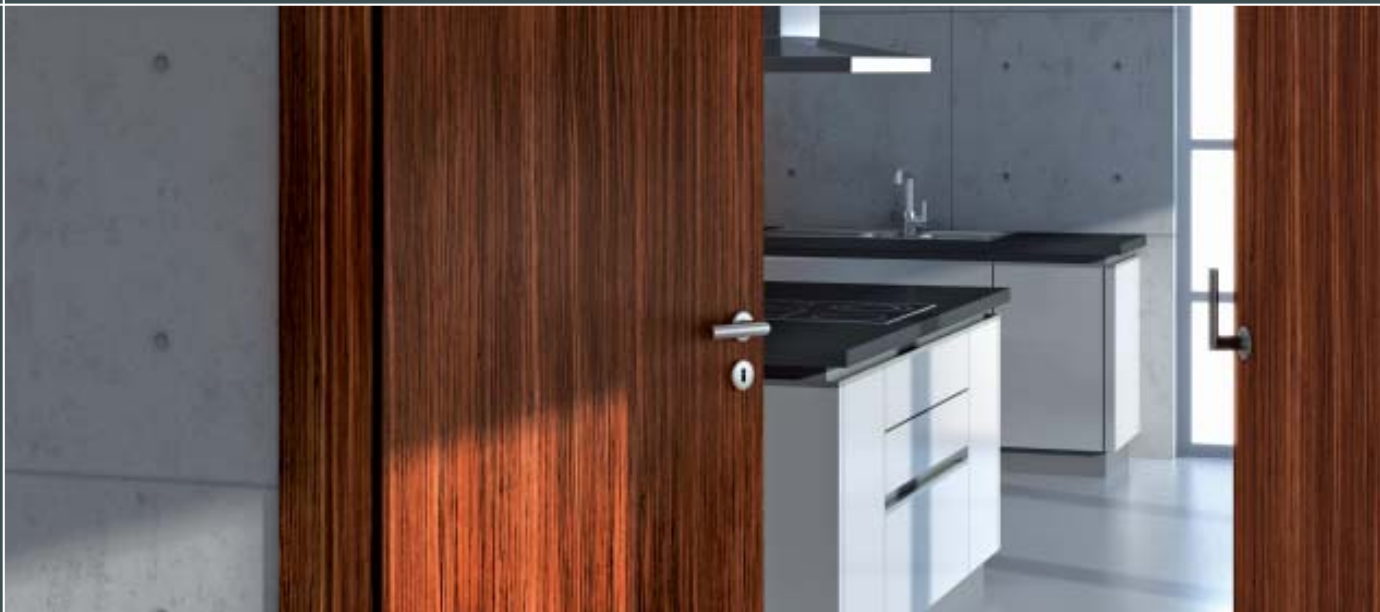




FINANCIAL REPORT 2008

WESTAG & GETALIT AG AT A GLANCE

	2008	2007	2006	2005	2004
Sales (in € '000)	226,185	225,277	196,798	173,425	167,393
Change over the previous year in percent	0.4 %	14.5 %	13.5 %	3.6 %	2.8 %
Export sales (in € '000)	55,361	56,776	46,044	35,495	28,243
Change over the previous year in percent	- 2.5 %	23.3 %	29.7 %	25.7 %	11.4 %
Export share	24.5 %	25.2 %	23.4 %	20.5 %	16.9 %
Investments (in € '000) ¹⁾	20,090	14,688	10,659	10,646	6,390
Change over the previous year in percent	36.8 %	37.8 %	0.1 %	66.6 %	69.6 %
Depreciation (in € '000)	9,021	9,617	8,519	8,170	9,086
Change over the previous year in percent	- 6.2 %	12.9 %	4.3 %	- 10.1 %	- 14.8 %
Cost of materials ratio	51.4 %	52.5 %	49.5 %	47.6 %	45.6 %
Staff cost ratio	27.9 %	27.4 %	29.5 %	32.8 %	34.3 %
Number of employees as of December 31 ²⁾	1,282	1,269	1,209	1,189	1,224
Change over the previous year in percent	1.0 %	5.0 %	1.7 %	- 2.9 %	- 2.3 %
EBITDA (in € '000)	23,911	25,538	21,669	16,223	18,276
Change over the previous year in percent	- 6.4 %	17.9 %	33.6 %	- 11.2 %	35.9 %
EBIT (in € '000)	14,890	15,921	13,150	8,053	9,189
Change over the previous year in percent	- 6.5 %	21.1 %	63.3 %	- 12.4 %	226.9 %
EBT (earnings before tax, in € '000)	15,322	16,605	13,486	8,598	9,712
Change over the previous year in percent	- 7.7 %	23.1 %	56.9 %	- 11.5 %	226.6 %
Net profit (in € '000)	10,791	9,533	11,926	5,227	5,948
Change over the previous year in percent	13.2 %	- 20.1 %	128.2 %	- 12.1 %	290.5 %
Return on sales before taxes	6.8 %	7.4 %	6.9 %	5.0 %	5.8 %
ROCE	15.3 %	18.3 %	15.9 %	11.5 %	13.8 %
Operating cash flow (in € '000) ³⁾	20,639	17,173	12,282	15,205	9,798
Change over the previous year in percent	20.2 %	39.8 %	- 19.2 %	55.2 %	- 28.1 %
Equity ratio	68.0 %	65.5 %	67.8 %	66.2 %	66.9 %
Return on equity	11.6 %	10.9 %	14.5 %	7.0 %	8.2 %
Number of shares ⁴⁾	5,720,000	5,720,000	5,720,000	5,720,000	5,720,000
Earnings per share (EPS, in €)	1.89	1.67	2.08	0.91	1.01
Change over the previous year in percent	13.2 %	- 19.7 %	128.6 %	- 9.9 %	225.8 %
Book value per share (in €)	16.20	15.22	14.38	12.64	12.20
Change over the previous year in percent	6.4 %	5.9 %	13.8 %	3.6 %	4.3 %
Dividend per ordinary share (in €) ⁵⁾	0.44	0.94	0.82	0.48	0.48
Change over the previous year in percent	- 53.2 %	14.6 %	70.8 %	0.0 %	71.4 %
Dividend per preference share (in €) ⁵⁾	0.50	1.00	0.88	0.54	0.54
Change over the previous year in percent	- 50.0 %	13.6 %	63.0 %	0.0 %	58.8 %

¹⁾ Including intangible assets

²⁾ Including trainees

³⁾ Equivalent to operating cash flow excl. investments held as current assets

⁴⁾ 50% ordinary shares and 50% preference shares each (2,860,000 shares each)

⁵⁾ For 2008 subject to the resolution of the Annual General Meeting on August 18, 2009

CORPORATE STRUCTURE

Divisions	Plywood/Formwork	Doors/Frames
Products	Formwork panels Vehicle panels Industrial floors Stage floors Sandwich panels	Contract doors/frames Fire/smoke protection Acoustic door sets Burglar-resistant Interior doors/frames Mullion frame walls Special doors
Sales focus	Construction industry Automotive industry Commercial vehicles Plant engineering	Timber trade merchants Builders' merchants DIY stores Builders' hardware Dry liners
Export focus	Europe	Europe/Middle East
Sales	€ 46.2 million	€ 92.6 million
Export share	31.9 %	12.3 %
Locations	Rheda-Wiedenbrück	Rheda-Wiedenbrück



Large-size formwork produced by our Plywood/Formwork Division for high-quality exposed concrete surfaces.



In keeping with the latest trend towards aluminium, the attractive AluStyle® doors and frames offer a high degree of creative freedom.

Laminates/Elements	Central Services
HPL laminate panels Solid surface materials Kitchen worktops Window sills Interior construction products	Human resources Purchasing Technical Services Marketing-Communication Finance IT Logistics Cogeneration plant
Timber trade merchants DIY stores Interior construction Furniture industry	Internal customers Energy supplier
Europe	
€ 83.6 million	3,8 Mio €
35.0 %	
Rheda-Wiedenbrück/Wadersloh	Rheda-Wiedenbrück

**WESTAG &
GETALIT AG**



Perfect design – GetaCore®
sets new standards in
kitchen worktops and front
covers.
Design by Masin Idriss

CONTENTS

2	Letter to Shareholders
5	Supervisory Board Report
10	The Company
10	Management Board
11	Westag & Getalit AG
12	Plywood/Formwork Division
16	Doors/Frames Division
20	Laminates/Elements Division
24	Cogeneration Plant
28	Westag-Share
30	Employees
32	Management Report
49	Financial Statements
50	Cash Flow Statement (IFRS)
51	Income Statement (IFRS)
52	Balance Sheet (IFRS)
54	Notes
59	Notes to the Income Statement
63	Notes to the Balance Sheet
74	Additional Notes to the Balance Sheet
80	Corporate Governance
82	Auditor's Report
84	Balance Sheet (HGB)
86	Profit and Loss Account (HGB)

LETTER TO SHAREHOLDERS

Bernhard Wenninger
Management Board
Spokesman



Dear Shareholder,

We are pleased to present our Annual Report for 2008 in our new corporate design, which we hope will give you an even more vivid idea of our company. Westag & Getalit AG looks back on a long tradition and a successful history. But it is also a modern company. We believe that the new layout of our Annual Report appropriately reflects both aspects without compromising on the clearly arranged structure of the previous Annual Reports.

We are looking back on turbulent economic times as we move ahead into what will certainly be a challenging period. The financial crisis has reached the real economy and we are in a deep global recession. Unfortunately, this also affected our business activities. In the final quarter of 2008, sales declined by 10.4%. This negative trend continued in the first two months of 2009, when we recorded a 14% drop in sales – albeit from what was a very high level at the beginning of the previous fiscal year.

But before I come to the consequences this will have on our business activities in 2009, I would like to briefly present the key results of fiscal 2008.

Overall 2008 was yet another successful year for our company. We increased our sales revenues moderately from € 225 million to € 226 million, which was the result of 4.0% growth in the Doors/Frames Division and 2.4% growth in the Laminates/Elements Division. The Plywood/Formwork Division was unable to continue the fast growth of the past three years and reported a 9.5% decline as compared to the previous year.

At € 15.3 million, earnings before income tax were below the previous year's € 16.6 million. This was attributable to a weaker-than-expected fourth quarter as well as to non-recurrent effects in conjunction with the expansion of our cogeneration plant. The cost of materials as a percentage of sales showed a positive trend and declined in year-on-year terms for the first time since 2004, namely to 51.4%. At 27.9%, personnel expenses as a percentage of sales more or less stayed at the low level of the previous year.

The fact that the net profit for the year increased from € 9.5 million to € 10.8 million despite the decline in earnings before taxes is primarily attributable to the corporate tax reform, which led to a sharp drop in our overall tax ratio due to a lower corporate income tax rate. Accordingly, earnings per share rose from € 1.67 in the previous year to € 1.89 in 2008.

In the past fiscal year, we invested another € 20 million in the modernisation of our company. The single most important investment was the expansion of our cogeneration plant in Wiedenbrück, which has clearly reduced our dependence on the energy market.

We were again impressed by the strong commitment shown by our entire workforce. The voluntary participation of 100% of the workforce in the Westag working hour scheme, which provides for between 30 and 42.5 working hours per week in the production department, reflects the great confidence in our company. Introduced on January 1, 2009, the new scheme allows Westag & Getalit AG to respond even more flexibly to anticipated fluctuations in demand.

Unfortunately, our share price performance in 2008 was not satisfactory. As many investors are concerned about the future, our shares lost over 30% in value. The fact that the German Dax index suffered even higher losses of 40% brought only little consolation.

The Management Board and the Supervisory Board will propose a dividend of € 0.44 per ordinary share and € 0.50 per preference share to the Annual General Meeting. By paying out a lower dividend than in the previous year, we want to maintain the sound financial position of the company and its room for manoeuvre. A lower dividend also helps to make our workforce understand that they must accept cuts that may become necessary. With regard to the amount of the dividend, it should also be noted that a major portion (over € 20 million) of the cash flow generated in 2008 has been invested in our investment projects.

We do not expect the economic environment to improve in 2009. The capital markets remain in turmoil, and with unemployment rising and concern about the future growing, consumers will not provide positive stimulation. Accordingly, an end of the downturn is not in sight at present.

The above reasons make it extremely difficult to forecast the future business performance at this stage. While all indicators are pointing downwards, there is great controversy about the extent of the downturn and the start of a possible recovery. From today's point of view, we must assume that, following the decline in the first two months of 2009, full-year sales will also be below the previous year's level. Accordingly, earnings will also decline in 2009. We will use every available lever, however, to counteract the anticipated negative trend. A number of new products will make significant contributions to sales at least in the medium term. Last year's investments should pay off in the form of cost advantages, and our cogeneration plant, in particular, will directly help to improve our earnings position. In the context of the general slowdown in demand, prices will ease, which will have a positive impact on the cost of materials. Our company should begin to feel the positive effects of the economic stimulus measures planned by the government in the second half of the year. Needless to say, we will closely examine all elements of our fixed costs in 2009.

An attractive product range, an ultramodern machine park, a thoroughly sound balance sheet and, above all, a highly motivated workforce mean that we are well prepared for the new fiscal year and would be pleased if you, our shareholders, would continue to place your confidence in us and be with us all the way.

On behalf of the entire Management Board, I would like to thank our employees for their great commitment and motivation. Without them, we would not have been able to achieve these results. Our thanks also go to the Supervisory Board for their constructive support of our work.

Rheda-Wiedenbrück, March 5, 2009



Bernhard Wenninger
Management Board Spokesman

REPORT OF THE SUPERVISORY BOARD

Pedro Holzinger
Chairman of the
Supervisory Board



Dear Shareholder,

Westag & Getalit AG looks back on what was a positive year 2008 overall, even if the final quarter was already much weaker as a result of the international financial crisis.

The recession continues. It is difficult not only for politicians and economists but also for the Supervisory Board to properly assess the extent and the duration of the recession. But Westag & Getalit AG is well prepared to master the challenging year 2009. As a result of our year-long efforts and comprehensive investments, the company has modern machinery and forward-looking products. A motivated workforce and a flexible working hour arrangement make us even more competitive. Thanks to the good capitalisation, our company is not dependent on financial institutions.

