while the variable component is paid out annually in the form of a partial payment made during the year with the balance being paid following the adoption of the financial statements for the previous fiscal year. It has additionally been agreed that the compensation will be paid for a limited time in the event of a Management Board member's inability to work, provided that the member is not responsible for his/her inability to work. In addition, the members of the Management Board receive non-monetary and other benefits, which primarily include the use of a company car. D&O insurance and accident insurance has been taken out for the members of the Management Board, whose premiums are paid by the company. A pension agreement has been signed with the Chairman of the Management Board.

The company has not concluded any agreements with the members of the Management Board about the granting of shares in the company, share options or similar forms of compensation. The Supervisory Board has reviewed the Management Board compensation and its components and arrived at the conclusion that the compensation structure is in line with the compensation paid by peer companies as well as with the compensation structure within the company and is sufficiently attractive to incentivise good performance on a sustained basis.

The compensation of the members of the Supervisory Board is governed by section 12 of the company's statutes. According to these provisions, the members of the Supervisory Board receive a fixed annual compensation, which is payable after the end of the fiscal year and amounts to € 12,000 for each member; the Chairman receives twice this amount, while the Vice Chairman receives 1.5 times this amount. Each Supervisory Board member additionally receives annual compensation of € 2,500 per committee membership. No special compensation is granted for the chairmanship of a Supervisory Board committee. In addition, the expenses incurred by the Supervisory Board members in the performance of their tasks are reimbursed. D&O insurance has been taken out for the members of the Supervisory Board.

TAKEOVER-RELEVANT INFORMATION

The share capital of Westag & Getalit AG amounts to € 14,643,200. It is divided into 5,720,000 no-par bearer shares, of which 2,860,000 are ordinary shares and 2,860,000 are preference shares. Each share represents € 2.56 of the share capital.

If the distributable accumulated profit is not sufficient to pay out a dividend of € 0.12 per preference share, the deficit must be paid, without interest, out of the accumulated profit generated during the subsequent years in such a way that the older deficits are paid before the newer ones and the preferred amounts payable for the year out of the same year's profit are paid subsequent to the repayment of all deficits. Subsequent to the distribution of a dividend of € 0.12 per ordinary share, the preference shareholders receive an extra dividend, which may not be paid retroactively, of € 0.06. Both preference and ordinary shareholders participate in a further distribution in the proportion of their prorate shares in the capital stock. The company reserves the right to issue further preference shares which, with respect to a distribution of profit or of company assets, are either of equal rank or take priority over the existing non-voting preference shares. The preference shares carry no voting rights, except for the cases provided for in sections 140 and 141 of the German Stock Corporation Act (AktG). In addition, the preference shares grant the rights that arise to each shareholder from the share.

The company held 365,066 preference shares on December 31, 2017. No membership rights arise to the company from these shares. Gethalia Foundation c/o Prokurationsanstalt, Vaduz, Liechtenstein, holds 2,159,300 voting ordinary shares in the company. These shares represent 75.5% of the voting rights.

The members of the Management Board of Westag & Getalit AG are appointed and dismissed in accordance with sections 84 and 85 of the German Stock Corporation Act (AktG) in conjunction with section 4 of the statutes. Amendments to the company's statutes are subject to sections 133 and 179 of the German Stock Corporation Act (AktG).

The company was authorised by the Annual General Meeting on August 18, 2015 to acquire, sell and possibly redeem ordinary and/or preference shares in the company in an amount of up to 10% of the share capital by August 17, 2020 pursuant to the provisions of section 71 para. 1 No. 8 of the German Stock Corporation Act (AktG).

Other circumstances pursuant to sections 289a, 315a of the German Commercial Code (HGB) do not exist.

RELATIONSHIPS WITH AFFILIATED COMPANIES

According to a notification dated December 23, 2013, 75.5% of the voting rights in our company are attributable to Gethalia Foundation headquartered in Vaduz, Liechtenstein.

For clarification with regard to relationships with affiliated companies, we point out that no transactions were conducted with Gethalia Foundation and Westag & Getalit AG and OOO Westag & Getalit, Moscow. Transactions (merchandise deliveries and granting loans) between Westag & Getalit AG and OOO Westag & Getalit, Moscow, were conducted on an arm's length basis. The report issued in this respect in accordance with section 312 of the German Stock Corporation Act (AktG) closes as follows: "The Management Board declares that each transaction was made on terms equivalent to those that prevail in arm's length transactions, based on the circumstances known to the company at the time when such transactions were made. Other measures within the meaning of section 312 AktG were neither taken nor omitted."

CORPORATE GOVERNANCE STATEMENT

The corporate governance statement including the Corporate Governance Report to be issued pursuant to sections 289f, 315d para. 5 of the German Commercial Code (HGB) can be found at www.westag-getalit.com/unternehmensfuehrung.

RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements and the separate financial statements give a true and fair view of the net assets, financial position and results of operations of the Group and Westag & Getalit AG, and the combined management report includes a fair review of the development and performance of the business and the position of the Group and Westag & Getalit AG, together with a description of the principal opportunities and risks associated with the expected development of the Group and Westag & Getalit AG, respectively.

Rheda-Wiedenbrück, February 15, 2018
Westag & Getalit Aktiengesellschaft
The Management Board

Beckers Stenzel

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET AS OF DECEMBER 31, 2017

Assets	Notes	December 31, 2017 in € '000	December 31, 2016 in € '000
A, Non-current assets			
I, Intangible assets	13		
Software, licences and other industrial property rights		**1,327**	**1,005**
II, Property, plant and equipment	13		
Land and leasehold rights and buildings		23,343	22,680
Technical equipment and machinery		30,873	32,553
Other fixtures and fittings, plant and office equipment		16,276	15,198
Advance payments and assets under construction		4,990	1,306
		75,482	**71,737**
III, Financial assets	13		
Shares in associated companies		**3,092**	**2,731**
		79,901	**75,473**
IV, Deferred taxes	13	**3,614**	**3,411**
		83,515	**78,884**
B, Current assets			
I, Inventories	14		
Raw materials and supplies		19,204	17,204
Work in progress		4,081	3,726
Finished goods and merchandise		13,220	12,902
		36,505	**33,832**
II, Receivables and other assets	14		
Trade receivables		27,875	26,525
Receivables from associated companies		5	13
Other assets		1,306	1,118
Income tax receivables		417	399
		29,603	**28,055**
III, Cash and cash equivalents	14		
Cash at banks or on hand		**16,926**	**23,891**
		83,034	**85,778**
Total assets		**166,549**	**164,662**

Liabilities	Notes	December 31, 2017 in € '000	December 31, 2016 in € '000
A, Equity capital			
I, Called-up share capital	15		
Ordinary shares		7,322	7,322
Preference shares		7,322	7,322
		14,644	**14,644**
II, Capital reserve	15	**24,399**	**24,399**
III, Revenue reserves	15	**62,011**	**61,511**
IV, Accumulated profit	15	**7,739**	**7,676**
		108,793	**108,230**
B, Non-current liabilities	16		
Provisions for pensions and similar obligations		26,934	26,499
Other non-current provisions		1,355	1,356
		28,289	**27,855**
C, Current liabilities	17		
Trade payables		9,207	6,714
Other current liabilities		19,672	20,753
Current provisions		528	526
Income tax liabilities		60	584
		29,467	**28,577**
Total equity and liabilities		**166,549**	**164,662**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2017

	Notes	2017 in € '000	2016 in € '000
Sales	1	**234,411**	**233,019**
Changes in inventories of finished goods and work in progress	2	608	- 805
Other own work capitalised	3	413	244
		235,432	**232,458**
Other operating income	4	1,804	1,468
Cost of materials	5	- 114,321	- 111,307
Personnel expenses	6	- 74,315	- 75,059
Depreciation of intangible fixed assets and property, plant and equipment	7	- 9,775	- 10,071
Other operating expenses	8	- 30,155	- 27,310
Other taxes	9	- 333	- 286
Operating result		**8,337**	**9,893**
Financial result	10	68	25
Income from associated companies		694	624
Earnings before income taxes		**9,099**	**10,542**
Taxes on income	11	- 2,582	- 2,958
Consolidated net profit		**6,517**	**7,584**
Items not reclassified to profit or loss			
Actuarial gains/losses on defined benefit plans		- 313	-3,444
Deferred taxes on actuarial gains/losses on defined benefit plans		94	1,033
Sum total of income and expenses directly recognised in equity		**- 219**	**- 2,411**
Consolidated comprehensive income		**6,298**	**5,173**
Disclosures pursuant to IFRS 5			
Loss from discontinued operations		**445**	**8**
Consolidated net profit from continued operations		**6,962**	**7,592**

	Notes	2017	2016
Earnings per share			
Consolidated net profit in € '000		6,517	7,584
Average holdings of ordinary shares		2,860,000	2,860,000
Average holdings of preference shares		2,498,710	2,539,197
Net profit attributable to ordinary shares in € '000		3,398	3,937
Net profit attributable to preference shares in € '000		3,119	3,647
Earnings per ordinary share in € (comprehensive income)	12	1.19	1.38
Earnings per preference share in € (comprehensive income)	12	1.25	1.44
Earnings per ordinary share in € (continued operations)	18.3	1.27	1.38
Earnings per preference share in € (continued operations)	18.3	1.33	1.44
Dividend per ordinary share in € (2017: proposal)		0.74	0.94
Dividend per preference share in € (2017: proposal)		0.80	1.00

Earnings per share as defined in IAS 33 are calculated for both ordinary and preference shares by dividing the consolidated net profit attributable to the respective share type by the average number of shares of the respective type. Accordingly, net profit for the year must be divided into the different share types taking into account the higher dividend for the preference shares. Diluted earnings are equivalent to earnings per share. The breakdown into continued operations results from the provisions of IFRS 5 in conjunction with the discontinuation of the business activity of the Russian subsidiary.

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2017

The cash flow statement shows the origin and use of cash flows in the fiscal years 2017 and 2016. A distinction is made between cash flows from operating activities as well as from investment and financing activities using the indirect method. Cash and cash equivalents shown in the cash flow statement comprise all cash and cash equivalents recognised in the balance sheet with the exception of time deposits with a term of more than three months in the amount of € 2,000 thousand (previous year: € 4,810 thousand).

