Interim Report

1st six months of 2006

Westag & Getalit AG

Sales

The most recent data from the Federal Statistical Office are apparently indicating a turnaround in the German construction sector for the first time in ten years; incoming orders in the building construction sector were up 9.7 % year-on-year in the first five months of 2006.

Westag & Getalit AG increased its H1 2006 sales by 15.4 % to € 95.4 million, even though it has to be taken into account that the H1 2005 sales were relatively weak at € 82.6 million. Clear double-digit growth in exports was again reported by all three Divisions, with sales rising by 37.7 % to € 22.5 million (previous year: € 16.3 million). The export share climbed to 23.6 % (previous year: 19.8 %).

Divisions

Sales revenue (in € '000)	Jan. 01 - Jun. 30, 2006	Jan. 01 - Jun. 30, 2005	Change (in %)
Plywood/Shuttering	18,213	12,927	40.9
Doors/Frames	38,895	33,827	15.0
Laminates/Elements	36,240	34,081	6.3

Sales in the **Plywood/Formwork** Division surged by 40.9 % to € 18.2 million not least thanks to an increase in exports.

The **Doors/Frames** Division raised its sales by 15.0 % to € 38.9 million.

The **Laminates/Elements** Division grew its sales by 6.3 % to € 36.2 million.

Result

Profit data (in € '000)	Jan. 01 - Jun. 30, 2006	Jan. 01 - Jun. 30, 2005	Change (in %)
Earnings before income taxes	5,142	1,460	252.2
Net profit	3,085	907	240.1
Net profit per share (in €)	0.56	0.16	250.0
DVFA/SG earnings per share (in €)	0.56	0.16	250.0

Although raw materials prices once again increased over the previous year, our H1 2006 earnings before income taxes advanced noticeably to € 5.1 million (previous year: € 1.5 million) due to an increase in sales and a decline in staff costs as a percentage of sales. Instituted on January 1, 2006, our working time model permitted to boost sales and profits virtually without increasing the absolute personnel expenses. This led to a substantial decline in our staff cost ratio which was down to 30.3 % from 34.6 % in the comparative first half of the previous year.

Net profit rose to € 3.1 million (previous year: € 0.9 million), while DVFA/SG earnings per share grew to € 0.56 (previous year: € 0.16).

Investments

Capital expenditure in 2005 has to be seen in connection with capital expenditure in 2006 because it primarily consists of major projects which could not be completed in the year under review. € 10.6 million were invested in 2005 and investment of a further € 13.6 million is planned for 2006. The focus was on a double belt press for the continuous production of high pressure laminated boards (HPLC process), a thermal laminator for the coating of substrates with HPL precursor materials or foil and a new flexible edge processing line for doors. Although this was not the primary intention, all three investments, especially the double belt press, will boost our production capacity.

Employees

Workforce	Jun. 30, 2006	Jun. 30, 2005	Change (in %)
Number of employees (incl. trainees/apprentices)	1,187	1,209	- 1.8

As of June 30, 2006, Westag & Getalit AG employed a total of 1,187 people, compared to 1,209 in the previous year. Staff costs as a percentage of sales declined noticeably from 34.6 % in the previous year to 30.3 %.

Volume of own shares

As of June 30, 2006, Westag & Getalit AG held 185,500 own shares in its portfolio. All these shares are preference shares.

Outlook

Management is confident about the further course of 2006, anticipating additional major stimulation particularly on the export side of our business. While the increase in first-half sales is not likely to be repeated for the full year 2006 on account of the uneven quarter-on-quarter trend recorded in 2005, we expect to report good growth for the current financial year as a whole.

Our year-end result will largely be determined by the continued price increases in our raw materials markets and the price development of our finished products. As parts of our customer base are experiencing difficult trading conditions in highly competitive markets, upward adjustments of our prices are somewhat difficult at this time. Given the indicators of a recovery in the German economy, we nevertheless assume that a moderate price increase is attainable. All in all we expect to report another good annual result.

Rheda-Wiedenbrück, August 2006
Westag & Getalit AG
The Management Board

Balance sheet

(in € '000)	Jun. 30, 2006	Jun. 30, 2005
Intangible assets	352	401
Tangible assets	46,220	44,489
Financial assets	1,050	48
Non-current assets	**47,622**	**44,938**
Inventories	29,880	27,701
Debtors and other assets	22,915	19,872
Cash at banks or in hand	15,119	19,497
Current assets	**67,914**	**67,070**
Deferred tax assets	**149**	**90**
Total assets	**115,685**	**112,098**
Called-up share Capital	14,643	14,643
Capital reserve	24,345	24,345
Revenue reserves	30,841	31,911
Net profit attributable to shareholders	6,381	3,296
Total equity	**76,210**	**74,195**
Non-current liabilities	**15,826**	**15,562**
Current liabilities	**23,649**	**22,341**
Deferred tax liabilities	**0**	**0**
Total equity and liabilities	**115,685**	**112,098**