In the past fiscal year, the Supervisory Board of Westag & Getalit AG performed the tasks imposed on it by law and the company's statutes. We regularly advised the Management Board on directing the company and supervised the management activities. The Management Board provided the Supervisory Board with regular and timely oral and written reports on the economic situation and the performance of the company, the state of the investment projects, corporate planning and strategy as well as important individual events and measures. We also addressed possible risks as well as risk management issues. Deviations of the business performance from the plans were explained to us in detail. In addition, the Supervisory Board Chairman was informed about important events and decisions in the company at individual meetings with the Management Board.

Meetings of the Supervisory Board

One Supervisory Board meeting was held per quarter, each of which was attended by all members of the Supervisory Board and the Management Board and one representative of the auditors. The Supervisory Board meetings were characterised by open, factual and trusting talks.

The Supervisory Board meeting on March 6, 2008 focused on issues related to the financial statements 2007 as well the company's liquidity position. An investment strategy and a risk framework for the company's financial assets were adopted at this meeting. According to this strategy, the company's funds will primarily be invested only in overnight and term deposits as well as corporate bonds with a maximum term of four years and a rating of at least "AA". All investments must be denominated or hedged in euros. Operating currency forwards are the only exception, which must always be based on a commodity transaction or an actual operating cash flow.

At the Supervisory Board meeting on May 29, 2008, we primarily addressed the performance of our company in the first three months of 2008 and our investment strategy as well as the state of the negotiations with the works council about the flexibilisation of the weekly working hours. At this meeting, we also adopted the agenda for the Annual General Meeting on August 12, 2008.

At the Supervisory Board meeting convened immediately subsequent to the Ordinary Annual General Meeting on August 12, 2008, the Chairman and the Vice Chairman of the Supervisory Board were elected in accordance with the company's statutes. We discussed the future business situation of the company as well as the situation of our investment, AKP Carat-Arbeitsplatten GmbH. In this context we approved the proposed increase in AKP's capital reserve with a view to strengthening the company's financial flexibility; our pro-rate contribution to the total amount of € 400,000 is € 196,000.

The Supervisory Board meeting on December 9, 2008 focused on the trends in commodity prices, inventories and receivables as well as the planning for 2009. We also endorsed a new version of our declaration of conformity pursuant to section 161 of the German Stock Corporation Act (AktG). In contrast to the previous years, this time we gave reasons for our non-compliance with certain recommendations of the German Corporate Governance Code. We also adopted the investment plan for 2009 and evaluated the efficiency assessment of the Supervisory Board by the Audit Committee.

Work of the committees

The work of the Supervisory Board is supported by the three committees it has formed. Their task is to prepare resolutions for the Supervisory Board and topics to be addressed by the Supervisory Board. In individual cases, the Supervisory Board has transferred decision-making powers to the committees. With the exception of the Audit Committee, which is led by Supervisory Board member Klaus Pampel, the committees are led by the Chairman of the Supervisory Board.

The Audit Committee held two meetings in the past fiscal year. Topics addressed by the Audit Committee included the financial statements, the preparation of the election of the auditors, risk management, the Supervisory Board's efficiency review, the new Declaration of Conformity pursuant to section 161 of the German Stock Corporation Act (AktG) and the Corporate Governance Report.

At its meeting on May 29, 2008, the Appointments and Compensation Committee prepared the renewal of the Management Board contract of Dr. Paulitsch. In addition, the committee adopted rules of procedure.

The Nomination Committee also met on May 29, 2008 and decided unanimously to recommend to the Supervisory Board to propose Mr Ronald Jeffries for re-election to the Supervisory Board at the Annual General Meeting on August 12, 2008. Mr Hubert Stretz informed the committee members that he planned to resign from the Supervisory Board with effect from the end of the ordinary Annual General Meeting in 2009 for reasons of age. At the meeting, the Nomination Committee adopted rules of procedure.

Personnel matters

At its meeting on May 29, 2008, the Supervisory Board unanimously appointed Dr. Michael Paulitsch ordinary member of the Management Board and Head of the Plywood/Formwork Division for another three years, i.e. until December 31, 2011.

On May 20, 2008 Mr Werner von Below died at the age of 94. He was a member of the Management Board of Westag & Getalit AG from December 1, 1957 until December 31, 1979 and was instrumental in shaping the company. For another 17 years, until August 26, 1997, he was a member of the Supervisory Board.

Financial statements

At the ordinary Annual General Meeting on August 12, 2008, Peters & Partner GmbH Wirtschaftsprüfungsgesellschaft, Steuerberatungsgesellschaft, Hannover, were appointed

auditors for the fiscal year 2008. Accordingly, the Supervisory Board commissioned them to carry out the audit. The financial statements for fiscal 2008 prepared by the Supervisory Board in accordance with HGB and IFRS and the Management Report of Westag & Getalit AG were audited by Peters & Partner GmbH and received unqualified audit certificates. The financial statements and the audit reports were made available to all members of the Supervisory Board by the auditors in good time prior to the annual accounts meeting of the Supervisory Board. These documents were discussed in detail at the Supervisory Board's annual accounts meeting on March 5, 2009 in the presence of a representative of the auditors. In addition, the latter reported on the audit of the company's risk management system, which led to no objections. We have taken note of and approved the audit report. We reviewed the financial statements and the Management Report. We agree with the result of the auditors' audit based on our own findings and endorse the financial statements prepared by the Management Board. The financial statements have thus been approved. We also examined and accepted the Management Board's profit appropriation proposal.

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 the information provided in the report is accurate."

Due to the final result of our audit, we raise no objections against the final statement by the Management Board.

The successful year 2008 and the confidence to operate and compete successfully in a much more difficult economic environment in 2009 would not have been possible without the active and constructive cooperation between the workforce and the management. The Supervisory Board would like to thank the members of the Management Board, the employees and the members of the works council for their successful work in the past fiscal year.

Rheda-Wiedenbrück, March 5, 2009



Pedro Holzinger
Chairman of the Supervisory Board

Members of the Supervisory Board

Pedro Holzinger
Businessman, Rheda-Wiedenbrück
Chairman

Hubert Stretz
Graduate engineer, Gütersloh
Vice Chairman

Klaus Pampel
Managing Director Hüttenes-Albertus
Chemische Werke GmbH, Meerbusch

Ronald Jeffries
Businessman, London/Great Britain

Dietmar Lewe*
Chairman of the works council, Rietberg

Reinhard Grewe*
Skilled workman, Rheda-Wiedenbrück

* employee representative



Dr. Michael Paulitsch

Graduate forest
manager (62)
Director
Plywood/Formwork Division
Warendorf

Bernhard Wenninger

Graduate economist (43)
Management Board
Spokesman
Central Division
Gütersloh

Markus Sander

Graduate engineering
manager (44)
Director
Laminates/Elements Division
Herford

Wilhelm Beckers

Graduate process
engineer (47)
Director
Doors/Frames Division
Herzebrock-Clarholz

WESTAG & GETALIT AG

Westag & Getalit AG looks back on a history of over one hundred years, in the course of which it has become a leading European manufacturer of wooden and plastic products. Our core competency lies in products in which wood is used as a base material and refined through the application of highly resistant plastic surfaces. Over the years, this has resulted in a broad product range from formwork, floor panels, doors and frames to kitchen worktops, window sills and solid surface materials. Accordingly we look back on many years of growth, which is not the result of acquisitions but of our own ability to innovate and market products successfully. Today, more than 1,250 employees work at our two facilities in Wiedenbrück and Wadersloh, in our sales organisation and in administration. Thanks to this highly motivated team, we were able to generate sales of € 226 million in 2008.

The diversity of our product range calls for a suitable organisational structure, which at Westag & Getalit AG is divided into three operating segments, each of which has its own production, distribution and development organisation. The administrative functions are concentrated in our central division, which provides the three product segments with services such as purchasing, finance, human resources and IT. This structure has proven to be highly effective, as the flexible and independent market activity of the three product segments is supported by centralised administrative expertise. Since the end of 2001, we have operated our own cogeneration plant, which produces both hot steam for our plants and electricity thanks to the environmentally optimised burning of wood waste.

Our production facilities are equipped to the state of the art. In the past four years alone, we invested as much as € 56 million in the ongoing development of our company. Our investments focused on a variety of areas and included capacity expansions in bottleneck situations, the realisation of rationalisation potential as well as the installation of processes for the manufacture of new products.

The successful performance of our company is based on sound financing. A high equity ratio of 68% means that we are well prepared for the difficult times we are facing. We are resolved to add value to the company by remaining profitable even in a recessionary environment.

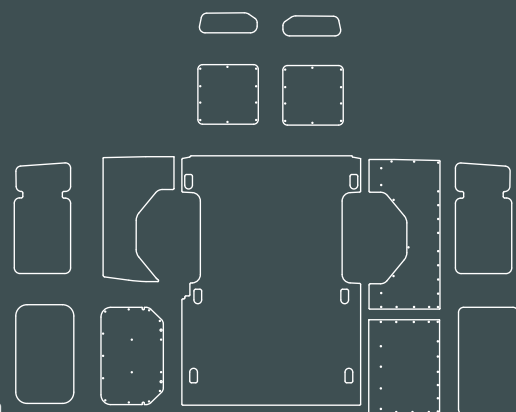


RELIABILITY AND DIVERSITY | OUR PLYWOOD/FORMWORK DIVISION

A strong product portfolio and an effective logistics organisation are the key success factors of the Plywood/Formwork Division, which cooperates closely with its partners in the manufacturing and retail sectors.

In the formwork technology sector, we are among the pioneers in modern concrete formwork and offer a variety of products that ideally support concrete processors – equally in precast concrete works or on the construction site. It is not without reason that internationally renowned architects rely on the proven high quality of our products. As a result, Westag formwork panels are used in major construction projects across the globe, e.g. the Saadiyat Bridge in Abu Dhabi. Plywood is also an excellent material for industrial floors, which is why Westag products are the preferred material for production halls, assembly platforms and sports venues. These products ideally combine the benefits of a highly resistant support material with a plastic surface and meet the most diverse demands of our customers.

In the automotive engineering sector, whole sets of Westag panels are used to cover the floors and walls of utility vehicles and trailers with uniform panelling. They are quick to install and combine high-quality looks with excellent technical properties.



Saadiyat Bridge in Abu Dhabi; construction realised by: Dywidag/Züblin

Says Irmhild Wiese, Formwork Sales Manager: "We cut the formwork panels to size and process them in accordance with the wishes of architects and builders so that they are ready to use for individual construction projects. Our logistics system facilitates just-in-time deliveries to the construction site."

Ulrich Wecker
and Ulrich Bomke
analysing a proof



Plywood floors for the Evonik booth at the 2008 Hannover Fair

An interesting project opening up new prospects for the sale of our plywood panels – first-time delivery of floor panels with digitally printed surfaces for an exhibition booth.

Our Plywood/Formwork Division is a renowned specialist not only for formwork panels. Westag floor panels for industrial, commercial and recreational applications are also in very high demand. Plywood panels are extremely solid, their plastic surfaces are highly resistant, making them ideal for many applications involving high strain.

Decorative diversity is another strength of our Division. While industrial floors are primarily chosen because of their resistance and ease of installation, we have always offered a wide choice of different designs whenever this was requested by the customer. Customised surfaces were not part of our product range, though.

This is why the order placed by Evonik Industries for the floors for their exhibition booth represented a new challenge. The exhibition contractors had a clear idea of what they wanted as the floor was meant to match the colours of the booth. Therefore, they requested a very specific design.

The right pattern was found quickly, as our sister division, Laminates/Elements, offered support based on their great design expertise.

We jointly discussed the task and developed a solution based on digital printing. Ulrich Bomke, Head of our Printing Shop, explains the benefits of the process: "Digital printing allows small printing runs to be realised with great efficiency. No complex preparations are required and the machine set-up costs are minimal."

We were able to quote a good price to the customer, deliver just what they had ordered and gained some new experience in the process.

It was not the sheer volume that made the contract so important. Just under 600 square metres of floor panels are not that much for our company. What aroused our interest were the prospects this project could potentially open up. "The combination of digital printing technology and plywood floors opens up new possibilities that we need to explore. We see huge potential here," says Ulrich Wecker, Head of Plywood Sales.

THE PLYWOOD/FORMWORK DIVISION

The Plywood/Formwork Division is where it all began. Established as a furniture factory by Josef Ellendorf in 1901, it has produced plywood panels in Wiedenbrück since 1917. After having been sold to Bros. Thalheimer in 1926, the company became the largest plywood producer in Germany.

The manufacture of formwork panels with plastic surfaces gained in importance for our company from 1955. Our new Betoplan brand quickly became synonymous with high-quality concrete formwork. The benefits of a solid plywood panel with a plastic-coated surface are plain to see. The panels are suitable for multiple uses without requiring frequent replacements and the surface quality meets high demands. Moulded and textured plastic coatings allow concrete to be given an attractive appearance. Also known as “fair-faced concrete”, this type of concrete can be coated with a wide variety of different surface textures that match the respective building. The formwork systems from different manufacturers represent another technical improvement. The formwork no longer needs to be individually assembled at the construction site. Instead, standardised formwork with connecting steel elements are used, which greatly reduces the on-site assembly times. Our plywood panels are ideal for this purpose.

Other products that have allowed us to at least partly reduce our exposure to the cyclical construction activity have also been launched in the market. For instance, we have developed plywood panels for the panelling of vehicle floors and walls. Other uses include floors for assembly halls, sports venues and stages. Needless to say, these make completely different demands on the plastic surfaces. While smooth or textured surfaces are requested for formwork, floors need to offer anti-crush, anti-slip or even anti-static properties.

Today, the Plywood/Formwork Division is the largest manufacturer of plastic-coated special plywood panels in Germany. In 2008, we generated sales revenues of € 46.2 million. Our ability to always offer the right product solutions for a wide variety of different applications has made us a preferred partner of our customers. We will continue to live up to this reputation going forward.