	2017 in € ‘000	**2016** in € ‘000
EBIT	**8,337**	**9,893**
Income tax payments	- 3,635	- 3,000
Depreciation and amortisation of fixed assets	9,775	10,071
Result from asset retirements	- 49	- 95
Change in current assets	- 3,791	626
Change in debt capital	1,536	1,740
Cash flow from operating activities	**12,173**	**19,235**
Investment in property, plant and equipment and intangible assets	- 13,844	- 8,002
Change in financial assets	0	30
Change in time deposits	2,810	- 4,810
Income from associated companies	333	366
Income from asset retirements	53	159
Cash flow from investment activities	**- 10,648**	**- 12,257**
Interest income	55	16
Interest expenses	0	- 1
Purchase of own shares	- 551	- 602
Dividend payments	- 5,184	- 4,145
Cash flow from financing activities	**- 5,680**	**- 4,732**
Change in cash and cash equivalents	**- 4,155**	**2,246**
Cash and cash equivalents as of January 1	19,081	16,835
Cash and cash equivalents as of December 31	14,926	19,081

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2017

in € '000	Subscribed capital	Capital reserve	Revenue reserve	Accumulated profit	Total
January 1, 2016	**14,644**	**24,399**	**60,911**	**7,850**	**107,804**
Dividend				- 4,145	- 4,145
Consolidated net profit				7,584	7,584
Purchase of own shares				- 602	- 602
Addition in accordance with section 58 (2) AktG			600	- 600	0
Actuarial gains/losses				- 3,444	- 3,444
Deferred taxes on actuarial gains/ losses				1,033	1,033
December 31, 2016	**14,644**	**24,399**	**61,511**	**7,676**	**108,230**
January 1, 2017	**14,644**	**24,399**	**61,511**	**7,676**	**108,230**
Dividend				- 5,184	- 5,184
Consolidated net profit				6,517	6,517
Purchase of own shares				- 551	- 551
Addition in accordance with section 58 (2) AktG			500	- 500	0
Actuarial gains/losses				- 313	- 313
Deferred taxes on actuarial gains/ losses				94	94
December 31, 2017	**14,644**	**24,399**	**62,011**	**7,739**	**108,793**

CONSOLIDATED NOTES

General information

Westag & Getalit AG is a manufacturer of wood and plastics products based in Rheda-Wiedenbrück, Westphalia. The stock corporation has been entered in the Commercial Register of Gütersloh under number HRB 5565.

Westag & Getalit AG is listed in the Prime Standard of the Frankfurt Stock Exchange and the official market of the Düsseldorf Stock Exchange.

The consolidated financial statements of Westag & Getalit AG, Rheda-Wiedenbrück, were prepared in euros in accordance with International Financial Reporting Standards (IFRS), such as they are applicable in the European Union (EU), as well as to the complementary provisions of section 315e of the German Commercial Code (HGB). The fiscal year corresponds to the calendar year and ended on December 31, 2017. The consolidated financial statements will be published in the Federal Gazette following the adoption of the Supervisory Board's resolution on March 22, 2018.

The euro is the functional currency of Westag & Getalit AG, whereas the rouble is the functional currency of the subsidiary, OOO Westag & Getalit, Moscow, Russian Federation.

The following amended standards had to be applied in the EU for the first time as of the beginning of the fiscal year 2017:

Standard	Title/Contents
IAS 1	Statement of Cash Flows (Disclosure Initiative): Amendments to facilitate the assessment of changes in financial liabilities
IAS 12	Amendments regarding the recognition of deferred tax assets for unrealised tax losses from financial assets available for sale

The amendments to the standards had no impact on the consolidated financial statements of Westag & Getalit AG.

The following standards and amendments to existing standards as well as interpretations, which have been issued but are not mandatory yet, are not applied early by Westag & Getalit AG:

Standard/ Interpretation	Title	Effective from
IFRS 9	Financial Instruments (replaces the provisions in IAS 39 on the recognition and measurement of financial instruments)	Jan. 1, 2018
IFRS 15	Revenue from Contracts with Customers (including clarifications, replaces IAS 18 and IAS 11)	Jan. 1, 2018
IFRS 16	Leasing (replaces IAS 17 and related interpretations)	Jan. 1, 2019
IFRS 4	Amendments regarding the application of IFRS 9 in conjunction with IFRS 4	Jan. 1, 2018
IFRS 2	Amendments regarding the Classification and Measurement of Share-based Forms of Payment	Jan. 1, 2018*
Miscellaneous	Annual Improvement of IFRS (cycle 2014 - 2016): Clarifications regarding IFRS 12, IAS 28, IFRS 1	Jan. 1, 2018*
IAS 40	Amendments regarding Transfers of Investment Property	Jan. 1, 2018*
IFRIC 22	Foreign Currency Transactions and Advance Consideration	Jan. 1, 2018*
IAS 28	Amendments regarding the application of IFRS 9 for investments in associates and joint ventures	Jan. 1, 2019*
IFRS 9	Amendments regarding financial instruments with regard regard to the prepayment option with negative compensation	Jan. 1, 2019*
Diverse	Annual Improvement of IFRS (cycle 2015 - 2017): Clarifications regarding IFRS 3, IAS 12, IAS 23	Jan. 1, 2019*
IFRS 17	Insurance contracts (replaces IFRS 4)	Jan. 1, 2021*

* not yet endorsed by the EU Commission

IFRS 14 (Regulatory Deferral Accounts) and amendments to IAS 10 / IAS 28 (Sales or Contributions of Assets between an Investor and its Associate/Joint Venture) have not been endorsed by the EU.

Based on a preliminary assessment, Westag & Getalit AG assumes that the application of the standards and/or amendments that become effective as of the following period will have no material effects on the Group's net assets, financial position and results of operations.

The reclassification of the financial instruments depending on their applicable business model and the resulting contractual cash flows does not result in any material valuation effects for the financial assets and liabilities. According to our preliminary assessment, all financial assets and liabilities currently recognised at amortised cost will continue to meet the requirements for this classification pursuant to IFRS 9. Going forward, impairments of financial assets can usually be recorded using the simplified method, under which all expected losses are recognised upon initial measurement.

Financial derivatives occasionally used for hedging purposes will be regarded as continuing hedge relationships also for first-time adopters of IFRS 9. Consequently, no effects on hedge accounting are expected.

With regard to the first-time adoption of IFRS 15 regarding the treatment of revenue from contracts with customers, the still ongoing analysis of the contracts signed revealed that the latter almost exclusively comprise a distinct performance component or a series of similar performance components. These contracts are fulfilled at a certain point in time, triggering the recognition of revenue at the agreed transaction price. As in the past, agreed variable components of the consideration will continue to be considered on the basis of a best estimate.

The effects of the standards and amendments that will become effective at a later date are still being reviewed. The first-time adoption of IFRS 16 on lease accounting means that obligations from operating leases no longer are to be disclosed exclusively in the notes. Going forward, the rights and obligations from the lease will generally be recognised in the lessee's balance sheet as rights of use and corresponding lease obligations. Consequently, the lease expenses previously recognised as other operating expenses in the statement of comprehensive income will have to be recognised as depreciation of the right of use and as interest expense from compounding of the lease obligations.

The consolidated statement of comprehensive income comprises income generated and expenses incurred in the period, the balance of which represents the consolidated net profit. It also comprises other comprehensive income, which is the balance of income and expenses directly recognised in equity. The expenditure type of presentation continued to be used for the statement of comprehensive income.

A distinction between current and non-current assets and liabilities is made in the consolidated balance sheet. Assets and liabilities due within one year are classified as current.

Besides the consolidated statement of comprehensive income, the consolidated balance sheet and the consolidated cash flow statement, the notes include a consolidated statement of changes in equity as well as a segment report. To increase the relevance of the information provided, individual items are combined in the consolidated statement of comprehensive income as well as in the consolidated balance sheet and are explained in the consolidated notes.

Consolidation principles

The consolidated financial statements comprise Westag & Getalit AG as well as its only subsidiary.

Method
Additions were consolidated using the revaluation method. The entities initially included in the basis of consolidation on this basis are included in the basis of consolidation as of the time of their foundation. The recognised value of the investment in the consolidated subsidiaries was offset against equity in the year of their foundation.

As a general rule, all intercompany profits, intra-group revenues, expenses and income as well as all receivables and liabilities between the consolidated entities are eliminated.

Basis of consolidation

The following entities are included in the consolidated financial statements as subsidiaries of Westag & Getalit AG, Rheda-Wiedenbrück:

	Capital share
OOO Westag & Getalit, Moscow, Russian Federation	100 %

Equity consolidation

The following associated company, over which Westag & Getalit AG has material influence, is consolidated using the equity method pursuant to IFRS:

	Shareholding
AKP Carat-Arbeitsplatten GmbH, Meiningen („AKP“)	49 %

This investment therefore is to be consolidated using the equity method pursuant to IAS 28.

January 1, 2006 has been chosen as the relevant date for determining the value and goodwill. This is the effective date at which the shares in AKP Carat-Arbeitsplatten GmbH were acquired. Profits accumulated in the meantime were counted towards the accumulated profit on a pro-rated basis.

The initial equity consolidation of the shares resulted in the following differences in the consolidated balance sheet as at January 1, 2015 compared to the former valuation in the commercial balance sheet:

	in € '000
Acquired pro-rated equity	778
Acquired goodwill	422
Investment value stated in the commercial balance sheet	**1,200**
Retained profits of the fiscal years 2006 - 2014	873
Total	**2,073**

Currency translation

The balance sheets of financial statements in foreign currency are translated at the mean spot exchange rate as of the balance sheet date. The income statements are translated at the average exchange rate. Any difference in the result is recognised in other operating expenses/income.

Key accounting and valuation principles

The following accounting and valuation principles were applied:

Realisation of earnings and expenses
Sales revenues and other operating income are recognised as soon as ownership or risk passes to the customer or at the time when a service is performed. Sales revenues are shown less cash discounts, discounts, price reductions and bonuses.

Changes in inventories of work in progress still in the production process on the balance sheet date are reported at their pro-rata production costs.

Operating expenses are recognised in profit/loss at the time of the use of the respective product or service.

Guarantee expenses are included in conjunction with the realisation of the respective sales revenues. Interest income and interest expenses are recognised on an accrual basis using the effective rate method.

Foreign currency transactions are translated into euros and recorded at the current rate of exchange. Any translation differences are recognised in other operating income or other operating expenses.

Non-current assets

Purchased intangible assets are recognised at cost. They are depreciated over their estimated useful economic lives of 3 to 8 years using the straight-line method.