Income statement on a quarterly basis

(in € '000)	Apr. 01 - Jun. 30, 2006	Apr. 01 - Jun. 30, 2005
Sales	47,699	41,938
In/decrease in inventories	- 296	376
Own work capitalised	83	75
Total operating performance	**47,486**	**42,389**
Other operating income	382	329
Cost of materials	23,100	20,726
Personnel expenses	14,210	14,409
Depreciation and amortisation	2,142	1,995
Other operating expenses	5,571	5,022
Other taxes	49	41
Operating result	**2,796**	**525**
Financial result	81	126
Investment result	0	0
Extraordinary items	0	0
Profit before income taxes	**2,877**	**651**
Income taxes	1,151	245
Net profit	**1,726**	**406**
DVFA/SG earnings per share (undiluted and diluted)	0.31	0.07
Number of shares (undiluted and diluted)	5,720,000	5,720,000

Income statement on half-year basis

(in € '000)	Jan. 01 - Jun. 30, 2006	Jan. 01 - Jun. 30, 2005
Sales	95,368	82,634
In/decrease in inventories	582	1,800
Own work capitalised	178	87
Total operating performance	**96,128**	**84,521**
Other operating income	589	788
Cost of materials	47,124	41,044
Personnel expenses	29,157	29,222
Depreciation and amortisation	4,458	4,189
Other operating expenses	10,859	9,594
Other taxes	96	81
Operating result	**5,023**	**1,179**
Financial result	119	281
Investment result	0	0
Extraordinary items	0	0
Profit before income taxes	**5,142**	**1,460**
Income taxes	2,057	553
Net profit	**3,085**	**907**
DVFA/SG earnings per share (undiluted and diluted))	0.56	0.16
Number of shares (undiluted and diluted)	5,720,000	5,720,000

Cash flow statement

(in €'000)	Jan. 01 - Jun. 30, 2006	Jan. 01 - Jun. 30, 2005
Operating result/EBIT	5,023	1,179
Income tax payments	- 2,756	- 744
Depreciation and amortisation	4,458	4,189
Result from asset retirements	- 48	- 75
Change in current assets	- 5,342	- 2,322
Change in liabilities	2,326	3,089
Cash flow from operating activities	**3,661**	**5,316**
Investments in fixed and financial assets	- 6,172	- 5,147
Change in financial assets	- 1,002	51
Income from fixed asset retirements	80	145
Cash flow from investment activities	**- 7,094**	**- 4,951**
Interest income	246	388
Interest expenses	0	0
Repayment of non-current financial liabilities	0	0
Acquisition/sale of own shares	- 1,070	0
Dividend payments	0	0
Cash flow from financing activities	**- 824**	**388**
Change in liquid funds	- 4,257	753
Liquid funds as of Jan. 01	10,346	8,436
Liquid funds as of Jun. 30	6,089	9,189

Segment report for the first six months 2006

Segment (in € '000)	Jan. 01 - Jun. 30, 2006	Jan. 01 - Jun. 30, 2005	Change (in %)
Germany			
Sales	72,872	66,294	9.9
Earnings before income taxes	3,664	1,133	223.4
Export			
Sales	22,496	16,340	37.7
Earnings before income taxes	1,478	327	352.0
Full Company			
Sales	95,368	82,634	15.4
Earnings before income taxes	5,142	1,460	252.2

Statement of changes in equity

in € '000	Subscribed capital	Capital reserve	Revenue reserve	Net profit for the year	Total
As of Jan. 01, 2005	**14,643**	**24,345**	**29,652**	**4,071**	**72,711**
Transfer to other reserve			38		38
Change in own shares					0
Dividend					0
Net profit				907	907
As of Jun. 30, 2005	**14,643**	**24,345**	**29,690**	**4,978**	**73,656**
As of Jan. 01, 2006	**14,643**	**24,345**	**31,911**	**3,296**	**74,195**
Transfer to other reserve					0
Change in own shares			- 1,070		- 1,070
Dividend					0
Net profit				3,085	3,085
As of Jun. 30, 2006	**14,643**	**24,345**	**30,841**	**6,381**	**76,210**

Notes on the report for the six-month period ended June 30, 2006

1. Accounting principles

The interim report of Westag & Getalit AG for the six-month period ended June 30, 2006 is prepared to International Financial Reporting Standards (IFRS). The previous year's figures have been adjusted accordingly. All standards applicable as of the closing date were applied in the form relevant for Westag & Getalit AG.

2. Cash flow statement

The cash flows in the cash flow statement were determined using the indirect method.

3. Liquid funds

Liquid funds shown in the balance sheet include securities in an amount of € 9,030 thousand (Dec. 31, 2005: € 9,351 thousand).

4. Composition of subscribed capital

The subscribed capital of € 14,643,200 is composed of 2,860,000 no-par ordinary shares and 2,860,000 non-voting no-par preference shares with a total value of € 7,321,600.

5. Purchase commitments

As of Jun 30, 2006, purchase commitments amounted to € 9,145 thousand, compared to € 11,666 thousand in the previous year.

Financial schedule 2006/Current dates*

March 15, 2006	Press Release Annual Financial Statements 2005
May 10, 2006	Press Release Report on the first three months of 2006
May 11, 2006	Annual Press Briefing in Düsseldorf
August 8, 2006	Annual General Meeting (AGM) of Shareholders in Rheda-Wiedenbrück Press Release Interim report on the first six months of 2006
August 30, 2006	DVFA Event/Analysts' Conference in Frankfurt
November 7, 2006	Press Release Report on the first nine months of 2006

* The complete 2006 financial calendar is available on the Internet at:

www.westag-getalit.de/finanzkalender

Westag & Getalit AG

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