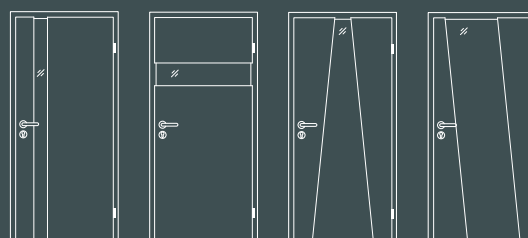
FLEXIBLE AND FUNCTIONAL | OUR DOORS/FRAMES DIVISION

Innovative products, high technological expertise and attractive design are the trademark of the Doors/Frames Division. We offer both standard products and customised solutions for all housing and contract projects. Our customers appreciate the unique diversity of our modern surface designs, the different styles and the large number of possible functional and special solutions.

All employees of the Division are committed to high product and logistical quality, which is key to our success. We are well aware that our customers regard us as an invaluable supplier only if we combine maximum customer orientation, which is communicated internally and externally, with the ability to deliver fast and flexibly.

Design is the external value of a door element. We also provide the element with inner values in the form of sophisticated technical properties. This is why we are able to offer our customers convincing product solutions that combine attractive surfaces with high-performance wetroom functions also when it comes to realising modern bathrooms.

High-quality wood reproductions in fashionable dark designs combined with translucent glass elements blend in perfectly with modern bathroom decors



Says Gerd Habrich, Sales and Marketing Manager Doors/Frames: "We attach great importance to placing our focus on the diverse demands made by our different target groups. Customers' individual wishes and requests are supported with specially developed sales and marketing strategies."

Elmar Hegemann and
Josef Brüggemann
discussing a new product



A matter of mixes – Aluminium framed door and aluminium door frame with wood core combine design with function

The Doors/Frames Division's new product line AluStyle® for homes and the contract sector combines fresh design trends with a high degree of individuality.

As Josef Brüggemann, retail sales manager for doors and frames, explains „doors are a decisive factor when designing interiors“. Yet wood and polymer materials are not the only favourites: there is also a growing demand for aluminium constructions. With our new AluStyle® framed door, we can supply doors permitting extensive freedom of design. The unobtrusive frame of aluminium sections combines perfectly with the AluStyle® frames to create a harmonious overall element. Inside the frame, the door's opening and closing surfaces can be designed entirely as preferred by the customer – from glass or genuine wood veneer through imitation wood finishes and plain coloured finishes to individually created digital printed motifs.

Elmar Hegemann, head of frame production and creator of the concept: „The beauty is that these doors can be fitted with conventional locks and hinges permitting the use of standard door handles, too.“

The mix of wood and aluminium materials for the aluminium-lined frame is equally innovative, combining the advantages of both materials. A layer of aluminium on the chipboard substrate gives the frame an elegant, trendy appearance while retaining the advantages of a standard wood frame. This is particularly evident when installing the frames. The mixture of materials also makes the new Westag frame considerably lighter than comparable all-aluminium frames and installation of the frame easier, as it can be fitted conventionally.

The new AluStyle® elements from Westag & Getalit AG open up interesting alternatives for design-conscious customers. With their trendy aluminium surface, the elements can be optimally integrated into existing room concepts both in contract environments and in living rooms. In combination with a matching door, the flush inset version creates numerous additional possibilities for design, with door and frame forming a continuous flush surface.

An outstanding product created by innovative thinkers in our Division's closely cooperating departments, AluStyle® proves that genuine innovations are still possible even in matured markets.

THE DOORS/FRAMES DIVISION

The first Westag door was launched in the market in 1937. At the time, it was produced on the basis of plywood panels. The development of our high pressure laminate (HPL) in 1956 represented an important milestone for the production of doors. It allowed us to offer doors and frames with extremely resistant plastic surfaces under the GetaLit® brand name. These doors are especially suitable for heavy use in hospitals, hotels and office buildings as they do not show the usual tear and wear even after many years of intensive use. Over time, many additional functions were added to offer solutions for more diverse demands. Sound-proof doors, fire-proof doors, radiation-proof doors, bullet-proof doors and burglar proof doors were added to our product range in the course of time.

Developed in 1972, the PortaLit® door was another important addition to our product portfolio. It combines the excellent properties of the GetaLit® door in a slightly reduced form with a widely acknowledged good price-performance ratio. To this very day, the product covers a wide range of installation situations in private homes and the contract sector alike. The PortaLit® and GetaLit® brands have made us the market leader in plastic-coated interior doors.

Today, we are a full-range supplier of interior doors and operate in all distribution segments of the market. Besides our PortaLit® and GetaLit® plastic surface door elements, we offer our customers a wide range of film-coated, varnished and genuine wood veneer doors. Customers can choose from a wide variety of colours, shapes and functions. Our high-performance frames production allows us to offer complete ready-to-install elements comprised of functionally and decoratively coordinated doors and frames.

As a result of our good market position, we have constantly increased our sales in the past years. In 2008, we generated sales revenues of € 92.6 million. Going forward, we will remain committed to innovation, speed and flexibility to operate successfully in an increasingly difficult market environment.

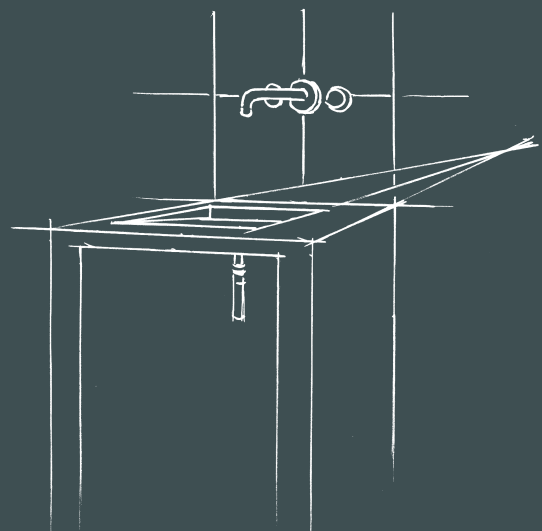


FUNCTION AND DESIGN | OUR LAMINATES/ELEMENTS DIVISION

For many years, our Laminates/Elements Division has offered a diverse range of designs and individualised material combinations for high pressure laminates under the GetaLit® brand name.

The young GetaCore® products also offered by the Division are just the right material for the challenging demands made in the interior design sector. With a compelling range of designs based on a highly versatile material, the Division has once again set standards. Not even customised colour mixtures are a problem for this material and its production process. Worktops and washstands are seamlessly combined with sinks and basins for a completely integrated look.

Our GetaCore® solid surface material ideally combines functionality and design and allows architects, designers and processors to easily realise integrated design concepts.



Wash basin at architects Brinkmeier, Krauß und Stanczus in Lübbecke. Customised unit made of GetaCore® GC 1001, "seidenmatt" finish.

*Says Simone Soszynski, Product Manager Solid Surface Materials in the Laminates/Elements Division:
"Consumers especially love two things about GetaCore® - the solid surface material has an extremely high-quality appearance and great haptics – people simply love to touch GetaCore®."*

Manfred Dollmann
presents the new
catalogue for joiners and
carpenters



Marketing drive for joiners and carpenters

In cooperation with external service providers, our Laminates/Elements Division has developed a marketing concept for joiners and carpenters, which has been launched successfully in 2008.

With a view to increasing the competitiveness of our customers in the joinery and carpentry sector and winning new partners, we have developed a special marketing package, which ideally meets the demands of joiners and carpenters. We want to strengthen our partners in the long term and jointly boost their sales. The concept consists of four elements that ideally present a joiner's range of products and services and thus help them win new customers.

Just like every other business, a joiner's shop needs to project a professional image. The first step therefore is the development of a marketing strategy. With the help of an external consultant, the strengths of our partner are identified and subsequently translated into a well-aimed customer approach.

The task is to win new and retain existing customers. It is therefore important to establish a systematic marketing system for existing customers and prospects. We

introduce the many possibilities of targeted marketing campaigns and launch specific activities together with the partner. We explain new media and jointly place the first advertisement in a search engine.

An attractive and consistent presentation of products and services is a key element of recognition and marks the self-confident identity of a modern business. Our partners therefore have access to a professional template catalogue that provides effective support in all areas, from logos to vehicle lettering.

Creativity leads to ideas and ideas lead to success. But a joiner or carpenter is first and foremost a doer and their creativity is often hindered by stress and routine, which is why we offer assistance also in this regard. Joint workshops, professional ideas and a lively exchange strengthen the creative expertise of our partners.

"This is a well thought-out concept which brings our partners forward and therefore benefits us as well," says Manfred Dollmann, Sales Manager Trade/Interior Construction/Furniture Industry in the Laminates/Elements Division.

THE LAMINATES/ELEMENTS DIVISION

The history of our Laminates/Elements Division dates back to the year 1956. At the time, Westag & Getalit AG developed the first marketable high pressure laminate (HPL) under the Getalit® brand name and launched it successfully in the market. To this very day, the extremely resistant finish, which is used for surfaces that are subject to extreme wear and tear, has remained the core product of the Division. Other surface materials for various applications were added to the portfolio over the years. The products were partly sold to processors such as furniture manufacturers. But we have also established our own processing plant and included products such as kitchen worktops, high-quality window sills and decorative panels in our product range.

By 1974, the processing and refinement volume had grown to such an extent that the capacity of the processing plant in Wiedenbrück was exhausted and we established a second plant in Wadersloh, some 15 kilometres away. This plant has been expanded successively over the years. In 1999, Europe's largest production line for kitchen worktops was taken into service in Wadersloh.

In 2001, the GetaCore® solid surface worktop was added to our product range, which offers not only good wear-and-tear properties but also extremely high-quality looks and pleasant haptics.

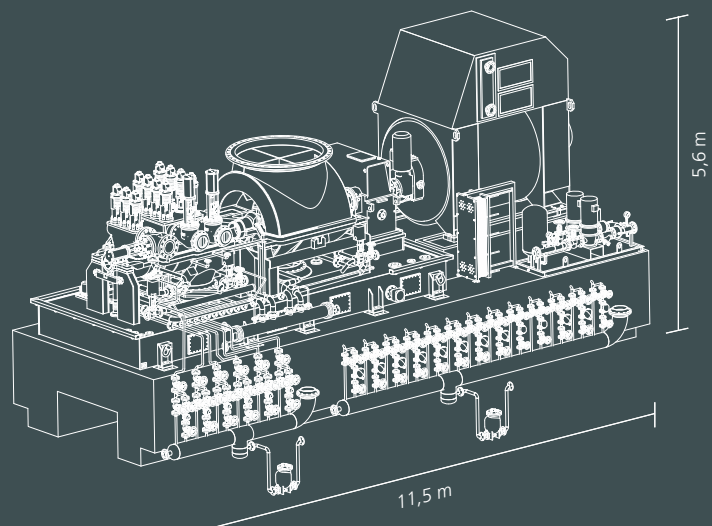
In the field of HPL surfaces, the development of digital printing technology has clearly increased our possibilities. While we have always been able to create attractive designs and embrace the latest fashion trends, digital printing technology allows us to meet our customers' individual design requirements even for small batches.

Today we are one of the largest manufacturers of plastic-coated elements in Europe. In 2008, we generated sales of € 83.6 million. Building on a wide range of high-quality and visually appealing products and highly flexible logistics, we will continue to strengthen our reputation as a strong partner going forward.



PATH-BREAKING | OUR COGENERATION PLANT

Since 2001, we have operated our own cogeneration plant, which is an important element of our energy strategy and produces both hot steam and electrical energy through the burning of wood waste. In 2008, a new turbine was installed to increase the efficiency and the capacity of the plant. Our cogeneration plant largely shields us against a further rise in electricity prices, while at the same time making an important contribution to environmental protection.



The turbine is the heart of the new cogeneration plant

Says Frank Margis, cogeneration plant manager: "The plant is indispensable for our company's energy supply. The recent expansion was a great success. All performance parameters reached or even exceeded the targets after a very short time."

Frank Margis, Manager
of the cogeneration plant,
in our turbine house



Increasing the energy efficiency of our cogeneration plant

Energy efficiency means maximum output at the lowest possible input of energy. In early 2006, we decided to optimise our cogeneration plant to achieve this objective and improve the efficiency of our cogeneration plant significantly by installing a new turbine.

The resulting project had a time-frame of over two years, with the start of operation scheduled for mid-2008.

The first activity involved the exact definition of the main components and their technical controls; this was followed by the preparation of the tender documents and the final awarding of the contract. We invested a lot of time in the project logistics, which later turned out to be a great advantage. The aim was to achieve the conversion of the entire plant within an extremely short period of only three weeks.

Several large components, including parts for the replacement of the old flue gas filter and the new air condenser, were pre-assembled on a parking lot close to our plant. This allowed the components to be installed on the site by several large cranes in next to no time without major disruptions on the internal transport routes of production.

Due to its complex technology, the turbine had the longest delivery period and was supplied to our site only six weeks prior to the conversion of the plant. Thanks to external support – at times, up to 150 technicians and engineers were on site – the impossible was made possible – the turbine was ready for installation on time and the plant taken into service as planned.

The most challenging part of the project was over. It was followed by the fine-tuning phase, so that the performance parameters could be raised to the planned level following the functional tests. Here, too, the great project management effort paid off, as the plant quickly reached its ideal efficiency level and the planned values for the generation of electricity and steam were reached and partly even exceeded.

Based on an increase in the fuel volume by only 15%, the electricity output has been raised by approx. 60% to an annual total of 65,500,000 kWh. This is equivalent to the annual consumption of some 13,000 households.

THE COGENERATION PLANT

Hot steam has been a key source of energy for Westag & Getalit AG for many decades. In all Divisions, large quantities of hot steam are used to operate driers and presses which fuse laminated surfaces with each other or with wooden supports. When our old boiler was wrecked in an explosion that was not our fault on August 4, 2008, we decided to replace it with a cogeneration plant.

The principle of such a plant is based on the combined generation of heat and power. Wood waste is burned in a boiler to heat water to steam. This steam is first compressed to a high pressure of 42 bar. The pressure gradient is used to drive a multi-stage turbine, which generates electricity via a generator connected to it. Inside the turbine there are several outlet valves through which hot steam can be fed into the pipe systems of the production department at pressures of 5 and 12 bar. Apart from pressing stations and heatings, the steam is also used for the generation of electricity. A complex electronic control system ensures that the withdrawal of steam and the generation of electricity are optimally controlled.