Intangible assets as well as property, plant and equipment are written off for impairment if and when the "recoverable amount" of the asset has fallen below the carrying amount. The "recoverable amount" is the higher of the net realisable value and the present value of the anticipated cash flow from the asset.

Property, plant and equipment
Property, plant and equipment are recognised and measured at their acquisition or production costs less scheduled depreciation over their useful lives unless they are subject to non-scheduled depreciation. The straight-line method is used for depreciation over the useful lives.

The useful life of factory, business, residential and other buildings is mostly 25 to 50 years, of technical equipment and machinery up to 15 years and of other fixtures and fittings, plant and office equipment 3 to 10 years. The periods of depreciation and useful lives are reviewed annually.

In addition to the cost of materials, measured at cost, the production costs of self-constructed assets comprise production labour as well as pro-rata production overhead costs including depreciation. Financing costs are not recognised.

Financial assets
Financial assets include shares in associated companies, as well as interest-bearing loans held to maturity. Investments in associates are measured at cost plus the shares in profit or loss less distributions by the associate.

Deferred taxes
Deferred taxes are determined for temporary differences between the carrying amounts and the tax valuations of assets and liabilities. Deferred taxes are based on a tax rate of 30%. The company has elected to offset deferred tax assets against deferred tax liabilities. Losses carried forward are recognised as deferred tax assets in the amount that is likely to be realised in the future.

Current assets

Inventories
As a general rule, raw materials and supplies as well as merchandise are valued at their average acquisition costs. Work in progress and finished goods are shown at their production costs. Production costs comprise all costs directly attributable to the production process as well as appropriate portions of the production-related overhead costs. Financing costs are not included in the acquisition and production costs.

Inventory risks resulting from obsolescence, reduction in quality and other reduced usability are taken into account by means of adequate depreciation. Lower values on the balance sheet date due to reduced proceeds on disposal are shown accordingly.

Receivables and other assets
Receivables and other assets are valued at their acquisition costs. Discernible risks are taken into account by means of adequate value adjustments. The general credit risk is taken into account by means of a general valuation allowance based on past experience.

Existing receivables in foreign currencies are valued at the mean rate on the balance sheet date. Non-interest-bearing receivables with a remaining term of more than one year are discounted based on public-sector bonds with comparable remaining terms.

Cash and cash equivalents
Means of payment are shown at their depreciated acquisition costs. Foreign currency assets are valued at the mean rate on the balance sheet date.

Liabilities

Pensionsrückstellungen
Pension provisions include obligations under a pension scheme for the company's employees. The provisions are calculated based on salary-independent monthly old-age and disability pension payments per full year of staff membership in the company. In addition, there are individual pension commitments which comprise benefit claims as fixed amounts.

Provisions are set up for obligations under rights to future pension payments and current pension payments to active and former employees and their surviving dependants. The company's pension schemes have been closed; new employees are not entitled to company pensions.

Provisions for pensions from defined benefit plans are valued using the projected unit credit method. This method takes into account not only the pensions and vested rights to future pension payments known on the balance sheet date but also careful estimates of future increases in pensions and salaries. The calculation is based on actuarial expert opinions relying on certain biometric assumptions.

The expected mortality, disability and staff turnover rates are based on the Prof. Dr. Klaus Heubeck 2005 (G) tables. The provisions were calculated on the basis of the new retirement ages stipulated by the German Pension Reform Act. In deviation from the above, the retirement age of some individual pension commitments is the completion of the 65th year of age. The discount factor is based on the current yield of high-quality corporate bonds. Actuarial gains and losses are fully and directly recognised in equity.

Other provisions

Provisions are set up to the extent that there are current obligations from past events to third parties which are likely to result in a future outflow of resources that can be reliably estimated.

Provisions for guarantee claims and complaints are set up on the basis of past or estimated future claims. Other provisions are also taken into account for all discernible risks and uncertain obligations in the amount of their probable occurrence. The amounts shown are a best possible estimate of the funds required to meet the obligations existing on the balance sheet date.

Provisions for obligations which are unlikely to burden resources already in the following year are set up in an amount equalling the present value of the expected outflow of resources. The discount rate used is based on market rates as of the balance sheet date. The valuation of provisions is reviewed on each balance sheet date.

Liabilities

Upon initial recognition, liabilities are recognised at cost. In the following years, all liabilities are recognised at amortised cost. All foreign currency liabilities are valued at the mean rate on the balance sheet date. Trade payables as well as other current liabilities are liabilities with a term of no more than twelve months.

Derivatives

In accordance with an internal directive, derivative financial instruments are exclusively used in isolated cases to hedge interest rate and exchange rate risks on the basis of a hedging policy defined by the Management Board and agreed with the Supervisory Board. These financial derivatives are initially recognised at the fair value, usually at cost, and subsequently measured at their fair value. If the financial derivatives used are effective hedges in the context of a hedging relationship, fluctuations in the fair value have no impact on the result for the period during the term of the derivative.

Estimates and evaluations by the management

When preparing the financial statements, it is necessary to make certain assumptions and estimates, which have an effect on the amount and the recognition of assets and liabilities, income and expenses and contingent liabilities in the fiscal year. If the actual development deviates from the assumptions, the actual amounts may deviate from the originally expected estimates.

Inventories and provisions for guarantee claims and complaints are the assets and liabilities in the financial statements which are most strongly affected by this risk over a 12-month horizon. The depreciation parameters for inventories and the assessment of the required provisions for guarantee claims are based on historical values and future assumptions. All relevant post balance sheet circumstances known at the time of the preparation of the financial statements were taken into account.

NOTES TO THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

A breakdown of sales revenues by geographic markets is shown below:

1.
Sales revenues

	2017 in € '000	2016 in € '000
Sales revenues		
Domestic	179,828	182,849
Abroad	54,583	50,170
Total	**234,411**	**233,019**

2.
Increase/decrease in inventories of finished goods and work in progress

	2017 in € '000	2016 in € '000
Increase/decrease in inventories of finished goods and work in progress	608	- 805
Total	**608**	**- 805**

3.
Other own work capitalised

	2017 in € '000	2016 in € '000
Own work capitalised - wages	413	244
Wages	**413**	**244**

4.
Other operating income

	2017 in € '000	2016 in € '000
Other operating income		
Income unrelated to accounting period	790	293
Compensation in kind	375	345
Insurance refund s	524	572
Foreign currency income	22	101
Other income	93	157
Total	**1,804**	**1,468**

5. Cost of materials

	2017 in € '000	2016 in € '000
Cost of materials		
Raw materials and supplies	87,061	85,946
Merchandise	19,968	18,175
Cost of services	7,292	7,186
Total	**114,321**	**111,307**

6. Personnel expenses

	2017 in € '000	2016 in € '000
Personnel expenses		
Wages and salaries	61,228	62,136
Social security contributions	11,090	10,942
Expenses for pension costs and other benefits	975	997
Other social expenditure	1,022	984
Total	**74,315**	**75,059**

The table below shows the average annual headcount:

	2017	2016
Number of staff (excl. trainees)		
Employees	365	374
Industrial employees	871	875
Total	**1,236**	**1,249**

7. Depreciation and amortisation of fixed assets

	2017 in € '000	2016 in € '000
Depreciation and amortisation of fixed assets		
Intangible assets	456	537
Property, plant and equipment	9,319	9,534
Total	**9,775**	**10,071**

8. Other operating expenses

	2017 in € '000	2016 in € '000
Other operating expenses		
Freight out	11,110	10,775
External cost of repair and maintenance	5,400	4,673
External production labour and overhead	4,493	3,614
Insurance, contributions and fees	1,307	1,360
Advertising and trade fair expenses	2,159	1,294
Legal and consulting fees	1,041	1,195
Travel and mileage allowance	617	606
Postage, office supplies and telephone	498	503
Other personnel expenses	596	445
Rent, lease, leasing costs	407	435
Car costs	386	420
Other expenditure	2,141	1,990
Total	**30,155**	**27,310**

Other expenditure includes expenditures unrelated to the accounting period in the amount of € 275 thousand (previous year: € 713 thousand) and losses from foreign currency translation in the amount of € 222 thousand (previous year: € 93 thousand).

9. Other taxes

	2017 in € '000	2016 in € '000
Other taxes	333	286
Total	**333**	**286**

Other taxes mainly comprise real property tax and vehicle license tax.

10. Financial and investment result

	2017 in € '000	2016 in € '000
Financial and investment result		
Interest income	68	26
Income from associated companies	694	624
Interest expenses	0	- 1
Total	**762**	**649**

Income from associated companies relates to the pro-rated profits from the investment in AKP Carat-Arbeitsplatten GmbH. It includes cash dividends of the associated company in the amount of € 0.3 million (previous year: € 0.4 million).

11. Taxes on income

	2017 in € '000	% *)	2016 in € '000	% *)
Steuern vom Einkommen und vom Ertrag				
Expected tax expenditure	2,730	30,0	3,162	30,0
Adjustments for prior years	- 60	- 0,6	- 64	- 0,6
Offsetting of foreign losses	- 27	- 0,3	- 27	- 0,3
Non-deductible operating expenses	155	1,7	49	0,5
Tax-free income from investments	- 208	- 2,3	- 187	- 1,8
Other tax effects	- 8	- 0,1	25	0,2
Total	**2,582**	**28,4**	**2,958**	**28,0**
*) of earnings before income taxes in an amount of	9,099		10,542	

The above tax rates were estimated on the basis of the applicable tax rates. A corporate income tax rate of 15% plus a solidarity surcharge of 5.5% was assumed. Trade tax is based on local assessment rates of 403% for Rheda-Wiedenbrück and 428% for Wadersloh.

Tax expenses are comprised as follows:

	2017 in € '000	2016 in € '000
Actual tax expenses	2,649	3,175
Deferred taxes resulting from the creation and reversal of temporary differences		
Provisions for pensions	62	17
Non-current provisions for personnel	24	- 9
Other liabilities	- 17	0
Special item with an equity portion	- 3	- 44
Value adjustment of fixed assets	- 133	- 181
Total	**2,582**	**2,958**

Deferred taxes were calculated on the basis of a tax rate of 30%.

12. Earnings per share

	2017	2016
Ergebnis je Aktie		
Consolidated net profit in € ‘000	6,517	7,584
Average holdings of ordinary shares	2,860,000	2,860,000
Average holdings of preference shares	2,498,710	2,539,197
Earnings per ordinary share in €	1.19	1.38
Earnings per preference share in €	1.25	1.44
Ordinary shares entitled to dividend	2,860,000	2,860,000
Preference shares entitled to dividend	2,494,934	2,519,173
Dividend per ordinary share in € (2017: proposal)	0.74	0.94
Dividend per preference share in € (2017: proposal)	0.80	1.00

For the effects on the breakdown into continued operations pursuant to IFRS 5, please refer to the information provided under 18.3.