The advantages of such a plant are plain to see. Our wood waste does not need to be disposed of externally but can be re-used. The electricity generated can be fed into the public network at guaranteed long-term prices under the German Energy Feed-in Act. Should external electricity prices rise to a level that exceeds the guaranteed feed-in prices, we can use the electricity generated ourselves and sell any excess electricity at the current market price.

The performance data of the plant are quite impressive. A total annual volume of 60,000 tons of wooden fuel, part of which is sourced externally, can supply the whole operation with energy. At the present development stage, the plant generates approx. 65 million kWh of electricity per year at a peak performance of 9.5 MW. In 2009, we plan to generate external revenues of just under € 6 million from the sale of electricity, which means that the cogeneration plant will clearly make a positive contribution to the company's profits.

THE WESTAG-SHARE

Felix Huisgen,
Head of Controlling/
Investor Relations



The capital market in 2008

2008 was a dramatic year for the capital markets. What started as the subprime crisis in the USA spread throughout the world in the course of the year, entailing major losses for nearly all asset classes.

In this extremely difficult environment, the prices of our share also dropped sharply. Our ordinary shares lost 33% in value and closed the year at € 11.65, while our preference shares lost 31% to € 11.85. On the one hand, the loss in value reflects the high nervousness among investors, some of whom sold their shares without setting lower limits. This primarily put smaller companies under pressure, as institutional investors, in particular,

	2008	2007	2006	2005	2004
Total number of shares ¹⁾	5,720,000	5,720,000	5,720,000	5,720,000	5,720,000
Earnings per share (in €)	1.89	1.67	2.08	0.91	1.01
Book value per share (in €)	16.20	15.22	14.38	12.64	12.20
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 €)	19.10	24.30	17.74	12.05	8.50
Lowest price (in €)	9.60	16.15	8.95	7.52	5.60
Year-end price (in €)	11.65	17.37	17.20	9.65	7.95
Dividend per share (in €) ²⁾	0.44	0.94	0.82	0.48	0.48
Dividend yield (in %) ³⁾	3.8	5.4	4.8	5.0	6.0
Price-Earnings-Ratio ³⁾	6.2	10.4	8.3	10.6	7.9
Preference 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 €)	19.10	23.80	18.10	12.20	8.90
Lowest price (in €)	9.63	16.00	9.45	7.75	5.80
Year-end price (in €)	11.85	17.15	17.01	9.68	8.00
Dividend per share (in €) ²⁾	0.50	1.00	0.88	0.54	0.54
Dividend yield (in %) ³⁾	4.2	5.8	5.2	5.6	6.8
Price-Earnings-Ratio ³⁾	6.3	10.3	8.2	10.6	7.9

¹⁾ diluted and basic ²⁾ for 2008 subject to the AGM resolution ³⁾ based on year-end prices



feared being unable to liquidate their portfolios of low liquidity shares. On the other hand, market participants were concerned about companies' financial future, which prompted them to sell their shares.

We are not satisfied with the performance of our shares. Our shares rest on a very strong balance sheet foundation, which is reflected in a book value of over € 16 per share and an equity ratio of 68%. Moreover, we have demonstrated in the past that we can achieve good results even in a recessionary environment.

Investor relations activities

In 2008, we again held many talks with interested investors, e.g. at the Small Cap Conference in Frankfurt on August 26, 2008. The change of sentiment among investors was noticeable, however. While in the previous years, most investors believed in a continuation of the positive performance of second-tier stocks, 2008 saw a clear shift in our talks with investors towards topics such as net asset value, risk limitation and long-term sustainable development. From our point of view, all these talks were very positive, as we were able to convince investors that Westag & Getalit AG is a genuine investment alternative under these aspects.

The highlight of our IR activities in 2008 was the Annual General Meeting on August 12, 2008. Held at the A2-Forum in Rheda-Wiedenbrück for the first time, it was a great success in terms of organisation and attendance. 380 visitors who personally satisfied themselves of the convincing business policy of Westag & Getalit AG marked a new visitor record.

Dividend proposal

The Management Board and the Supervisory Board of Westag & Getalit AG will propose a more moderate dividend of € 0.44 per ordinary share (2007: € 0.94) and of € 0.50 per preference share (2007: € 1.00) to the Annual General Meeting, which will be held at the A2-Forum in Rheda-Wiedenbrück on August 18, 2009. We believe that this is the right step to strengthen the company in an increasingly challenging environment.

High potentials
training



Systematic development of junior staff for a secure future

Winning and developing qualified young talents is playing an increasingly important role. Also, it is vital to offer attractive prospects especially to our junior staff. This is why we have created a new instrument: the "Westag High Potentials Group".

In future it will become increasingly difficult to win qualified employees and executives. In view of our planned long-term growth and the growing demands made on employees, junior staff with excellent qualifications, practical experience and high motivation are indispensable for our company.

This is why, in 2007, we established the first High Potentials Group within our company. The group consists of 16 young employees who have completed different vocational trainings or studies and have excelled in a specialist function in our company over several years.

The members of the High Potentials Group benefit from intensive training and development to qualify them for a wide range of tasks in our company. In the past fiscal year, the High Potentials met at 14 joint events

such as team-building seminars, project management and leadership training as well as conflict management and stress management courses. The programme was rounded off by a training course on business behaviour and successful self-presentation.

The high potentials have also formed four project teams, each of which addresses a certain topic in one of our divisions to add practical experience to the knowledge gained in the training courses and seminars and to strengthen their team spirit. Given that the employees come from different business segments and functions, they also learn how to take an interdisciplinary approach.

In the meantime, the High Potentials group has become a highly motivated and dedicated team that has provided our company with many positive ideas.

In view of the positive experience gained from the High Potentials Group, we will continue our policy of promoting and developing our company's own young talent.

EMPLOYEES

Personnel information

In the past fiscal year, Westag & Getalit AG again increased its headcount moderately by 13 people from 1,269 to 1,282 people. 1,055 worked at our plant in Rheda-Wiedenbrück, while 227 worked in Wadersloh. 103 employment contracts were temporary. In view of the economic slowdown that became apparent in mid-2008, we took precautions with regard to our human resources so as to be able to cope with a sharp drop in sales. First and foremost, we developed a new working hour scheme in cooperation with the works council, to which all employees agreed voluntarily and which became effective as of January 1, 2009. Under the new scheme, the weekly working hours can be fixed flexibly within a range of 30 to 42.5 hours. Our employees voluntarily agreed to work longer hours without monetary compensation.

High educational level

Westag & Getalit AG trains young people in as many as eight different occupations. As of December 31, 2008, the company had 57 trainees and apprentices, 10 more than in the previous year. Eleven trainees/apprentices successfully passed their final exams in the fiscal year.

Employee shares

Since 1999, we have offered our employees shares at preferential conditions. In 2008, the tenth year since the start of the employee share scheme, 666 employees acquired a total of 13,080 preference shares in our company.

Acknowledgements

We would like to thank our employees for their achievements in the past fiscal year. Our thanks also go to the works council and the employee representatives on the Supervisory Board for their constructive cooperation.

MANAGEMENT REPORT

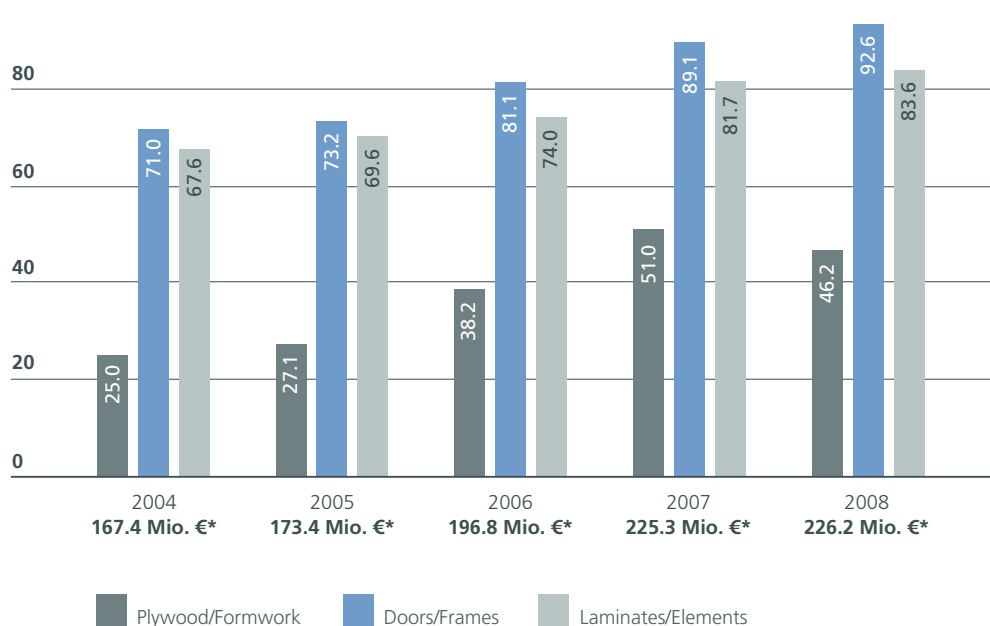
Business performance in 2008

Total 2008 sales at the previous year's level. Marked deterioration in the environment from the fourth quarter.

The year 2008 was clearly marked by the international financial crisis. Already in mid-2007, the US property market slumped, which had serious consequences for the US financial markets. While the crisis was initially kept in check by sharp interest rate cuts by the US central bank and major bank bailouts by governments, the bankruptcy of US investment bank Lehman Brothers in September 2008 led to a virtual collapse of the financial markets. Both the pace and the extent of the transition from a mere financial crisis to a global economic crisis were shocking. While some of our foreign markets were immediately affected by the consequences of the crisis, the German economy began to suffer only from the fourth quarter, with exports showing an extremely negative trend, however.

Sales revenues by divisions

Mio. €



* Total sales also include the cogeneration plant revenues, which are not shown as a separate bar.

Domestic demand remained relatively stable in 2008, though. This is also reflected in incoming order figures for the building construction sector, which showed moderate growth (+0.6% in cumulative terms) until September and clear signs of weakness only in the fourth quarter (-1.9%). A distinction should be made between housing construction on the one hand and commercial and public sector construction on the other hand. The housing const-

Demand slowed down markedly in the course of the year. Sales almost 10% down on the previous year.

ruction sector continued to suffer from the fact that construction projects had been brought forward in anticipation of the abolition of the owner-occupied housing construction subsidy at the end of 2006, which was still felt in 2008 in the form of a continued decline in construction activity. By contrast, activity in the commercial and public sector construction segment remained strong until the end of 2008.

Against this background, Westag & Getalit AG generated sales revenues that were on a par with the previous year. At € 226.2 million, 2008 sales revenues were moderately above the previous year's € 225.3 million. In this context, it should be noted, however, that demand, especially from abroad, slowed down markedly in the fourth quarter, leading to a quarter-on-quarter decline of 10.4%.

Plywood/Formwork

Sales in the Plywood/Formwork Division declined by 9.5% to € 46.2 million in the fiscal year (2007: € 51.0 million). This was primarily attributable to slow exports. International sales revenues dropped by 17.3% to € 14.7 million (2007: € 17.8 million). The export share stood at 31.9%, compared to 34.9% in 2007.

Following a very good first quarter, the economic environment deteriorated markedly. Sales of formwork panels were adversely affected by the decline in construction demand, especially outside Germany. This was later followed by problems in selling vehicle panels, as our customers suffered from a rapid drop in demand for utility vehicles and trailers, which ultimately led to a decline in incoming orders for our company. At the same time, the pressure on prices in this segment increased.

Frames/Doors

Sales in the Frames/Doors Division increased by 4.0% to € 92.6 million in 2008 (2007: € 89.1 million). Unlike the previous years, export sales decreased in some countries, leading to a total decline by 8.6% to € 11.4 million (2007: € 12.4 million). As a result, the Division's export share dropped to 12.3% (2007: 13.9%).

Sales rise by another 4%. Declines in export sales offset by very strong domestic sales.

The above figures show that exports were adversely affected by a slump in demand in some of our main foreign markets. This was more than offset by very strong domestic sales. In particular, the contract business was again very positive in the past fiscal year. We benefited from the fact that the long investment bottleneck in the contract and commercial construction sector continued to be eliminated in 2008. Apart from private investment projects in the commercial construction sector, public sector construction increased as well. By contrast, the situation in the private housing construction sector was difficult due to continued weak investment.

On the product side, we reported strong growth in functional doors and high-quality standard doors. This contrasted with lower demand for simple standard doors coated with thin film, which are typically used in the low-cost owner-occupied housing segment.

Laminates/Elements

Sales in the Laminates/Elements Division rose by 2.4% to € 83.6 million in the fiscal year (2007: € 81.7 million). Export sales increased by an impressive 10.2% (€ 29.3 million, compared to € 26.6 million in 2007). The export share climbed to 35.0% (2007: 32.5%).

Excellent export sales in the fiscal year. Accordingly, total divisional sales rise by 2.4%.

Domestic sales also increased at a high rate in the timber trade and interior construction segments. Both distribution channels thus offset weak sales in the DIY store segment, where a consolidation is taking place, while consumer demand is declining at the same time. Demand for our GetaCore® solid surface worktops was again very high. Strong growth was also reported in the digital printing segment as well as in high-gloss panels.

The GetaCore® production line is scheduled to be taken into service at the end of the first quarter of 2009, which means that we will be able to leverage the potential for rationalisation from the second quarter. We will also be able to expand production.

Exports

The economic environment in our export markets deteriorated increasingly in the course of the past fiscal year. The reasons are diverse. First, the overheated property markets in some of our export countries cooled off noticeably. This was followed by the effects of the financial crisis, which quickly became an economic crisis and led to a dramatic slump in demand. Especially in the UK and Russia, the local currencies clearly lost in value, making our products much more expensive for our customers in these markets.

Selling conditions in many output markets have deteriorated significantly since Q4 2008.

Against this background, export sales slumped by 21.4% in the fourth quarter. In year-on-year terms, exports declined by a moderate 2.5% to € 55.4 million (2007: € 56.8 million). As a result, the export share declined for the first time in ten years, namely to 24.5% (2007: 25.2%).