NOTES TO THE CONSOLIDATED BALANCE SHEET

13.
Non-current assets

The breakdown of the non-current asset items summarised in the balance sheet and their changes in fiscal 2017 have been recorded in the respective notes to the balance sheet.

13.1
Intangible assets, property, plant and equipment and financial assets

Tangible assets are encumbered with land charges in an amount of € 6,800 thousand. No actual drawing existed on December 31, 2017.

As of December 31, 2017, the company held 100% of the shares in OOO Westag & Getalit, Moscow, Russian Federation, a subsidiary established in 2016. The nominal capital of the subsidiary amounts to the equivalent of € 326 thousand, while its equity capital totalled € 68 thousand as at December 31, 2017. Net loss for the year amounted to € 230 thousand (previous year: € 28 thousand).

As of the balance sheet date, Westag & Getalit AG also held 49.0% of the shares in AKP Carat-Arbeitsplatten GmbH (AKP), Meiningen, which is an associated company. AKP has a nominal capital of € 65 thousand (previous year: € 65 thousand). The company's equity capital amounted to € 5,450 thousand (previous year: € 4,713 thousand) as at December 31, 2017. A net profit of € 1,416 thousand (previous year: € 1,273 thousand) was generated in 2017. Total assets amounted to € 8,545 thousand as of the balance sheet date (previous year: € 7,784 thousand). Consequently, debt capital amounted to € 3,095 thousand (previous year: € 3,071 thousand).

DEVELOPMENT OF NON-CURRENT INTANGIBLE ASSETS, PROPERTY, PLANT AND EQUIPMENT AND FINANCIAL ASSETS

(in € '000)	Intangible assets	Property, plant and equipment		
	Software, licenses and other industrial property rights	Land and leasehold rights and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment
Acquisition and production costs				
January 1, 2016	**3,828**	**63,421**	**128,604**	**88,480**
Additions	498	679	2,363	3,371
Disposals	21	276	218	1,668
Reclassifications	0	4	4,393	1,302
December 31, 2016	**4,305**	**63,828**	**135,142**	**91,485**
Additions	667	1,808	2,328	4,191
Disposals	126	0	3	1,985
Reclassifications	111	191	145	719
December 31, 2017	**4,957**	**65,827**	**137,612**	**94,410**
Accumulated depreciation				
January 1, 2016	**2,784**	**40,060**	**98,293**	**74,236**
Additions	537	1,364	4,514	3,656
Disposals	21	276	218	1,605
December 31, 2016	**3,300**	**41,148**	**102,589**	**76,287**
Additions	456	1,336	4,153	3,830
Disposals	126	0	3	1,983
December 31, 2017	**3,630**	**42,484**	**106,739**	**78,134**
Carrying amounts				
December 31, 2016	**1,005**	**22,680**	**32,553**	**15,198**
December 31, 2017	**1,327**	**23,343**	**30,873**	**16,276**

		Financial assets			Fixed assets
Advance payments and assets under construction	Total	Shares in associated companies	Other loans	Total	Total
5,914	**286,419**	**2,473**	**30**	**2,503**	**292,750**
1,091	7,504	624	0	624	8,626
0	2,162	366	30	396	2,579
- 5,699	0	0	0	0	0
1,306	**291,761**	**2,731**	**0**	**2,731**	**298,797**
4,850	13,177	694	0	694	14,538
0	1,988	333	0	333	2,447
- 1,166	-111	0	0	0	0
4,990	**302,839**	**3,092**	**0**	**3,092**	**310,888**
0	**212,589**	**0**	**0**	**0**	**215,373**
0	9,534	0	0	0	10,071
0	2,099	0	0	0	2,120
0	**220,024**	**0**	**0**	**0**	**223,324**
0	9,319	0	0	0	9,775
0	1,986	0	0	0	2,112
0	**227,357**	**0**	**0**	**0**	**230,987**
1,306	**71,737**	**2,731**	**0**	**2,731**	**75,473**
4,990	**75,482**	**3,092**	**0**	**3,092**	**79,901**

13.2
Deferred tax assets

	Dec. 31, 2017 in € '000	Dec. 31, 2016 in € '000
Deferred tax assets		
Provisions	4,447	4,322
Special item with an equity portion	- 46	- 49
Fixed assets	- 737	- 870
Miscellaneous from consolidation entries	- 50	8
Total	**3,614**	**3,411**

As of the reporting date, deferred tax liabilities of € 833 thousand (previous year: € 919 thousand) were offset against deferred tax assets of € 4,447 thousand (previous year: € 4,330 thousand).

14.
Current assets
14.1
Inventories

	Dec. 31, 2017 in € '000	Dec. 31, 2016 in € '000
Inventories		
Raw materials and supplies	19,204	17,204
Work in progress	4,081	3,726
Finished goods and merchandise	13,220	12,902
Total	**36,505**	**33,832**

In the fiscal year, inventories were written down and recognised in profit/loss in an amount of € 622 thousand (previous year: € 927 thousand). No impairments made in earlier years were revalued to historical cost in the fiscal year. No inventories were transferred as security by Westag & Getalit AG.

14.2
Receivables and other assets

	Dec. 31, 2017 in € '000	Dec. 31, 2016 in € '000
Receivables and other assets		
Trade receivables	27,875	26,525
Receivables from associated companies	5	13
Other assets	1,306	1,118
Income tax receivables	417	399
Total	**29,603**	**28,055**

	Dec. 31, 2017 in € '000	Dec. 31, 2016 in € '000
Trade receivables		
Carrying amount	27,875	26,525
thereof not impaired as of the balance sheet date and due for		
less than 30 days	985	1,234
more than 30 days and less than 60 days	264	300
more than 60 days	625	243

The table below shows the changes in valuation allowances to cover a possible risk of default:

	2017 in € '000	2016 in € '000
Valuation allowances		
As of January 1	**1,445**	**1,420**
Addition	79	25
As of December 31	**1,524**	**1,445**

Losses of receivables totalled € 7 thousand in the fiscal year (previous year: € 10 thousand). The products shipped by the company are subject to retention of ownership.

Receivables from associated companies result from the business relationships with AKP Carat-Arbeitsplatten GmbH and its subsidiary, WAV Carat-Arbeitsplatten GmbH. Westag & Getalit AG has a direct and indirect influence on these companies. In fiscal 2017, goods in an amount of € 940 thousand (previous year: € 945 thousand) were supplied to these companies and no goods were purchased from them as in the previous year.

Other assets are composed as follows:

	Dec. 31, 2017 in € '000	Dec. 31, 2016 in € '000
Other assets		
Suppliers with debit balances	741	513
Energy tax refunds	322	130
Receivables from supplier bonuses	96	209
Other	147	266
Total	**1,306**	**1,118**

Income tax receivables include claims from income tax refunds for the fiscal year 2017 in the amount of € 417 thousand (previous year: € 0 thousand) Income tax receivables of the previous year in the amount of € 399 thousand included claims under corporate income tax benefits. These claims are paid out in equal instalments of € 399 thousand over a period of 10 years starting 2008.

14.3
Cash and cash equivalents

	Dec. 31, 2017 in € '000	Dec. 31, 2016 in € '000
Cash and cash equivalents		
Current account balances	13,619	12,319
Time deposit and money market account balances	3,307	11,572
Total	**16,926**	**23,891**

As of the balance sheet date, the company had unused cash credit lines totalling € 2.5 million. As in the previous year, bank guarantees totalling € 3.8 million were not used as of the balance sheet date. No securities or bank balances were pledged or assigned as of the balance sheet date.

15.
Equity capital
15.1
Subscribed share capital

	Number	Dec. 31, 2017 in € '000	Dec. 31, 2016 in € '000
Subscribed share capital (bearer shares)			
Ordinary shares	2,860,000	7,322	7,322
Preference shares	2,860,000	7,322	7,322
Total	**5,720,000**	**14,644**	**14,644**

The aim of our capital management efforts is to generate an appropriate return on equity employed on the basis of the existing good equity ratio. In accordance with the provisions of the German Stock Corporation Act (AktG) and the statutes, net profits generated are allocated to reserves, distributed to the shareholders in the form of a dividend or carried forward to new account.

Changes in equity are shown in the enclosed statement of changes in equity.

All of the company's shares are registered for trade and officially quoted at the Düsseldorf and Frankfurt stock exchanges. The ordinary shares are full voting shares, while the preference shares are non-voting. Preference shareholders receive a preferred dividend of € 0.12 per preference share out of the accumulated profit. If the distributable accumulated profit is not sufficient to pay out a dividend of € 0.12 per preference share, the deficit must be paid, without interest, out of the accumulated profit generated during the subsequent years in such a way that the older deficits are paid before the newer ones and the preferred amounts payable for the year out of the same year's profit are paid subsequent to the repayment of all deficits.

Subsequent to the distribution of a dividend of € 0.12 per ordinary share, the preference shareholders receive an extra dividend, which may not be paid retroactively, of € 0.06. Both preference and ordinary shareholders participate in a further distribution in the proportion of their prorate shares in the capital stock. The company reserves the right to issue further preference shares which, with respect to a distribution of profit or of company assets, are of equal rank over the existing non-voting preference shares.

We also state the following with regard to the capital and the statutes:

Gethalia Foundation c/o Prokurationsanstalt, Vaduz, Liechtenstein, has held 2,159,300 voting ordinary shares in the company since December 2013, when it took over the voting interests from Syntalit AG, Zug, Switzerland, a subsidiary of Gethalia Foundation. These shares represent 75.5% of the voting rights. No other direct or indirect shareholdings that exceed 10% of the voting rights were reported to the company or are known to the Management Board.

Shares with special rights that grant controlling powers do not exist. To the company's knowledge, employees only hold preference shares in the company.

The members of the company's Management Board are appointed and dismissed by the Supervisory Board in accordance with section 84 of the German Stock Corporation Act (AktG).

Pursuant to section 179 of the German Stock Corporation Act (AktG), amendments to the statutes require a majority of at least three quarters of the share capital represented at the Annual General Meeting. The statutes do not include any provisions that deviate from this clause.