Employees

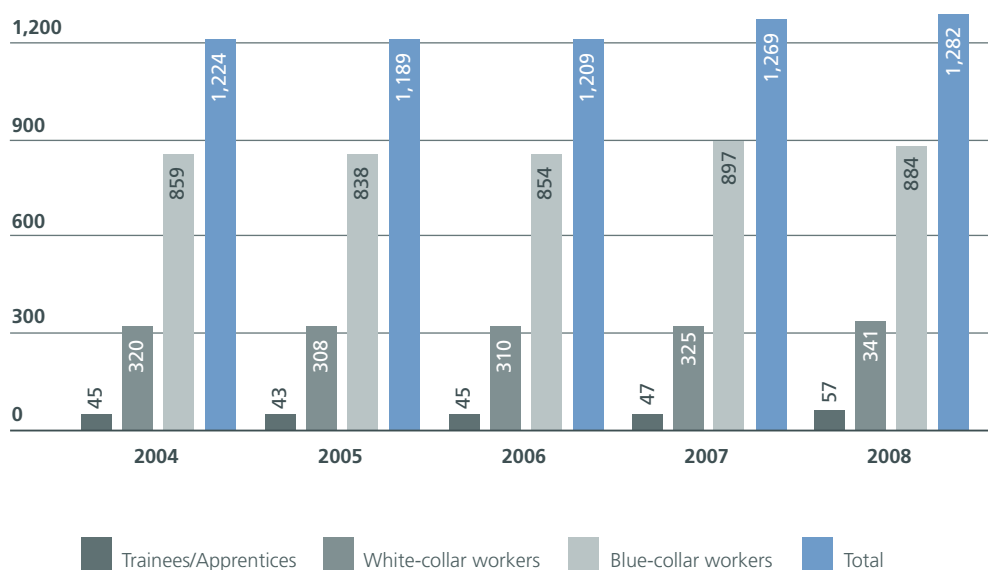
Moderate increase in headcount. New working hour scheme enables much more flexible response to fluctuations in capacity utilisation.

In the course of the year, our headcount increased by 13 people to 1,282 on December 31, 2008 (2007: 1,269). This includes an increase in the number of trainees/apprentices by 10 to 57, which will benefit us when it comes to filling open positions with qualified people. Due to the decline in capacity utilisation in the course of the year, we were unable to keep personnel expenses as a percentage of sales at the low level of the previous year (2008: 27.9%; 2007: 27.4%).

In the fiscal year, we concentrated on developing a follow-up scheme to the expiring flexible working hour scheme. The new scheme, which was introduced with effect from January 1, 2009, will make us even more flexible when it comes to responding to fluctuations in demand. At the same time, it will help to increase job security at Westag & Getalit AG.

Employees

As of 31. Dec.



Earnings position

Earnings before income tax amounted to € 15.3 million (2007: € 16.6 million). The decline was primarily attributable to the weaker-than-expected fourth quarter. Moreover, non-recurrent income in 2007 had an adverse effect on the prior-year comparison. The one-time costs for the standstill/conversion of our cogeneration plant in summer 2008 also had an adverse impact on earnings.

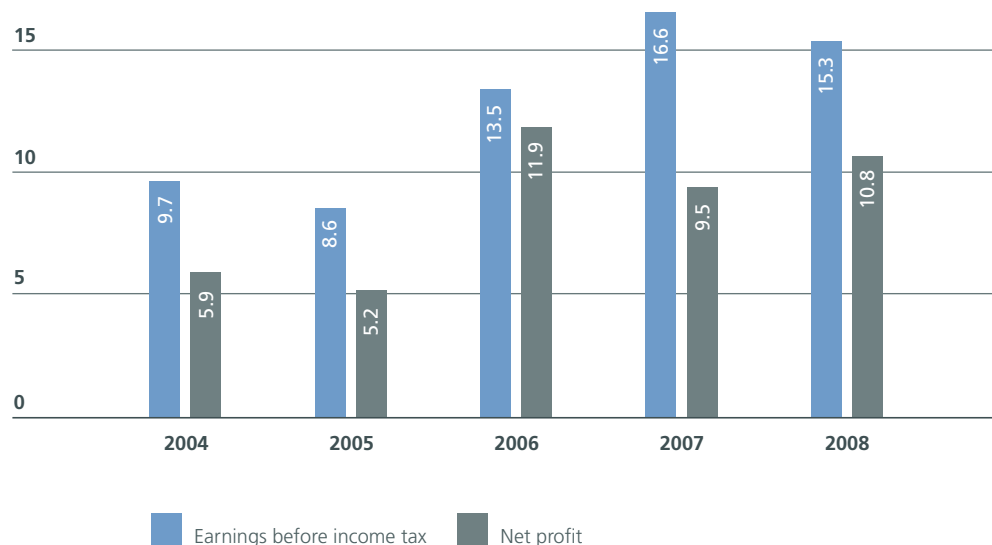
Earnings before income tax decline to € 15.3 million. Net profit rises to € 10.8 million primarily due to lower corporate income tax rate.

On the other hand, earnings benefited from the fact that material prices in some product segments declined moderately for the first time in many years. In particular, we benefited from the low prices of particle boards. Chemicals prices also declined in the wake of the drop in oil prices. Accordingly, the cost of materials as a percentage of sales fell from 52.5% in the previous year to 51.4% in 2008. Personnel expenses as a percentage of sales increased moderately to 27.9% in 2008 (2007: 27.4%).

By contrast, depreciation and amortisation declined from € 9.6 million to € 9.0 million. Other operating expenses rose sharply to € 26.0 million (2007: € 24.5 million), primarily due to higher expenses on freight out as well as external repairs and maintenance.

Earnings before income tax/Net profit

million €



Net profit for the year 2008 increased to € 10.8 million (2007: € 9.5 million) despite the decline in earnings before income tax. This was attributable to two effects. The corporate tax reform had a positive effect in the form of a much lower corporate income tax rate. In addition, a much higher tax ratio has to be considered for the previous year, mainly as a result of a tax liability for prior years, which is still in dispute.

Earnings per share amounted to € 1.89 in fiscal 2008 (2007: € 1.67).

Capital base clearly strengthened.

Value added

Due to the slightly lower total performance and higher other expenses, the value added declined moderately to € 78.8 million (2007: € 79.4 million). It was positive to see that the cost of materials as a percentage of sales showed a downward trend for the first time. The distribution of the value added shows clear shifts, as the amount absorbed by the government declined markedly due to the amendments to the corporate tax law and a negative special effect in the previous year (6.0% of value added compared to 9.1% in the previous year). Subject to the approval of the Annual General Meeting, the dividend will be lower than in 2007. As a result, profit carried forward increases from 5.3% of the value added in 2007 to 10.4% in the fiscal year.

Value added

in € '000

	2007	2008	2008	2007	
Gross performance	228,807	226,525	78,793	79,387	Net value added
Cost of materials	120,228	116,465	8,189	4,171	Reserves/ Profit carried forward
			2,602	5,362	Shareholders
			4,750	7,264	Government
			63,252	62,590	Employees
Depreciation	9,617	9,021			
Other expenses and income	19,575	22,246			
Net value added	79,387	78,793			
Value added					Value used
	2007	2008	2008	2007	

Net worth position

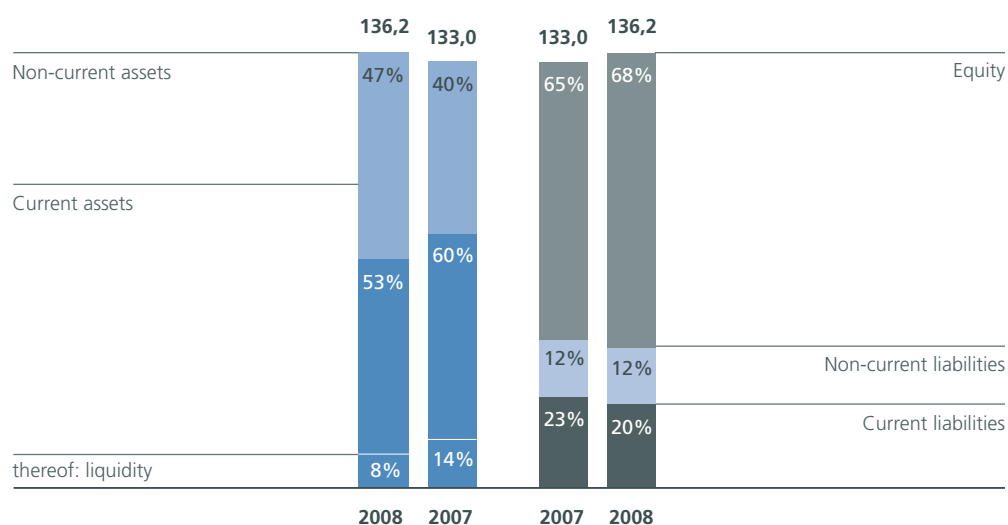
As at December 31, 2008, total assets were up moderately to € 136.2 million (previous year: € 133.0 million). This was primarily due to the sharp increase in property, plant and equipment to € 62.2 million (2007: € 51.3 million) resulting from the strong investment activity in 2008. It is positive to see that we were able to reduce both inventories (down to € 34.6 million from € 37.0 million in 2007) and receivables (down to € 26.2 million from € 27.5 million in the previous year). Liquid funds declined to € 11.4 million as of December 31, 2008 (2007: € 15.8 million) due to high capital spending.

Equity ratio rises to 68%, while the book value per share climbs to € 16.20.

On the liabilities side, equity capital again rose sharply to € 92.6 million. This results in a book value per share of € 16.20. The equity ratio increased even further to 68.0% (2007: 65.5%) in spite of the dividend distribution in August 2008. As in the past, our business activities are funded without reliance on interest-bearing debt.

Balance sheet structure

million €



Portfolio of own shares

As of December 31, 2008, Westag & Getalit AG held 172.420 own shares, all of which were preference shares. In the fiscal year, 13.080 were sold to employees in the context of the employee share programme. In accordance with a resolution adopted by the Annual General Meeting on August 12, 2008, the company is authorised to repurchase more own shares. In accordance with IFRS, the value of own shares is not shown in the balance sheet's asset items.

Capital expenditure

The strong investment activity of the past years was intensified even further in 2008, when we invested a total of € 20.1 million. The focus of our investment projects was the expansion of our cogeneration plant. A new turbine helps to increase both the efficiency and the capacity of the plant significantly. The project was completed successfully in the third quarter, and the electricity generation targets were reached very quickly.

Capital expenditure reaches record level of € 20.1 million in the fiscal year.

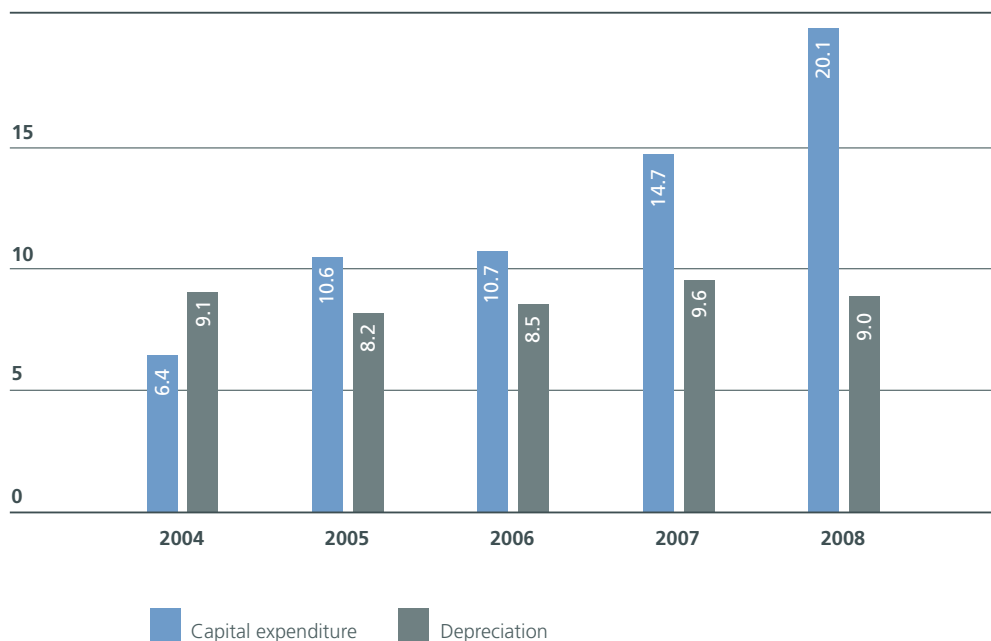
The production department of the Plywood/Formwork Division was modernised through the installation of a machining centre for the final stage of production. The centre enables automated production of medium-sized batches.

In the first quarter of 2008, a new press was installed in the Doors/Frames Division to replace the previous press with a more modern technology. The press has been in operation since the second quarter and has led to greater flexibility while at the same time increasing the pressing quality.

With a view to expanding our production capacity and leveraging rationalisation potential in the Laminates/Elements Division, we relocated the GetaCore® production from Wiedenbrück to Wadersloh and invested in a new GetaCore® continuous production plant, which is scheduled to be taken into service at the end of the first quarter of 2009.

Capital expenditure and depreciation

million €



Research and development

In cooperation with the Laminates/Elements Division, the Plywood/Formwork Division has developed an industrial floor panel with a laminated surface, whose decorative paper is printed in a digital process. This facilitates the production of floor panels with customised surfaces such as a company logo or customer-specific designs.

Many new product ideas about to be launched in the market.

In the Doors/Frames Division, the development of an aluminium frame door with a wooden core deserves to be mentioned. Within the frame, the door surfaces can be customised with glass, genuine wood veneer or designs. Another special feature of this door is that conventional locks and hinges can be used. Another new product developed by the Division are white painted doors with a V-groove texture. This unique groove treatment makes for very modern looks and gives the surfaces a special touch.

Several development projects were underway in the Laminates/Elements Division. One of them is GetaStyle®, a new kind of decorative polymer glass that avoids the disadvantages of heavy glass and scratch-sensitive plastics and combines the benefits of both materials. Based on a translucent panel support in combination with a two-sided coating, this has resulted in a completely new and extremely versatile product. The Panelo® compact panel is another innovation developed by this Division. The panel is 2 mm thick and available with different digitally printed designs. It can be used for purely decorative purposes as well as for a variety of practical applications such as wall protection. In the accessories segment, we developed a new kind of wall splashback profile, which eliminates the visible sealing lips

Environmental management

We are committed to protecting the environment. On the one hand, our environmental protection activities are aimed at reducing the consumption of natural resources and energy. On the other hand, we are constantly striving to reduce the environmental impact of our operations to a minimum. The most important environmental measure in 2008 was the replacement of the flue gas dedusting plant for our waste-wood-operated cogeneration plant. The total cost of this filter system amounted to € 1.8 million and was recognised in the income statement in three installments in 2005, 2006 and 2007. The filter system was installed to ensure long-term compliance with the stringent German Clean Air Act (TA Luft). In addition, we improved the energy balance through a sharp increase in the efficiency of the cogeneration plant by installing a new turbine and an economiser, which uses the residual heat in the exhaust air to produce steam.

In the past fiscal year, we also provided the dust filters on the roofs of our production halls in Wiedenbrück with protective walls to reduce noise emissions. We are constantly striving to optimise our production processes in an environmentally compatible manner. In 2008, we converted the spraying robot in our door production plant to water-borne paints.

The safety of our plants and warehouses, especially with regard to our chemicals, and the responsible treatment of hazardous materials also play an important role.

We continue to raise our employees' environmental awareness and help them to make an active contribution to an environmentally friendly and safe company.

Relationships with affiliated companies

According to information supplied by Syntalit AG, Zug/Switzerland, and Gethalia Foundation, Vaduz/Liechtenstein, on December 18, 2006, the share of Syntalit AG in the voting capital of our company climbed above the 75% threshold on December 12, 2006 as a result of transactions within the family and now amounts to 75.5%. Pursuant to section 22 para. 1 sentence 1 No. 1 of the German Securities Trading Act, these voting shares count towards Gethalia Foundation.

With regard to our relationships with affiliated companies, we would like to point out that we did not conduct any legal transactions with Syntalit AG and Gethalia Foundation. The respective report required under section 312 of the German Stock Corporation Act (AktG) concludes with the following declaration: "Transactions which are subject to reporting requirements did not take place".

Associated Companies

Since 2006, we have held a 49% interest in AKP Carat-Arbeitsplatten GmbH in Meiningen/Thuringia, which specialises in cut-to-size worktops made from HPL, solid surface materials, quartz stone, natural stone, solid wood and glass. The company supplies showroom kitchens to kitchen studios, the kitchen industry and large furniture chains. In 2008, the company generated sales of € 10.6 million (2007: € 10.5 million). To further strengthen the company's selling power, an amount of € 400 thousand was paid into the capital reserve of AKP Carat-Arbeitsplatten GmbH, to which we contributed € 196 thousand in accordance with our share in the company.

Risk Report

Success in business is inextricably linked to the exploitation of opportunities and the management of the related risks. It is the task of our risk management system to identify such risks and define an appropriate approach to mastering them. The measures we take depend on the type and scope of the respective risks. 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.

Our main risk management tool is an SAP-based planning-oriented information system, which allows us to quickly identify deviations in all relevant key figures and to take counter-measures. On this basis, the full management team is involved in the process of avoiding and minimising risks.

The relevant risks to which Westag & Getalit AG is exposed are presented below. In this context, it is important to state that we cannot identify any risks that would jeopardise our company as a whole.

Economic risks

The dramatic developments in the financial markets, whose ultimate consequences for the macroeconomy cannot be fully predicted, will also influence the economic situation of Westag & Getalit AG. We assume that the construction sector, which is our main output market, will be hit hard by the consequences of the financial market crisis.

Due to our healthy financial and liquidity position, we are not directly affected by the bottlenecks in the financial markets and have sufficient reserves to cope with the crisis. Moreover, the flexible working hour schemes enable us to respond flexibly to temporary fluctuations in our output markets and, hence, to clearly reduce the impact on current results.

Sales risks

Sales risks are of fundamental importance in our line of business. Due to the higher diversification of our three Divisions, which partly operate in different markets, we 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 play an important role.

To mitigate these risks, we constantly refine and optimise our product portfolio. On the other hand, we aim to offset economic and customer-related risks through diversification. Moreover, the development of additional products and markets will make it possible to offset declining sales in other areas.

We expect the number of bankruptcies to increase due to the limited availability of loans resulting from the financial crisis. To mitigate this risk, we operate a very effective internal receivables management system and we take out appropriate insurance cover to insure customer receivables against default.

Procurement risks

Following the sharp increase over the past three years, procurement risks declined towards the end of the year. We will nevertheless continue to pay close attention to procurement risks. On the one hand, supply security plays an important role in this context. The rising prices of the resources used have an even stronger impact on our business results.

To mitigate the risk of insufficient supplies of raw materials in the required quality, we constantly review and expand our supplier network and continue to shift the focus of our procurement activities to international markets. Mitigating the risk of further price increases, to which we were very much exposed in the past, is more difficult, though. The possibility to exert direct influence is limited in view of global developments such as the rise in the oil price. Instead, it is extremely important to identify imminent price rises quickly and to adapt our sales prices in a timely and appropriate manner.

Operational risks

The main operational challenge is to produce goods meeting the required quality standards with the best possible cost structure. In this context, it is our permanent task to examine new product processes and to implement them if they are feasible. Our machines and equipment are kept up-to-date through regular maintenance, repairs and modernisations. 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 our quality management system, which has been certified to DIN ISO 9001.

Information technology has constantly gained in importance in recent years. Maximum system availability and maximum security for our data are ensured by mirrored hardware for time-critical applications, redundant network components and a modern infrastructure.

Personnel risks

Well trained and highly motivated employees are the most importance resource for our company. Effective human resources management is therefore of major importance for our success. In the past years, we constantly expanded the range of internal further training offerings and established a High Potentials Group as a means of developing suitable management talent within our company. The flexibilisation of the Christmas bonus on a voluntary basis in the form of a performance-linked bonus is an important motivational measure.

We also stepped up our external efforts to raise students' awareness of Westag & Getalit AG as an attractive employer, which was reflected, for instance, in internships, diploma thesis and increased cooperation with universities and colleges. This shows that we are today responding to the future risk inherent in the demographic development, which will lead to a shortage of qualified labour.

Financial and exchange risks

In view of our high equity ratio of 68%, we see no risks with regard to our creditworthiness. To mitigate the effects of exchange rate shifts outside the EU, we invoice almost exclusively in euros. This means, however, that the prices of our products rise sharply in some output markets if the local currency loses in value. This risk can only partly be mitigated through currency hedges.

Report of the Management Board on the disclosures pursuant to section 289 para. 4 of the German Commercial Code (HGB)

The share capital of Westag & Getalit AG amounts to € 14,643,200.00. 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.

The rights and duties associated with the shares are governed by the German Stock Corporation Act. According to the company's statutes, 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 prorated 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. In addition, the preference shares grant the rights that arise to each shareholder from the share.

As at the balance sheet date, the company held 172,420 preference shares. No membership rights arise to the company from these shares.

Syntalit AG, Zug, Switzerland, holds 2,159,300 voting ordinary shares in the company, which represent 75.5% of the voting rights. Gethalia Foundation c/o Prokurationsanstalt, Vaduz, Liechtenstein, is a shareholder of Syntalit AG, and the full 75.5% of the voting shares held by Syntalit AG in our company are attributable to Gethalia Foundation pursuant to section 22 para. 1 sentence 1 No. 1 of the German Securities Trading Act (WpHG).

The members of the Management Board of Westag & Getalit AG are appointed and dismissed in accordance with sections 84 f. of the German Stock Corporation Act (AktG) and sections 96 para. 1, 101 para. 1 of the German Stock Corporation Act as well as section 76 para. 1 of the German Works Constitution Act of 1952 in conjunction with section 129 of the German Works Constitution Act of 2001. Amendments to the company's statutes are subject to sections 133 and 179 of the German Stock Corporation Act.

On August 9, 2005, the Annual General Meeting authorised the Management Board to increase, by August 8, 2010 and with the Supervisory Board's approval, the capital stock once or several times, by way of issuing new bearer shares and/or non-voting preference shares by up to € 5,840,000.00 (approved capital I) in return for cash contributions or by up to € 1,460,000.00 (approved capital II) in return for cash or non-cash contributions. The authorisation also includes 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.

The company was also authorised by the Annual General Meeting on August 12, 2008 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 February 11, 2010 pursuant to the provisions of section 71 para. 1 No. 8.

Circumstances that go beyond the above and must be disclosed pursuant to section 289 para. 4 of the German Commercial Code do not exist or are not known.

Basic information about the compensation system

The compensation of the members of the Management Board comprises fixed and variable components. 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 company's annual profit is its net profit 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 articles of incorporation. The variable component for the Board members in charge of the central division is based exclusively on the annual profit of the company. 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 case of extraordinary, unpredicted developments, the variable component can be limited. 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.

Forecast report

The economy

Much more difficult economic conditions in 2009.

The outlook for the German economy continues to deteriorate. According to the Federal Statistical Office, GDP was down by as much as 2.1% on the previous year in the fourth quarter. This means that the German economy is in a deep recession. The construction sector is under pressure, too. Incoming orders in the building construction sector were down by 9.4% on the previous year in the fourth quarter. This suggests that – also with regard to our markets – construction activity will decline sharply in the new year.

The situation in neighbouring economies is even more unfavourable. In countries such as the UK and Ireland but also in many Eastern European countries, the negative effects of falling property prices coincide with a banking crisis and high consumer debt. Some countries outside the European Monetary Union are additionally facing a dramatic depreciation of their local currencies. Due to these effects, demand from the private sector has collapsed, which is also reflected in very weak construction activity.

Outlook for Westag & Getalit AG

Sales down by 14% in first two months of 2009.

Unfortunately, we cannot easily isolate ourselves from the economic problems described above. In the first two months of 2009, our sales revenues were down by 14% on the extremely good comparative months of the previous year.

At present, many questions, e.g. as to the duration of the recession and its effect on our markets in the building construction and renovation segments, are difficult to answer. A precise forecast is virtually impossible. From today's point of view, it is safe to assume, however, that full-year sales will be below the previous year's level. But we are confident that our high competitiveness and our attractive products will enable us to compete successfully.

Capital expenditure

Following two years of above-average investments, investment activity in 2009 will be on a par with depreciation and amortisation (approx. € 10 million). The single most important investment is the new press in the Plywood/Formwork Division, which will enable us to produce especially large panels and use more favourable raw material combinations. Moreover, the new GetaCore® production plant will be completed in Wadersloh at the end of the first quarter.

Post balance sheet events

No events that require reporting occurred after the balance sheet date.

Earnings

The anticipated decline in sales revenues makes it even more important for our company to cut costs. The recent downward trend in commodity prices will help us in this respect. On the human resources side, we expect the new working hour scheme to result in a more flexible adjustment of working hours and wage costs to the anticipated poorer capacity utilisation. At the same time, we will closely analyse all elements of fixed costs.

Our extremely sound balance sheet structure is an invaluable asset in these times of credit crunch. We will emerge stronger from a possible shake-out in our industry.

From today's point of view, we assume that we will be unable to repeat the excellent results of the past two years. Due to the many uncertainties regarding the general economic trend, it is currently impossible to quantify the decline in earnings. We expect at least to generate adequate earnings in 2009. Thanks to our broad product range, ultramodern production plants and an extremely motivated workforce, we will benefit disproportionately from a future recovery in our markets, the timing of which is impossible to predict at present.

Westag & Getalit AG
is well prepared for the
new fiscal year.

Responsibility statement

To the best of our knowledge, the management report includes a fair review of the development and performance of the business and the position of Westag & Getalit AG, together with a description of the principal opportunities and risks associated with the expected development.

Rheda-Wiedenbrück, February 18, 2009

Westag & Getalit Aktiengesellschaft
The Management Board

Wenninger

Beckers

Dr. Paulitsch

Sander

FINANCIAL STATEMENTS

50	Cash Flow Statement (IFRS)
51	Income Statement (IFRS)
52	Balance Sheet (IFRS)
54	Notes
59	Notes to the Income Statement
63	Notes to the Balance Sheet
74	Additional Notes to the Balance Sheet
80	Corporate Governance
82	Auditor’s Report
84	Balance Sheet (According to HGB)
86	Profit and Loss Account (According to HGB)

CASH FLOW STATEMENT 2008 (ACCORDING TO IFRS)

	2008 in € '000	2007 in € '000
Operating result/EBIT	14,890	15,921
Income tax payments	- 6,594	- 6,990
Depreciation and amortisation	9,021	9,617
Result from asset retirements	- 160	- 261
Change in current assets (excl. securities)	4,161	- 7,932
Change in securities held as current assets	0	8,992
Change in liabilities	- 679	6,818
Cash flow from operating activities	20,639	26,165
Investment in tangible and intangible assets	- 20,090	- 14,688
Change in financial assets	- 436	35
Income from asset retirements	300	671
Cash flow from investment activities	- 20,226	- 13,982
Interest income	403	619
Interest expenses	- 7	- 7
Acquisition/sale of own shares	156	0
Dividend payments	- 5,376	- 4,699
Cash flow from financing activities	- 4,824	- 4,087
Change in cash and cash equivalents	- 4,411	8,096
Cash and cash equivalents as of January 1	15,833	7,737
Cash and cash equivalents as of December 31	11,422	15,833

The cash flow statement shows the origin and use of cash flows in the fiscal years 2008 and 2007. 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.

INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2008 (ACCORDING TO IFRS)

	Notes	2008 in € '000	2007 in € '000
Sales	1	226,185	225,277
Changes in inventories of finished goods and work in progress	2	- 221	3,275
Other own work capitalised	3	561	255
Total performance		226,525	228,807
Other operating income	4	3,353	4,265
Cost of materials	5	116,465	120,228
Personnel expenses	6	63,252	62,590
Depreciation of intangible fixed assets and tangible assets	7	9,021	9,617
Other operating expenses	8	26,031	24,524
Other taxes	9	219	192
Operating result		14,890	15,921
Financial result	10	432	684
Earnings before income taxes		15,322	16,605
Taxes on income	11	4,531	7,072
Net profit		10,791	9,533
Earnings per share (diluted and basic, in €)	12	1.89	1.67

BALANCE SHEET AS OF DECEMBER 31, 2008 (ACCORDING TO IFRS)

Assets	Notes	Dec. 31, 2008 in € '000	Dec. 31, 2007 in € '000
A. Non-current assets			
I. Intangible assets	13		
Software, licences and other industrial property rights		379	329
II. Tangible assets	13		
Land and leasehold rights and buildings		23,792	23,450
Technical equipment and machinery		23,751	16,056
Other fixtures and fittings, plant and office equipment		8,845	7,670
Advance payments and assets under construction		5,778	4,111
		62,166	51,287
III. Financial assets	13		
Shares in associated companies		1,200	1,004
Other loans		243	3
		1,443	1,007
		63,988	52,623
B. Current assets			
I. Inventories	14		
Raw materials and supplies		17,389	19,248
Work in progress		3,532	3,886
Finished goods and merchandise		13,672	13,891
		34,593	37,025
II. Receivables and other assets	14		
Trade receivables		21,268	23,154
Receivables from associated companies		121	44
Other assets		1,347	951
Income tax receivables		3,428	3,366
		26,164	27,514
III. Cash and cash equivalents	14		
Cash at banks or on hand		11,422	15,833
		72,179	80,372
Total assets		136,167	132,995

Equity and liabilities	Notes	Dec. 31, 2008 in € '000	Dec. 31, 2007 in € '000
A. Equity and reserves			
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	24,376	24,345
III. Revenue reserves	15		
Legal reserve		596	596
Other revenue reserves		43,315	38,015
		43,911	38,611
IV. Accumulated profit	15	9,708	9,469
		92,639	87,069
B. Non-current liabilities	16		
Provisions for pensions and similar obligations		13,671	13,454
Other non-current provisions		1,794	1,885
Deferred tax liabilities		228	92
		15,693	15,431
C. Current liabilities			
Trade payables	17	11,913	11,810
Other current liabilities	17	15,364	16,280
Current provisions	18	558	548
Income tax liabilities		0	1,857
		27,835	30,495
Total equity and liabilities		136,167	132,995

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.

The separate financial statements of Westag & Getalit AG, Rheda-Wiedenbrück, were prepared to International Financial Reporting Standards (IFRS), such as they are applicable in the European Union (EU), as well as to the complementary provisions of section 324 a para. 1 of the German Commercial Code (HGB). All IFRS issued by the International Accounting Standards Board (IASB) for the fiscal year were adopted by the European Commission for application in the EU. The separate financial statements are therefore IFRS-compliant.

The fiscal year corresponds to the calendar year and ended on December 31, 2008. Westag & Getalit AG is not required to establish consolidated financial statements.

No IFRS were applied for the first time in fiscal year 2008. Other currently applicable standards, most of which are effective from January 1, 2009, were not applied. The expenditure type of presentation was applied to the income statement. In addition to the income statement, the balance sheet and the cash flow statement, a statement of changes in equity has been included. Moreover, the notes comprise a segment report. In order to enhance their meaningfulness, individual items of the income statement as well as the balance sheet have been summarised and explained in the notes.

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 pass 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 with an impact on income at the time of the use of the respective product or service.

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

Expenses and earnings are translated at the average market price of the period.

Non-current assets

Purchased intangible assets are capitalised at their acquisition costs in accordance with IAS 38. 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.

Tangible assets

Tangible assets are recognised and valued at their acquisition or production costs less scheduled depreciation over their useful lives unless they are subject to impairment. The straight-line method is used for depreciation over the useful lives, unless the declining balance method has to be used to take actual usage into account.

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.

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. Tangible assets were not revalued.

Financial assets

Financial assets include shares in associated companies, as well as interest-bearing loans held to maturity. They are valued at their acquisition costs or at their lower fair values in accordance with IAS 39.

Current assets

Inventories

As a general rule, raw materials and supplies as well as merchandise are valued at their average acquisition costs. If, on the balance sheet date, exchange or market prices result in lower values, they are depreciated to their fair values.

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 the period of storage or 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 impairments. The general credit risk is taken into account by impairments based on past experience.

Existing receivables in foreign currencies are valued at the mean rate on the balance sheet date. Non-interest-bearing receivables including income tax claims from the corporate income tax benefit with a remaining term of more than one year are discounted at a rate of 4% 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

Pension provisions

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. The provisions are calculated based on salary-independent monthly old-age and disability pension payments per full year of staff membership in the company. 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.

Provisions for pensions are valued using the projected unit credit method in accordance with IAS 19. 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 and disability 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. Actuarial profits or losses are only recognised with an impact on the operating result if they exceed 10% of the volume of obligations. The company's pension schemes have been closed; new employees are not entitled to company pensions.

Other provisions

Provisions in accordance with IAS 37 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 are set up on the basis of past or estimated future claims. Other provisions are also taken into account in accordance with IAS 37 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 using a discount rate of 5.5%. The valuation of provisions is reviewed on each balance sheet date. A distinction between non-current provisions and current provisions is made in the balance sheet.

Deferred tax assets

Deferred tax assets are determined from temporary differences between the book values and the tax valuations of assets and liabilities in accordance with IAS 12. Deferred tax assets are based on a tax rate of 30%.

Liabilities

At their first-time inclusion, liabilities are shown at their acquisition costs. In the following years, all liabilities are valued at their depreciated acquisition costs.

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. Pursuant to IAS 39, 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 as defined by IAS 39, 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 reporting period. If the actual development deviates from the assumptions, the actual amounts may deviate from the originally expected estimates. The assets and liabilities in the financial statements which are most strongly affected by this risk over a 12-month horizon, are the provisions for guarantee claims. These provisions 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 INCOME STATEMENT

1.
Sales

	2008 in € '000	2007 in € '000
Sales		
Domestic	170,824	168,501
Abroad	55,361	56,776
Total	226,185	225,277

2.
Changes in inventories
of finished goods and
work in progress

	2008 in € '000	2007 in € '000
Increase/decrease in inventories of finished goods and work in progress	- 221	3,275
Total	- 221	3,275

3.
Other own work
capitalised

	2008 in € '000	2007 in € '000
Other own work capitalised	561	255
Total	561	255

4.
Other operating
income

	2008 in € '000	2007 in € '000
Other operating income		
Income unrelated to accounting period	887	902
Remuneration in kind - cars	241	229
Employment subsidies	193	170
Income from disposal of non-current assets	176	326
Insurance refund	339	885
Damages collected	0	661
Other income	1,517	1,092
Total	3,353	4,265

5.
Cost of materials

	2008 in € '000	2007 in € '000
Cost of materials		
Raw materials and supplies	85,691	92,355
Merchandise	18,054	17,257
Energy costs and packaging material	9,986	8,915
Cost of services	2,734	1,701
Total	116,465	120,228

6.
Personnel expenses

	2008 in € '000	2007 in € '000
Personnel expenses		
Wages and salaries	51,764	51,141
Social security contributions	9,120	8,997
Other social expenditure	1,092	1,149
Expenses for pension costs and other benefits	1,276	1,303
Total	63,252	62,590

On an annual average, Westag & Getalit AG's staffing levels were as follows:

	2008 in € '000	2007 in € '000
Number of staff (excl. trainees)		
Employees	338	310
Industrial employees	889	868
Total	1,227	1,178

7.
Depreciation and
amortisation of
non-current assets

	2008 in € '000	2007 in € '000
Depreciation and amortisation of non-current assets		
Intangible assets	141	177
Tangible assets	8,880	9,440
Total	9,021	9,617

8.
Other operating expenses

	2008 in € '000	2007 in € '000
Other operating expenses		
Freight out	10,075	9,648
External cost of repair and maintenance	4,611	4,116
Insurance, contributions and fees	1,261	1,261
Advertising and trade fair expenses	1,458	1,549
External production labour and overhead	2,970	3,156
Consulting fees including IT consulting	1,266	1,088
Commissions	254	221
Postage, office supplies and telephone	586	575
Travel and mileage allowance	593	558
Car cost	467	424
Other personnel expenses	425	387
Other expenditure	2,065	1,541
Total	26,031	24,524

9.
Other taxes

	2008 in € '000	2007 in € '000
Other taxes	219	192
Total	219	192

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

10.
Financial result

	2008 in € '000	2007 in € '000
Financial result		
Interest income	423	641
Income from long-term financial investments	16	1
Interest expenses	- 7	- 7
Income from the investment in AKP Carat Arbeitsplatten GmbH	0	49
Total	432	684

11.
Taxes

	2008		2007	
	in € '000	% ¹⁾	in € '000	% ¹⁾
Taxes on income				
Expected tax expenditure	4,597	30,0	6,310	38,0
Tax payments for prior years due to tax audit	0	0,0	725	4,4
Reversal of tax provisions	- 63	- 0,4	- 31	- 0,2
Other tax effects	- 3	0,0	68	0,4
Total	4,531	29,6	7,072	42,6
¹⁾ of earnings before income taxes in an amount of	15,322		16,605	

The above tax rates were estimated on the basis of the applicable tax rates. A corporate income tax rate of 15% (2007: 25%) plus a solidarity surcharge of 5.5% was assumed. Trade tax is based on local assessment rates of 403% for each Wiedenbrück and Wadersloh.

Part of the tax payments for prior years resulting from the tax audit are controversial. Potential tax refunds from the final settlement of the dispute were not taken into account.

Tax expenses are comprised as follows:

	2008	2007
	in € '000	in € '000
Actual tax expenses	4,396	6,992
Deferred taxes resulting from the creation and reversal of temporary differences:		
Provisions for pensions	2	267
Non-current provisions for personnel	37	- 121
Special item with an equity portion	- 67	- 290
Provisions for deferred maintenance	0	- 59
Depreciation and amortisation of non-current assets	163	283
Total	4,531	7,072

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

12.
Earnings per share

	2008	2007
Earnings per share		
Net profit in €	10,790,951.72	9,533,153.77
Ordinary shares entitled to dividend	2,860,000	2,860,000
Preference shares entitled to dividend	2,687,580	2,674,500
Dividend per ordinary share in €	0.44	0.94
Dividend per preference share in €	0.50	1.00
Earnings per share in €	1.89	1.67

NOTES TO THE BALANCE SHEET

13.
Non-current assets

The breakdown of the non-current asset items summarised in the balance sheet and their development throughout fiscal 2008 have been recorded in the respective notes to the balance sheet.

Tangible assets are encumbered with land charges in an amount of € 6,800 thousand. No actual drawing existed on December 31, 2008.

As of the balance sheet date, the Westag & Getalit AG held 49 % of the shares in AKP Carat-Arbeitsplatten GmbH (AKP), Meiningen, which is an associated company. AKP has a nominal capital of € 65 thousand. The company's equity capital amounted to € 2,050 thousand as of December 31, 2008 (2007: € 1,475 thousand). A net profit of € 175 thousand (2007: € 96 thousand) was generated in 2008.

DEVELOPMENT OF NON-CURRENT ASSETS

(in € '000)	Intangible assets	Tangible assets		
	Software, licences and other industrial property rights	Land and leasehold rights and buildings	Technical equipment and machinery	Other fixtures and fittings, plant and office equipment
Acquisition/ manufacturing cost				
Jan. 1, 2007	1,325	47,843	87,523	63,700
Additions	173	5,050	2,831	2,531
Disposals	39	0	2,134	1,218
Reclassifications	0	54	167	231
December 31, 2007	1,459	52,947	88,387	65,244
Additions	191	881	9,813	3,669
Disposals	103	8	3,155	1,973
Reclassifications	0	774	2,376	718
December 31, 2008	1,547	54,594	97,421	67,658
Accumulated depreciation				
Jan. 1, 2007	992	28,375	69,013	55,515
Additions	177	1,122	5,087	3,231
Releases	39	0	1,769	1,173
December 31, 2007	1,130	29,497	72,331	57,573
Additions	141	1,306	4,439	3,135
Releases	103	0	3,100	1,896
December 31, 2008	1,168	30,803	73,670	58,812
Book values				
December 31, 2007	329	23,450	16,056	7,670
December 31, 2008	379	23,792	23,751	8,845

		Financial assets			
Advance payments and assets under construction	Total	Shares in associated companies	Other loans	Total	Non-current assets Total
460	199,526	1,000	42	1,042	201,893
4,103	14,515	4	0	4	14,692
0	3,353	0	39	39	3,431
- 453	0	0	0	0	0
4,110	210,688	1,004	3	1,007	213,154
5,536	19,899	196	252	448	20,538
0	5,136	0	12	12	5,252
- 3,868	0	0	0	0	0
5,778	225,451	1,200	243	1,443	228,440
0	152,903	0	0	0	153,894
0	9,440	0	0	0	9,617
0	2,942	0	0	0	2,980
0	159,401	0	0	0	160,531
0	8,880	0	0	0	9,021
0	4,996	0	0	0	5,100
0	163,285	0	0	0	164,452
4,111	51,287	1,004	3	1,007	52,623
5,778	62,166	1,200	243	1,443	63,988

14.
Current assets
14.1
Inventories

	2008 in € '000	2007 in € '000
Inventories		
Raw materials and supplies	17,389	19,248
Work in progress	3,532	3,886
Finished goods and merchandise	13,672	13,891
Total	34,593	37,025

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

	2008 in € '000	2007 in € '000
Trade receivables		
Trade receivables	21,268	23,154
Receivables from associated companies	121	44
Other assets	1,347	951
Income tax receivables	3,428	3,366
Total	26,164	27,515

The products shipped and services rendered by the company are subject to retention of ownership. Moreover, default risks are taken into account through impairments in an amount of € 1.293 thousand (2007: € 1,164 thousand).

Income tax receivables include claims under corporate income tax benefits in an amount of € 3,086 thousand (2007: € 3,366 thousand). These claims are discounted at a rate of 4% and paid out in equal instalments of € 399 thousand over a period of 10 years starting 2008. The corporate income tax benefit has a carrying amount of € 3,592 thousand (2007: € 3,991 thousand). Other income tax claims refer to refund claims from current taxation in an amount of € 342 thousand (2007: € 0 thousand).