Based on a resolution adopted by the ordinary Annual General Meeting of August 18, 2015, the Management Board is authorised to repurchase own shares as defined in section 71 para. 1 No. 8 of the German Stock Corporation Act (AktG) until August 17, 2020.

No agreements exist which come under the condition of a change of control due to a takeover bid. Compensation agreements have not been concluded with the members of the Management Board or employees in the event of a takeover bid.

15.2
Capital reserve

	Dec. 31, 2017 in € '000	Dec. 31, 2016 in € '000
Capital reserve	24,399	24,399
Total	**24,399**	**24,399**

The capital reserve mainly consists of the premiums of earlier capital increases.

15.3
Revenue reserves

	Dec. 31, 2017 in € '000	Dec. 31, 2016 in € '000
Revenue reserves		
Legal reserves	596	596
Other revenue reserves	61,415	60,915
Total	**62,011**	**61,511**

Revenue reserves contain the past results of Westag & Getalit AG to the extent they have not been distributed. They also include negative changes in equity with no impact on profit or loss, which result from the adoption of IFRS.

In fiscal 2017, an amount of € 500 thousand (previous year: € 600 thousand) was allocated to the revenue reserves in accordance with section 58 para. 2 of the German Stock Corporation Act (AktG).

15.4
Accumulated profit

	2017 in € '000	2016 in € '000
Accumulated profit		
As of January 1	**7,676**	**7,850**
Dividend payout	-5,184	- 4,145
Purchase of own shares	-551	- 602
Consolidated net profit	6,517	7,584
Other comprehensive income	- 219	- 2,411
Addition in accordance with section 58 para. 2 AktG	- 500	- 600
As of December 31	**7,739**	**7,676**

Own shares (365,066; previous year: 340,827) in an amount of € 4,998 thousand (previous year: € 4,446 thousand) held on the balance sheet date were netted with the accumulated profit without any impact on the operating result.

Other comprehensive income comprises income and expenses directly recognised in equity and represents actuarial gains/losses from defined benefit pension plans in the amount of € - 313 thousand (previous year: € - 3,444 thousand) taking into account deferred taxes of € 94 thousand (previous year: € 1,033 thousand).

16.
Non-current liabilities
16.1
Pension provisions

	2017 in € '000	2016 in € '000
Pension provisions		
As of January 1	**26,499**	**22,891**
Current expenditure	971	1,002
Current pension payments	- 849	- 838
Change in actuarial gains/losses	313	3,444
As of December 31	**26,934**	**26,499**

The present value of the benefit obligations is not fund-financed.

Breakdown of the benefit obligation:

	Dec. 31, 2017 in € '000	%
Active employees	13,405	49,8
Retired employees with vested entitlements	1,010	3,7
Pension recipients	12,519	46,5
Total	**26,934**	**100,0**

The consolidated statement of comprehensive income for the fiscal year includes the following expenses for pension obligations as personnel expenses:

	2017 in € '000	2016 in € '000
Current service cost	502	418
Interest expenses	469	584
Total	**971**	**1,002**

The amount of provisions is calculated using actuarial methods based on the following assumptions:

	2017 in € '000	2016 in € '000
As of January 1	11,174	7,730
Changes in financial accounting assumptions	313	3,489
Experience adjustments	0	- 45
As of December 31	**11,487**	**11,174**

The changes in actuarial gains/losses are shown in the consolidated statement of comprehensive income as other comprehensive income in the sum total of income and expenses directly recognised in equity.

The amount of provisions is calculated using actuarial methods based on the following assumptions:

	Dec. 31, 2017 in %	**Dec. 31, 2016** in %
Discount factor (p.a.)	1,80	1,80
Anticipated income growth (p.a.)	–	–
Rate of pension progression (p.a.)	2,00	2,00

A change in the above assumptions used to calculate the pension provisions as of the balance sheet date would have the following effects on the obligation:

		Effects in € '000	**Effects** in € '000
Biometric accounting assumptions			
Change in life expectancy	used	- 1 year	+ 1 year
	RT 2005 G	- 844	861
Financial accounting assumptions			
Change in the discount factor	used	- 100 bps	+ 100 bps
	1,80%	5,604	- 4,243
Change in the pension trend	used	- 25 bps	+ 25 bps
	2,00%	- 850	892

We intend to continue financing the pension obligations via provisions and to make the pension payments from the company's operating cash flow. Investing free cash flow in the company should secure adequate interest income on the capital employed in the medium and long term to cover uncovered pension risks.

We project service costs and interest expenses of € 963 thousand for the fiscal year 2018. The maturity profile from the benefit obligations for future fiscal years is:

2018 in € '000	2019 in € '000	2020 in € '000	2021 in € '000	2022 in € '000	2023–2027 in € '000
891	877	874	878	881	4.616

The pension obligations have a weighted average maturity of 18.5 years (previous year: 18.9).

16.2
Other non-current provisions

in € '000	Provisions for personnel	Other provisions	Non-current provisions Total
As of January 1, 2016	**544**	**760**	**1,304**
Use	63	445	508
Reversal	0	0	0
Addition	85	475	560
As of December 31, 2016	**566**	**790**	**1,356**
As of January 1, 2017	**566**	**790**	**1,356**
Use	67	382	449
Reversal	0	0	0
Addition	63	385	448
As of December 31, 2017	**562**	**793**	**1,355**

Non-current provisions essentially include the non-current portion of the provisions for complaints and guarantees as well as the provisions for anniversary benefits. The current portion of the anniversary provisions amounts to € 37 thousand (previous year: € 60 thousand).

17.
Current liabilities
17.1
Trade payables

	Dec. 31, 2017 in € '000	Dec. 31, 2016 in € '000
Verbindlichkeiten aus Lieferungen und Leistungen	9,207	6,714
Summe	**9,207**	**6,714**

All trade payables are current liabilities, which are subject to the usual retention of ownership of the suppliers. Trade payables are due within one year and non-interest-bearing.

17.2
Other current liabilities

	Dec. 31, 2017 in € '000	Dec. 31, 2016 in € '000
Other current liabilities		
Bonuses due to customers	10,667	10,665
Liabilities to employees	4,409	4,881
Income tax on wages and salaries	1,593	1,555
Other tax liabilities	851	1,120
Debtors classed as creditors	102	213
Advance payments received	205	95
Others	1,845	2,224
Total	**19,672**	**20,753**

Other current liabilities are due within one year and non-interest-bearing.

17.3
Current provisions

in € '000	Guarantee obligations in € '000
As of January 1, 2016	**506**
Use	297
Reversal	0
Addition	317
As of December 31, 2016	**526**
As of January 1, 2017	**526**
Use	255
Reversal	0
Addition	257
As of December 31, 2017	**528**

The provision was established for the temporary use of guarantee obligations.

17.4
Income tax liabilities

	Dec. 31, 2017 in € '000	Dec. 31, 2016 in € '000
Income tax liabilities	60	584
Total	**60**	**584**

Income tax liabilities comprise unsettled prior year amounts.

ADDITIONAL NOTES TO THE CONSOLIDATED BALANCE SHEET

18.
Additional notes
18.1
Additional disclosures on financial instruments

As at the balance sheet date, Westag & Getalit AG exclusively held original financial instruments. On the assets side, they relate to financial assets and primarily comprise other non-current loans, receivables and other assets as well as liquid funds and are recognised at amortised cost in accordance with the respective classification (held-to-maturity financial assets or loans and receivables). On the liabilities side, financial instruments relate to financial liabilities measured at amortised cost (trade payables, other current liabilities). The original financial instruments held by the company are stated in the balance sheet; the amount of the financial assets is equivalent to the maximum default risk.

For information on the changes in valuation allowances and maturities, please refer to the explanations provided under the balance sheet item “Receivables and other assets“.

For cash and cash equivalents and other short-term original financial instruments, the carrying amounts represent an adequate approximation of the fair values.

Net interest income from financial assets amounted to € 68 thousand (previous year: € 25 thousand).

Foreign-currency receivables and liabilities are measured at the mean spot exchange rate as of the respective reporting date. Westag & Getalit AG is exposed to moderate financial and currency risks related to purchases and sales in foreign currency. These risks are mitigated in individual cases and on a small scale through the use of exchange rate hedges, while keeping an eye on anticipated exchange rate trends. In the fiscal year 2017, only sales in the UK in local currency were hedged by foreign exchange transactions in the course of the year, while the exchange rate risk on the purchasing side in US dollars was mitigated by the simultaneous acquisition of US dollars.

As of the balance sheet date, the Group had the following assets and liabilities in foreign currencies:

	Dec. 31, 2017 in € '000	Dec. 31, 2016 in € '000
Trade receivables (GBP)	341	256
Trade receivables (CHF)	79	59
Trade receivables (USD)	0	39
Trade receivables / other assets (RUB)	82	35
Cash and cash equivalents (GBP)	103	170
Cash and cash equivalents (USD)	1,938	1,407
Cash and cash equivalents (RUB)	34	240
Advance payments (USD)	189	23
Trade payables (RUB)	5	7
Trade payables (GBP)	118	115

In addition, the following amounts were handled in foreign currencies:

	2017 in T€	2016 in T€
Sales revenues (GBP)	2,208	2,064
Sales revenues (RUB)	61	0
Sales revenues (CHF)	332	304
Cost of materials (USD)	2,000	2,014

In view of the foreign currency business volume, the company currently believes that changes in exchange rates will have no significant impact on the result for the period. In order to eliminate default risks, we have taken out insurance cover for most of our accounts receivable.

As of the balance sheet date, derivative financial instruments to hedge future payments existed in the form of short-term USD forward purchases and purchase options in the amount of $ 1,000 thousand (previous year: $ 1,200 thousand) and of short-term GBP forward sales in the amount of £ 1,400 thousand (previous year: £ 1,800 thousand). The derivative financial instruments have a fair value of € -53 thousand (previous year: € 11 thousand). A corresponding liability has been recognised.

18.2
Segment reporting

The company is divided into the Surfaces/Elements Division, the Doors/Frames Division and the central division, which provides general services and supplies energy. The divisions form the basis for the internal reports used by management to steer the company (management approach). Services provided between the divisions are charged at transfer prices. Miscellaneous income and expense items essentially comprise other operating income, the cost of materials, personnel expenses and other operating expenses.

	Surfaces/ Elements in € '000	**Doors/ Frames** in € '000	**Central division** in € '000	**Total** in € '000
Fiscal year 2017				
Sales revenues with external parties	100,546	126,870	6,995	234,411
Sales revenues with other segments	2,892	- 17,604	14,712	0
Sales revenues	**103,438**	**109,266**	**21,707**	**234,411**
Depreciation/amortisation	- 3,260	- 4,276	- 2,239	- 9,775
Income from associated companies	694	0	0	694
Net interest income	0	0	68	68
Miscellaneous income and expense items	- 99,381	- 97,382	- 19,536	- 216,299
EBT	1,491	7,608	0	9,099
Taxes on income	423	2,159	0	2,582
Net profit	**1,068**	**5,449**	**0**	**6,517**

	Surfaces/ Elements in € '000	**Doors/ Frames** in € '000	**Central division** in € '000	**Total** in € '000
Fiscal year 2016				
Sales revenues with external parties	98,427	127,018	7,574	233,019
Sales revenues with other segments	3,287	- 18,105	14,818	0
Sales revenues	**101,714**	**108,913**	**22,392**	**233,019**
Depreciation/amortisation	- 3,738	- 3,843	- 2,490	- 10,071
Income from associated companies	624	0	0	624
Net interest income	0	0	25	25
Miscellaneous income and expense items	- 96,039	- 97,089	- 19,927	- 213,055
EBT	2,561	7,981	0	10,542
Taxes on income	719	2,239	0	2,958
Net profit	**1,842**	**5,742**	**0**	**7,584**

Segment assets include all operating assets used by a segment, in particular non-current assets, inventories, receivables as well as cash and cash equivalents. Segment liabilities comprise all operating liabilities and consist primarily of liabilities and provisions. Segment investments include all investments in non-current operating assets.

	Surfaces/ Elements in € '000	**Doors/ Frames** in € '000	**Central division** in € '000	**Total** in € '000
December 31, 2017				
Segment assets	66,561	73,957	26,031	166,549
thereof shares in associated companies	3,092	0	0	3,092
Segment liabilities	22,621	19,015	16,120	57,756
Net assets	43,940	54,942	9,911	108,793
Segment investments	2,242	8,875	2,727	13,844

	Surfaces/ Elements in € '000	**Doors/ Frames** in € '000	**Central division** in € '000	**Total** in € '000
December 31, 2016				
Segment assets	67,045	71,141	26,476	164,662
thereof shares in associated companies	2,731	0	0	2,731
Segment liabilities	20,076	17,726	18,630	56,432
Net assets	46,969	53,415	7,846	108,230
Segment investments	1,949	4,447	1,606	8,002

The breakdown into segments is largely based on the respective shares in total sales, unless a direct allocation is possible.

The following additional information is provided at regional level:

	2017 in € '000	**2016** in € '000
By regions		
Germany	179,828	182,849
Outside Germany	54,583	50,170
Total	**234,411**	**233,019**

No export country accounts for more than 10% of total sales revenues.

18.3 Discontinued operations

OOO Westag & Getalit, Moscow, Russian Federation, was established in the fiscal year 2016 to expand the distribution of the Group's products in the Russian market. The expectations placed in the Russian market as a result of the foundation of OOO Westag & Getalit, Moscow, Russian Federation, in 2016 were not fulfilled in the fiscal year 2017. On December 19, 2017, the company's Management Board therefore decided, in the context of a general plan and taking all related costs and benefits into account, to discontinue the operations of the Russian subsidiary. The general plan also includes future charges resulting from costs incurred in the context of the shutdown.

This results in the following effects on the consolidated financial statements, which exclusively affect the Surfaces/Elements Division:

	2017 in € '000	**2016** in € '000
Result from continued operations	**6,962**	**7,592**
Discontinued operations		
Sales revenues	61	0
Cost of materials	- 41	0
Personnel expenses	- 133	0
Depreciation/amortisation	- 15	0
Other operating expenses	- 317	- 8
Result attributable to discontinued operations	**- 445**	**- 8**
Consolidated net profit	**6,517**	**7,584**
Result attributable to continued operations		
per ordinary share (in €)	1,27	1,38
per preference share (in €)	1,33	1,44

	2017 in T€	**2016** in T€
Cash flow from operating activities	12,173	19,235
Share of discontinued operations	- 230	- 8
Cash flow from operating activities in continued operations	12,403	19,243
Cash flow from investment activities	- 10,648	- 12,257
Share of discontinued operations	- 34	- 23
Cash flow from investment activities in continued operations	- 10,614	- 12,234

The balance sheet includes fixed assets of the discontinued operations in the amount of € 34 thousand (previous year: € 23 thousand). The future charges arising from the shutdown of the operations in the amount of € 215 thousand are included in other current liabilities.

18.4
Other financial obligations

	Dec. 31, 2017 in € '000	Dec. 31, 2016 in € '000
Purchase commitments	5,257	833
Electricity purchase contracts	831	1,094
Gas purchase contracts	1,291	1,937
Rental and lease contracts	327	503
Other financial obligations	144	118
Total	**7,850**	**4,485**

Payments in an amount of € 6,480 thousand (previous year: € 1,954 thousand) will have to be made under the existing obligations in the next 12 months. The rental and lease contracts include an "Erbbaurecht" (leasehold) with a remaining term of 56 years in an amount of € 185 thousand (previous year: € 186 thousand), which is discounted at a rate of 5%.

18.5
Related party disclosures

Related parties as defined in IAS 24 are:
- Gethalia Foundation
- Management Board of Westag & Getalit AG
- Supervisory Board of Westag & Getalit AG
- OOO Westag & Getalit, Moscow, Russian Federation
- AKP Carat-Arbeitsplatten GmbH as an associate as well as its subsidiaries

According to a notification from Syntalit AG, Zug, Switzerland, and Gethalia Foundation, Vaduz, Liechtenstein, dated December 18, 2006, Syntalit AG's voting interest in our company amounted to 75.5%. These voting rights were attributable to Gethalia Foundation pursuant to section 22 para. 1 sentence 1 No. 1 of the German Securities Trading Act (WpHG). In a letter dated December 23, 2013, the two companies informed us that the 75.5% of the ordinary shares and, hence, the voting interests in Westag & Getalit AG were transferred to Gethalia Foundation on December 23, 2013. In a letter dated January 16, 2014, Syntalit AG additionally informed us that its voting interest in Westag & Getalit AG has amounted to 0.0% since the transfer on December 23, 2013. Since then, we have received no further notifications of a reportable change in shareholdings.

With regard to our relationships with affiliated companies, we would like to point out that no transactions were conducted with Gethalia Foundation. In 2017, there were delivery and loan arrangements on arm's length terms between Westag & Getalit AG and OOO Westag & Getalit. The report issued in this respect in accordance with section 312 of the German Stock Corporation Act (AktG) closes as follows: "The Management Board declares that each transaction was made on terms equivalent to those that prevail in arm's length transactions, based on the circumstances known to the company at the time when such transactions were made. Other measures within the meaning of section 312 AktG were neither taken nor omitted." With regard to the compensation of the Management Board and the Supervisory Board as well as the relationships with AKP Carat-Arbeitsplatten GmbH and the latter's subsidiaries, please refer to note 14.2 "Receivables and other assets" and note 18.7 "Supervisory Board and Management Board compensation".

18.6
Bodies of the company

MANAGEMENT BOARD

Wilhelm Beckers
Herzebrock-Clarholz
Graduate process engineer
Chairman of the Management Board
Head of the Doors/Frames Division

Franz David
Bad Waldliesborn
Businessman
Member of the Management Board
Head of the Surfaces/Elements Division
(until September 19, 2017)

Christopher Stenzel
Gütersloh
Graduate Businessman
Chief Financial Officer

SUPERVISORY BOARD

Klaus Pampel
Meerbusch
Businessman
Chairman

Pedro Holzinger
Rheda-Wiedenbrück
Businessman
Vice Chairman

Jürgen Heite
Meerbusch
Managing Director of Thyssen'sche Handelsgesellschaft m.b.H., Mülheim an der Ruhr

Dr. Joachim Schönbeck
Krefeld
Graduate engineer
Member of the Management Board of Andritz AG, Graz

Heinz-Georg Großerohde*
Rheda-Wiedenbrück
Occupational Safety Officer

Dietmar Lewe*
Rietberg
Timber Processing Master
Chairman of the works council

* Employee representative

As of December 31, 2017, Heinz-Georg Großerohde was a member of the Supervisory Board of the following companies:
FARE gGmbH - Fortbildungs-Akademie Reckenberg-Ems;
Flora Westfalica GmbH

As of December 31, 2017, Dr. Joachim Schönbeck was a member of the Supervisory Board of the following companies:
Jaybee Eng. (Holdings) Pty. Ltd., Australia;
ANDRITZ Pty. Ltd., Australia;
ANDRITZ Paper Machinery Ltd., Canada;
ANDRITZ AB, Sweden;
ANDRITZ Inc., USA.

18.7
Management Board and Supervisory Board compensation

	2017 in € '000	2016 in € '000
Total Supervisory Board compensation	120	120
Total Management Board compensation	946	1,031
Total compensation received by former Management Board members and their surviving dependants	608	389
Pension provisions for former Management Board members and their surviving dependants as well as for active Management Board members	5,962	5,842
Service cost for the Management Board included in pension provisions	18	18
Consulting services (Supervisory Board members)	120	105

No advances, loans, guarantees or warranties are granted to members of the Supervisory Board and the Management Board.

At the Annual General Meeting on August 18, 2016, a majority of over three quarters of the capital represented decided that the information on the Management Board compensation pursuant to section 285 No. 9a sentence 5 – 8 HGB and sections 315e para. 1, 314 para. 1 No. 6 sentence 5 – 8 HGB for the fiscal years 2016 to 2019 need not be disclosed.

The consulting services for Supervisory Board members in the fiscal year related to Mr Pampel and Mr Holzinger in equal measure.

19.
Corporate Governance Code

Westag & Getalit AG has issued the Declaration of Conformity regarding the recommendations made by the Government Commission on the German Corporate Governance Code that is required under section 161 of the German Stock Corporation Act (AktG) and has given shareholders access to this declaration via the Internet.

20.
Total fee charged by the auditors for the fiscal year

The total fee charged by the auditors for the fiscal year breaks down as follows:

	2017 in € '000	2016 in € '000
Auditors' fee		
Audit	119	119
Tax consulting services	42	42
Other services	33	33
Total	**194**	**194**

Expenses amounted to € 23 thousand (previous year: € 24 thousand). Tax consulting services and other services relate to services within the meaning of section 319a para. 1 No. 2 HGB and were approved by the Supervisory Board's Audit Committee at the meeting on June 27, 2017.

21. Reconciliations to IFRS 1

21.1 Equity reconciliation HGB- IFRS

	Dec. 31, 2017 in € '000	Dec. 31, 2016 in € '000
Equity reconciliation HGB		
Equity according to HGB	110,225	111,243
Deferred taxes	3,564	3,403
Special item with an equity portion	154	163
Provisions for pensions	- 7,164	- 8,101
Equity according to IFRS separate financial statements	**106,779**	**106,708**
Inclusion of OOO Westag & Getalit	122	- 8
Equity valuation of AKP Carat-Arbeitsplatten GmbH		
Pro-rated retained profits in prev. year	1,531	1,273
Pro-rated profit in fiscal year	361	257
Equity according to IFRS consolidated financial statements	**108,793**	**108,230**

21.2 Net profit reconciliation HGB- IFRS

	2017 in € '000	2016 in € '000
Net profit reconciliation HGB-IFRS		
Net profit according to HGB	4,718	5,828
Other operating income	- 9	- 146
Personnel expenses	530	- 1,057
Interest pension provisions	721	706
Other operating expenses	0	1,787
Taxes on income	66	217
Net profit according to IFRS	**6,026**	**7,335**
Inclusion of OOO Westag & Getalit	130	- 8
Equity valuation of AKP Carat-Arbeitsplatten GmbH	361	257
Consolidated net profit	**6,517**	**7,584**

22. Events after the balance sheet date

No events affecting the net assets, financial position and results of operations occurred after the balance sheet date.

23.
Proposal regarding the appropriation of the accumulated profit

The 2017 accumulated profit according to HGB amounts to € 10,802 thousand and is composed as follows:

	Dec. 31, 2017 in € '000
Net profit 2017	4,718
Retained earnings brought forward	6,584
Allocation to other revenue reserves in accordance with section 58 (2) AktG	- 500
Accumulated profit	**10,802**

We submit to the Annual General Meeting the following proposal regarding the appropriation of the accumulated profit:

	Dec. 31, 2017 in € '000
Distribution of a dividend of € 0.74 per ordinary share	2,116
Distribution of a dividend of € 0.80 per preference share	1,996
	4,112
Residual profit to be brought forward to new account	6,690
Accumulated profit	**10,802**

Ordinary shares consist of 2,860,000 no par shares and preference shares consist of 2,494,934 no par shares.

For the proposal regarding the appropriation of the accumulated profit, the number of own shares held at the time of preparation of the balance sheet (365,066 share certificates) was deducted from the total number of preference shares.

24. Responsibility Statement

To the best of our knowledge, and in accordance with applicable accounting principles, the consolidated and the separate financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and of Westag & Getalit AG while the combined Management Report provides a true and fair view of the course of business including the business result and the situation of the Group and of Westag & Getalit AG and describes the material risks and opportunities of the anticipated development of the Group and of Westag & Getalit AG.

Rheda-Wiedenbrück, February 15, 2018
Westag & Getalit Aktiengesellschaft
The Management Board

Wilhelm Beckers   Christopher Stenzel

INDEPENDENT AUDITOR'S REPORT

To Westag & Getalit AG:

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE COMBINED MANAGEMENT REPORT

Audit opinions

We have audited the consolidated financial statements of Westag & Getalit AG and its subsidiary (the Group), which comprise the consolidated balance sheet as at December 31, 2017, the consolidated statement of comprehensive income, consolidated statement of changes in equity and the consolidated cash flow statement for the fiscal year from January 1, 2017 to December 31, 2017, as well as the notes to the consolidated financial statements including a summary of material accounting and valuation principles. We have also audited the combined management report of Westag & Getalit AG for the fiscal year from January 1, 2017 to December 31, 2017. In accordance with applicable legal provisions, we did not audit the contents of the corporate governance statement including the Corporate Governance Report to which reference is made in the combined management report. Nor did we audit the Report on Equal Opportunities and Equal Pay pursuant to the German Equal Pay Act (EntgTranspG) which is to be published in the Federal Gazette as an attachment to the combined management report.

According to our assessment based on the findings of our audit

- the consolidated financial statements comply in all material respects with IFRS as adopted in the EU and the supplementary provisions of German commercial law to be applied in accordance with section 315e para. 1 of the German Commercial Code (HGB) and give a true and fair view of the net assets and financial position of the Group as at December 31, 2017 as well as its results of operations for the fiscal year from January 1, 2017 to December 31, 2017 and

- the accompanying combined management report as a whole provides a suitable view of the Group's position. In all material respects, the combined management report is consis tent with the consolidated financial statements, complies with legal requirements and suitably presents the future opportunities and risks.

Pursuant to section 322 para. 3 sentence 1 of the German Commercial Code (HGB), we state that our audit has not led to any reservations with respect to the correctness of the consolidated financial statements and the combined management report.

Basis for the audit opinions

We conducted our audit of the consolidated financial statements and the combined management report in accordance with section 317 of the German Commercial Code (HGB) and the EU Audit Regulation (No. 537/2014) and in compliance with German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany; IDW). Our responsibility under those provisions and standards is further described in the "Auditor's responsibility for the audit of the consolidated financial statements and the combined management report" section of our report. We are independent of the Group companies in accordance with the requirements of European and German commercial and professional law, and we have fulfilled our ethical responsibilities applicable in Germany in accordance with these requirements. In accordance with article 10 para. 2 letter f of the EU Audit Regulation, we also declare that we have not provided non-audit services prohibited under article 5 para 1 of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements and the combined management report.

Key audit matters in the audit of the consolidated financial statements

Key audit matters are those matters that, in our professional judgment, were most important in our audit of the consolidated financial statements for the fiscal year from January 1, 2017 to December 31, 2017. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

The key audit matters are outlined below:

1. Revenue recognition including trade receivables
2. Write-down of inventories
3. Reference to further information

Our presentation of these key audit matters has been structured as follows:

1. Situation and problem
2. Audit procedure
3. Reference to further information

1. Revenue recognition including trade receivables

1. Situation and problem
Group generates a high portion of its sales revenues with large trading partners. In this context, the The balance sheet for the period ended December 31, 2017 shows substantial receivables based on long payment terms, combined with potential revenue deductions resulting from guarantees and complaints on the one hand and bonus agreements and discounts on the other hand.

Apart from the recognition of revenue in the course of the year and the accrual of revenue at year-end, the measurement of the respective receivables taking full account of the above-mentioned potential revenue deductions is of special importance from the auditor's point of view. The measurement of the potential revenue deductions is, for a large part, based on estimates and assumptions which are subject to discretionary judgements and estimation uncertainties.

2. Audit procedure
In the context of our audit regarding the recognition of revenue, we examined the structure and functionality of the accounting-related internal control system to analyse the revenues generated with these customers. We assessed the design and the effectiveness of the accounting-related internal controls by reproducing the corresponding transactions from their origination to their recognition in the financial statements and by testing the controls.

Apart from analytical audit procedures regarding the changes in the relevant items in the financial statements, we conducted case-to-case audits on the basis of risk-oriented random samples. Our audit procedures included, among other things, the examination of the proper accrual of revenue at year-end, the measurement of the respective receivables and compliance with the payment terms by the major trading partners in the course of the year. We assessed the adequate consideration of potential revenue deductions by comparing the values reported with historical values by means of the contractual arrangements submitted to us and by means of surveys.

3. Reference to further information
With regard to revenue recognition including trade receivables and the related accounting and valuation methods, please refer to the information provided in the notes to the consolidated financial statements as well as to the more detailed explanations provided in the notes to the consolidated financial statements under items 1. Sales revenues, 14.2 Receivables and other assets and 17.2 Other current liabilities with regard to the liabilities resulting from bonuses due to customers.

2. Write-down of inventories

1. Situation and problem
Due to the diversity of the product range and the vertical integration of the company, inventories constitute an important part of the assets carried in the balance sheet. IT-based write-down routines and complementary individual write-downs are used to determine necessary write-downs of the inventories carried in the balance sheet for obsolescence, quality reductions or sales risks resulting from the principle of prudent valuation.

In the fiscal year, changes were moreover made to the product range in the Surfaces/Elements Division, which may partly be subject to fashion changes. This affects both raw materials and finished/unfinished products. In addition, there are products, especially some of the products sold to major trading partners, which make lower profit contributions than the rest of the product range.

We consider the valuation risks relating to the valuation of inventories in general and to the additional changes to the product range made in the fiscal year as well as the related discretionary judgements and estimation uncertainties to constitute a matter of importance.

2. Audit procedure
Based on our generally process-oriented audit of the inventories, we gained an understanding of the products that are relevant for the measurement of inventories and potential write-down requirements on the basis of the IT-based routines as well as further circumstances of the individual cases. In the fiscal year, this primarily related to the changes to the product range in the Surfaces/Elements Division.

Apart from analytical audit procedures, we defined further audit procedures on a random sample basis. The random samples were selected according to risk-oriented criteria such as long storage life as well as low or negative profit contributions. The audit procedures primarily comprised a critical review of the results of the write-down routines, interviews with the staff responsible for the measurement of inventories on the plausibility of their assumptions and estimates regarding the potential sale as well as a comparison of the write-downs made with the estimates of the previous years.

3. Reference to further information
With regard to the inventories item including the related accounting and valuation methods, please refer to the notes to the consolidated financial statements as well as to the more detailed explanations provided in the notes to the consolidated financial statements under item 14.1 Inventories.

3. Discontinuation of the business operations of the Russian subsidiary

1. Situation and problem
OOO Westag & Getalit, Moscow, Russian Federation, was established in the fiscal year 2016 to expand the distribution of the Group's products in the Russian market. The corresponding expectations were not fulfilled in the fiscal year 2017. At the end of the fiscal year 2017, the company's Management Board therefore decided, in consultation with the Supervisory Board and taking all related costs and benefits into account, to discontinue the operations of the Russian subsidiary. The presentation of the balance sheet effects of the discontinuation of the business operations and the presentation in the combined management report are, to a large extent, based on discretionary judgements and estimates. We therefore consider this fact to be of special importance in the context of the audit.

2. Audit procedure
Based on the reports and the communication between the Management Board and the Supervisory Board in the course of the year as well as the Management Board's decision to discontinue the business operations of the Russian subsidiary, we have audited the documents submitted to us and assessed the recognition of the operating loss and the expenses related to the shutdown in the consolidated financial statements as well as the presentation in the combined management report.

3. Reference to further information
For the effects, please refer to the information in the statement of comprehensive income as well as to the more detailed explanations provided in the notes to the consolidated financial statements under 18.3 Discontinued operations.

Other information

The legal representatives are responsible for providing "other information". "Other information" comprises:

- the non-financial statement pursuant to sections 315b f. et seq. of the German Commercial Code (HGB);
- the corporate governance statement pursuant to section 315d of the German Commercial Code (HGB) and the Corporate Governance Report pursuant to No. 3.10 of the German Corporate Governance Code;
- the statement pursuant to section 297 para. 2 sentence 4 of the German Commercial Code (HGB) on the consolidated financial statements and the statement pursuant to section 315 para. 1 sentence 5 of the German Commercial Code (HGB) on the combined management report and
- the other parts of the Annual Report, except for the audited consolidated financial state ments and the combined management report as well as our auditor's report;

- the Report on Equal Opportunities and Equal Pay pursuant to section 21 f. of the German Equal Pay Act (EntgTranspG).

Our audit opinions of the consolidated financial statements and the combined management report do not cover "other information" and we therefore issue no audit opinion or any other type of audit conclusion regarding such "other information".

As part of our audit, it is our responsibility to read the "other information" and to check whether such "other information"

- shows material inconsistencies with the consolidated financial statements, the combined management report or the knowledge obtained in the context of our audit or
- otherwise appears to be materially misstated.

Responsibilities of the legal representatives and the Supervisory Board for the consolidated financial statements and the combined management report

The legal representatives are responsible for the preparation of the consolidated financial statements that comply with IFRS as adopted in the EU and the additional requirements of German commercial law pursuant to section 315a of the German Commercial Code (HGB) and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the net assets, financial position results of operations of the Group. In addition the legal representatives are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the legal representatives are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility – where applicable – for disclosing matters related to the going concern and for using the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

The legal representatives are also responsible for preparing a combined management report which, as a whole, provides a suitable view of the Group's position, and is consistent with the consolidated financial statements in all material aspects, complies with German legal requirements and suitably presents the future opportunities and risks. In addition, the legal representatives are responsible for such arrangements and measures (systems) as they consider necessary to enable the preparation of a combined management report that complies with the requirements of German commercial law and to enable the provision of sufficient and appropriate evidence for assertions in the combined management report.
The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and the combined management report.

Auditor's responsibility for the audit of the consolidated financial statements and the combined management report

Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the combined management report as a whole provides a suitable view of the situation of the Group and is consistent with the consolidated financial statements in all material aspects as well as with the findings of our audit, complies with the legal provisions applicable in Germany and adequately reflects the future opportunities and risks as well as to issue an auditor's report that contains our audit opinions of the consolidated financial statements and the combined management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with section 317 of the German Commercial Code (HGB) and the EU Audit Regulation and in compliance with German generally accepted standards for the audit of consolidated financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in total, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this combined management report.

During our audit, we exercise professional judgment and maintain professional scepticism. Moreover

- we identify and assess the risks of material misstatement of the consolidated financial statements and the combined management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion. The risk of not detecting material misstatements resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- we obtain an understanding of the internal control system that is relevant for the audit of the consolidated financial statements and of the arrangements and measures that are relevant for the audit of the combined management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of the Group's systems.

- we evaluate the appropriateness of the accounting policies used by the legal representatives and the reasonableness of the accounting estimates and related disclosures made by the legal representatives.

- we conclude on the appropriateness of the legal representatives' use of the going con cern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements or in the combined management report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may result in the Group no longer being able to continue as a going concern.

- we evaluate the overall presentation, structure and content of the consolidated financial statements and whether the consolidated financial statements represent the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the net assets, financial position and result of operations of the Group in accordance with the IFRS as adopted in the EU and the supplementary provisions of German commercial law to be applied in accordance with section 315e para. 1 of the German Commercial Code (HGB).

- we obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an audit opinion on the consolidated financial statements and the combined management report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

- we assess the consistency of the combined management report with the consolidated finan cial statements, its compliance with applicable laws and the view it provides of the situation of the Group.

- we perform audit procedures on the forward-looking information presented by the legal representatives in the combined management report. Based on sufficient audit evidence, we hereby review, in particular, the significant assumptions used by the legal representati ves as a basis for the forward-looking information and evaluate the appropriate derivation of the forward-looking information from these assumptions. We do not express a separate audit opinion on the forward-looking information and on the underlying assumptions. There is a substantial unavoidable risk that future events will deviate materially from the forward-looking information.

We discuss with the supervisory body, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the supervisory body with a statement that we have complied with the relevant independence requirements and discuss with it all relationships and other matters that may reasonably be thought to bear on our independence and the protective measures taken in this context.

From the matters discussed with the supervisory body, we determine those matters that were most important in the audit of the consolidated financial statements of the reporting period and are therefore the key audit matters. We describe these matters in our report on the audit of the consolidated financial statements unless laws or other regulations preclude public disclosure of such matters.

OTHER LEGAL AND REGULATORY REQUIREMENTS

Further information pursuant to article 10 of the EU Audit Regulation

We were elected as auditors by the Annual General Meeting on June 27, 2017. We were commissioned by the Supervisory Board of Westag & Getalit AG on June 27, 2017. We have been the auditors of the financial statements and occasionally of the consolidated financial statements of Westag & Getalit AG without interruption since the fiscal year 1995.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the Audit Committee pursuant to article 11 of the EU Audit Regulation (audit report).

GERMAN PUBLIC ACCOUNTANT RESPONSIBLE FOR THE AUDIT

The German public accountant responsible for the audit is auditor/tax advisor Michael Peters.

Hanover, February 23, 2018
PETERS & PARTNER GMBH
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Michael Peters
Auditor

BALANCE SHEET OF WESTAG & GETALIT AG AS AT DECEMBER 31, 2017 (HGB)

Assets	December 31, 2017 in € '000	December 31, 2016 in € '000
A. Fixed assets		
I. Intangible assets		
Purchased software, licenses and other industrial property rights	**1,327**	**1,005**
II. Tangible assets		
Land and leasehold rights and buildings, including buildings on third-party land	23,343	22,680
Plant and machinery	30,873	32,553
Other fixtures and fittings, tools and equipment	16,242	15,175
Payments on account and tangible assets in course of construction	4,990	1,306
	75,448	**71,714**
III. Financial assets		
Shares in affiliated companies	0	307
Equity investments	1,200	1,200
	1,200	**1,507**
	77,975	**74,226**
B. Current assets		
I. Inventories		
Raw materials and supplies	19,204	17,204
Work in progress	4,081	3,726
Finished goods and merchandise	13,220	12,902
	36,505	**33,832**
II. Receivables and other assets		
Trade receivables	27,825	26,525
Receivables from associated companies	37	0
Receivables from companies in which an interest is held	5	13
Other assets	1,629	1,384
	29,496	**27,922**
III. Cheques, cash on hand and cash in other bank accounts	**16,911**	**23,651**
	82,912	**85,405**
C. Prepaid expenses	**85**	**103**
Total assets	**160,972**	**159,734**

Liabilities	December 31, 2017 in € '000	December 31, 2016 in € '000
A. Equity capital		
I. Subscribed capital		
Ordinary shares	**7,322**	**7,322**
Preference shares		
Subscribed capital	7,322	7,322
Own shares	- 935	- 873
	6,387	**6,449**
	13,709	**13,771**
II. Capital reserve	**24,367**	**24,367**
III. Revenue reserves		
Legal reserve	596	596
Other revenue reserves	60,751	60,741
	61,347	**61,337**
IV. Accumulated profit	**10,802**	**11,768**
	110,225	**111,243**
B. Special item with an equity portion	**154**	**163**
C. Provisions		
Provisions for pensions and similar obligations	19,770	18,398
Provisions for taxation	60	584
Other provisions	16,742	17,537
	36,572	**36,519**
D. Liabilities		
Advances from customers	205	95
Accounts payable	9,202	6,707
Other liabilities	4,614	5,007
	14,021	**11,809**
Total liabilities	**160,972**	**159,734**

PROFIT AND LOSS ACCOUNT OF WESTAG & GETALIT AG (HGB)

	2017 in € '000	2016 in € '000
Sales revenues	**234,416**	**233,018**
Change in finished goods, inventories and work in progress	608	- 805
Other own work capitalised	413	244
	235,437	**232,457**
Other operating income	1,811	1,595
Cost of materials		
Cost of raw materials, consumables and supplies, and of purchased materials	- 107,025	- 104,121
Cost of purchased services	- 7,292	- 7,186
	- 114,317	**- 111,307**
Personnel expenses		
Wages and salaries	- 61,116	- 62,118
Social security and other pension costs	- 13,596	- 11,861
	- 74,712	**- 73,979**
Depreciation of intangible fixed assets and tangible assets	- 9,760	- 10,071
Other operating expenses	- 30,048	- 29,084
Income from equity investments	333	366
Other interest and income	69	26
Depreciation of financial assets and of securities held as current assets	- 347	0
Interest and similar expenses	- 721	- 707
Taxes on income	- 2,694	- 3,182
Earnings after taxes	**5,051**	**6,114**
Other taxes	- 333	- 286
Net profit	**4,718**	**5,828**
Retained earnings brought forward	6,584	6,540
Transfer to other revenue reserves	- 500	- 600
Accumulated profit	**10,802**	**11,768**

AUDITORS' REPORT (HGB)

Peters & Partner GmbH, Wirtschaftsprüfungsgesellschaft, Steuerberatungsgesellschaft, Hannover, have issued an unqualified audit certificate for the full financial statements to HGB of Westag & Getalit AG for the period ended December 31, 2017, which comprise the balance sheet, profit and loss account as well as notes, and the combined management report for the fiscal year 2017.

FINANCIAL CALENDAR*

March 29, 2018	Publication of the Financial Report 2017 on our website
May 03, 2018	Annual accounts press conference in Rheda-Wiedenbrück
May 09, 2018	Interim report on the first three months of 2018
May 09, 2018	Presentation of Westag & Getalit AG at the 3rd Lang & Schwarz Small-/Midcap-Conference in Düsseldorf
June 26, 2018	Annual General Meeting (AGM) of Shareholders in Rheda-Wiedenbrück
August 09, 2018	Interim report on the first six months of 2018
November 09, 2018	Interim report on the first nine months of 2018

* For updates refer to:
www.westag-getalit.com/financial-calendar

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