The table below shows the development of the impairments:

	2008 in € '000	2007 in € '000
Impairments		
As of Jan. 1	1,164	1,063
Addition	298	198
Use/Reversal	- 169	- 97
As of Dec. 31	1,293	1,164

The table below shows the development of the credit defaults:

	2008 in € '000	2007 in € '000
Credit defaults		
Preliminary loss of receivables outstanding, net	411	197
Refund under credit insurance	0	- 42
Definite loss of receivables outstanding	411	155

Receivables from associated companies result from the business relationships with AKP Carat-Arbeitsplatten GmbH and its subsidiary, WAV Carat-Arbeitsplatten GmbH. Westag has a direct and indirect influence on these companies. In fiscal 2008, goods in an amount of € 1,534 thousand (2007: € 1,467 thousand) were supplied to these companies and goods in an amount of € 80 thousand (2007: € 25 thousand) were sourced from these companies.

14.3 Cash and cash equivalents

	2008 in € '000	2007 in € '000
Cash and cash equivalents		
Current account balances	3,420	2,931
Time deposit account balances	8,002	12,902
Total	11,422	15,833

Bank guarantees in an amount of € 115 thousand have been obtained until August 15, 2011 as insolvency coverage for partial retirement working time credits. No other securities or bank deposits were pledged or assigned in the year under review as well as the previous fiscal year.

15.
Equity
15.1
Subscribed share
capital

	2008 in € '000	2007 in € '000
Subscribed share capital		
Ordinary shares	7,322	7,322
Preference shares	7,322	7,322
Total	14,644	14,644

Bearer shares

Number of share certificates	Number of individual share certificates	Amount in € '000
Ordinary shares		
12,250	2,450,000	6,272
14,000	280,000	717
13,000	130,000	333
	2,860,000	7,322
Preference shares		
286,000	2,860,000	7,322
Total number and amount of ordinary and preference shares	5,720,000	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 articles of incorporation, net profits generated are allocated to reserves or distributed to the shareholders in the form of a dividend.

The development of equity is 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 prorated 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.

On August 9, 2005, the Annual General Meeting authorised the Management Board to increase, by August 8, 2010 and with the Supervisory Board's approval, the capital stock once or several times, by way of issuing new bearer shares and/or non-voting preference shares by up to € 5,840,000.00 (approved capital I) in return for cash contributions or by € 1,460,000 (approved capital II). This authorisation also includes the entitlement to issue preference shares which, with respect to a distribution of profit or of company assets, are equal in rank with the existing non-voting preference shares.

We also state the following with regard to the capital and the articles of incorporation: Syntalit AG, Zug, Switzerland, holds 2,159,300 voting ordinary shares in the company, which represent 75.5 % of the voting rights. Gethalia Foundation c/o Prokurationsanstalt, Vaduz, Liechtenstein, is a shareholder of Syntalit AG, and the full 75.5 % of the voting shares held by Syntalit AG in our company are attributable to Gethalia Foundation pursuant to section 22 para. 1 sentence 1 No. 1 of the German Securities Trading Act (WpHG). 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 articles of incorporation require a majority of at least three quarters of the share capital represented at the Annual General Meeting. The articles of incorporation do not include any provisions that deviate from this clause. According to a resolution passed by the Annual General Meeting of August 12, 2008, the Management Board is authorised to repurchase own shares. 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

	2008 in € '000	2007 in € '000
Capital reserve	24,376	24,345
Total	24,376	24,345

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

15.3
Revenue reserves

	2008 in € '000	2007 in € '000
Revenue reserves		
Legal reserves	596	596
Other revenue reserves	43,315	38,015
Total	43,911	38,611

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 2008, € 5,300 thousand (2007: € 3,500 thousand) were allocated to the revenue reserves in accordance with section 58 (2) of the German Stock Corporation Act (AktG). The own shares (172,420 shares; 2007: 185,500 shares) in an amount of € 1,631 thousand (2007: € 1,755 thousand) held on the balance sheet date were netted with the accumulated profit without any impact on the operating result.

16.
Non-current provisions
16.1
Pension provisions

	2008 in € '000	2007 in € '000
Development of the balance sheet item		
As of Jan. 1	13,454	13,004
Current expenditure as detailed below	948	1,137
Current pension payments	- 731	- 687
As of Dec. 31	13,671	13,454
Composition of the balance sheet item		
Expected value of the benefit obligations on the balance sheet date	12,831	13,412
Past service cost not yet recognised	- 83	- 110
Present value of the benefit obligations on the balance sheet	12,748	13,302
Actuarial losses not included in the balance sheet	923	152
As of Dec. 31	13,671	13,454

The income statement of fiscal 2008 includes the following expenses for pension obligations as personnel expenses:

	2008 in € '000	2007 in € '000
Current service cost	236	349
Interest expenses	685	673
Unrecognised past service cost	27	78
Amortised actuarial losses	0	37
Total	948	1,137

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

	2008 in %	2007 in %
Discount factor	5.75	5.25
Rate of pension progression	2.00	2.00

The table below shows the changes in provisions over the past years:

	2008 in € '000	2007 in € '000	2006 in € '000
Expected present value of pension obligations as at the balance	12,831	13,412	15,525
Expectation-related adjustment of the present value	133	100	- 225

16.2
Other non-current
provisions

in € '000	Provisions for	Other provisions	Non-current provisions
As of Jan. 1, 2007	1,219	720	1,939
Use	307	502	809
Reversal	0	0	0
Addition	151	604	755
As of Dec. 31, 2007	1,063	822	1,885
As of Jan. 1, 2008	1,063	822	1,885
Use	240	676	916
Addition	134	691	825
As of Dec. 31, 2008	957	837	1,794

Non-current provisions include amounts for guarantees, partial retirement and anniversary benefits totalling € 1,032 thousand (2007: € 1,060 thousand), which are likely to be met within 12 months from the balance sheet date and are non-interest-bearing.

16.3
Deferred tax liabilities

	2008 in € '000	2007 in € '000
Deferred tax liabilities		
Fixed assets	712	548
Provisions	- 957	- 996
Special item with an equity portion	473	540
Total	228	92

Based on a tax rate of 30%, deferred tax liabilities totalled € 228 thousand (2007: € 92 thousand) on December 31, 2008.

17.
Current liabilities
17.1
Trade payables

	2008 in € '000	2007 in € '000
Trade payables	11,913	11,810
Total	11,913	11,810

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

	2008 in € '000	2007 in € '000
Other current liabilities		
Liabilities to employees	4,940	5,761
Liabilities for social security	58	100
Income tax on wages and salaries	1,804	1,577
Value-added tax	834	62
Advance payments received	147	0
Debtors classed as creditors	103	525
Bonuses	5,870	5,272
Environmental protection measures (short-term)	287	2.127
Others	1,321	856
Total	15,364	16,280

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

17.3
Income tax liabilities

	2008 in € '000	2007 in € '000
Income tax	0	1,857

18.
Current provisions

	in € '000
As of Jan. 1, 2007	480
Use	335
Reversal	0
Addition	403
As of Dec. 31, 2007	548
As of Jan. 1, 2008	548
Use	451
Reversal	0
Addition	461
As of Dec. 31, 2008	558

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

ADDITIONAL NOTES TO THE BALANCE SHEET

19. Other information 19.1 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 receivables and primarily comprise other non-current loans, receivables and other assets as well as liquid funds. On the liabilities side, financial instruments relate to liabilities measured at amortised cost. 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".

	2008 Carrying amount in € '000	Fair value in € '000	2007 Carrying amount in € '000	Fair value in € '000
Assets				
Other loans	243	243	3	3
Receivables and assets	22,736	22,736	24,149	24,149
Liquid funds	11,422	11,422	15,833	15,833
Liabilities				
Trade liabilities	11,913	11,913	11,810	11,810
Other current liabilities	15,364	15,364	16,280	16,280
Net interest income				
from financial assets	432	432	635	635

19.2 Segment reporting

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

Westag & Getalit AG's segment reporting is based on a breakdown into geographic regions by customers domiciled in Germany and abroad (primary reporting format).

	Domestic in € '000	Export in € '000	Westag total in € '000
Fiscal 2008			
Sales	170,824	55,361	226,185
Profit contribution	44,951	13,359	58,310
Fixed cost	33,467	9,521	42,988
Result	11,484	3,838	15,322
Fiscal 2007			
Sales	168,501	56,776	225,277
Profit contribution	44,504	13,786	58,290
Fixed cost	32,200	9,485	41,685
Result	12,303	4,300	16,605

	Domestic in € '000	Export in € '000	Westag total in € '000
Fiscal 2008			
Segment assets	114,500	21,667	136,167
Segment liabilities	36,602	6,926	43,528
Segment investments	17,270	3,268	20,538
Segment depreciation	7,586	1,435	9,021
Fiscal 2007			
Segment assets	111,211	21,784	132,995
Segment liabilities	38,403	7,524	45,927
Segment investments	12,285	2,407	14,692
Segment depreciation ¹⁾	8,042	1,575	9,617

¹⁾ Segment depreciation includes non-scheduled depreciation in an amount of € 382 thousand, which was allocated in line with the segments' sales shares.

Segment reporting by divisions (secondary reporting format)

in € '000	Plywood/ Formwork	Doors/ Frames	Laminates/ Elements	Other	Westag total
Fiscal 2008					
Sales	46,155	92,600	83,593	3,837	226,185
Segment investments	2,187	3,608	6,337	8,406	20,538
Segment assets	16,646	40,527	51,028	27,966	136,167
Fiscal 2007					
Sales	50,972	89,058	81,668	3,579	225,277
Segment investments	745	4,838	6,170	2,939	14,692
Segment assets	18,718	42,522	49,981	21,774	132,995

19.3
Other financial
obligations

	2008 in € '000	2007 in € '000
Other financial obligations		
Purchase commitments in connection with capital expenditure	3,380	12,651
Rental and lease contracts	805	923
Other financial obligations	106	173
Total	4,291	13,117

The rental and lease contracts include an "Erbbaurecht" (leasehold) with a remaining term of 65 years in an amount of € 190 thousand (2007: € 190 thousand), which is discounted at a rate of 5%.

Future minimum lease payments under operating leases in an amount of € 471 thousand will become due in the following periods (2007: € 644 thousand).

19.4
Related party
disclosures

According to information supplied by Syntalit AG on December 18, 2006, Syntalit holds the majority of our company's ordinary shares (75.5%). In addition, we were advised by Gethalia Foundation is a shareholder of Syntalit AG and the full 75.5% of the voting shares held by Syntalit AG in our company have to be counted towards Gethalia Foundation pursuant to section 22 para. 1 sentence 1 No. 1 of the German Securities Trading Act (WpHG). Since then, we have received no notification of a change in shareholdings subject to reporting requirements. With regard to our relationships with affiliated companies, we would like to point out that we did not conduct any legal transactions with Syntalit AG and Gethalia Foundation.

The respective report required under section 312 of the German Stock Corporation Act (AktG) concludes with the following declaration: „Transactions which are subject to reporting requirements did not take place.“

19.5
Supervisory Board
and Management
Board compensation

	2008 in € '000	2007 in € '000
Total Supervisory Board compensation	68	68
Total Management Board compensation	1,525	1,744
Total compensation received by former Management Board members and their surviving dependants	340	262
Pension provisions for former Management Board members and their surviving dependants as well as for active Management Board members	4,638	4,709
Service cost for the Management Board and the Supervisory Board included in pension provisions	8	31
Consulting services	60	60

No advances, loans or guarantees were granted to Supervisory Board or Management Board members.

20.
Corporate Governance
Code

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

21.
Auditor's fee

The auditor's fee as defined in section 319 (1) of the German Commercial Code (HGB), which is recognised as an expense item, is comprised as follows:

	2008 in € '000	2007 in € '000
Auditor's fee		
Audit	97	97
Tax consulting services	36	36
Other services	32	32
Total	165	165

22.
Reconciliation to IFRS 1
22.1
Equity reconciliation
HGB-IAS/IFRS

	2008 in € '000	2007 in € '000
Equity reconciliation HGB-IAS/IFRS		
Equity according to HGB	93,458	88,205
Tangible assets	2,371	1,826
Own shares	- 1,632	- 1,755
Deferred tax assets	- 228	- 92
Special item with an equity portion	1,577	1,799
Provisions for pensions	- 2,907	- 2,914
Equity according to IFRS	92,639	87,069

22.2
Net profit
reconciliation
HGB-IAS/IFRS

	2008 in € '000	2007 in € '000
Net profit reconciliation HGB-IAS/IFRS		
Net profit according to HGB	10,629	8,933
Other operating income	- 255	- 275
Personnel expenses	8	- 62
Depreciation	544	1,164
Other operating expenses	0	- 147
Taxes on income	- 135	- 80
Net profit according to IFRS	10,791	9,533

23.
Events after the
balance sheet date

No events having a material impact on the financial statements have occurred after the balance sheet date.

24.
Financial, currency
and credit risks

Westag & Getalit AG is exposed to a moderate extent to financial and currency risks related to the procurement of materials from foreign currency countries. These risks are mitigated in individual cases and to a small extent by concluding hedging transactions while monitoring currency trends. No such transactions existed on the balance sheet date. In order to eliminate default risks, we have taken out insurance cover for most of our accounts receivable

25.
Proposal regarding
the appropriation of
the retained earnings

The 2008 accumulated profit according to HGB amounts to € 8,843 thousand and is composed as follows:

	2008 in € '000
Net profit 2008	10,629
Retained earnings brought forward	3,390
Allocation to reserve for own shares	124
Allocation to other revenue reserves in accordance with section 58 (2) AktG	- 5,300
Retained earnings	8,843

We submit to the Annual General Meeting the following proposal regarding the appropriation of the retained earnings:

	2008 in € '000
Distribution of a dividend of € 0.44 € per ordinary share	1,258
Distribution of a dividend of € 0,50 € per preference share	1,344
	2,602
Residual profit to be brought forward to new account	6,241
Retained earnings	8,843

Ordinary shares consist of 2,860,000 no par shares and preference shares consist of 2,687,580 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 (172,420 share certificates) was deducted from the total number of preference shares.

26.

**Statement of changes
in equity**

in € '000	Subscribed capital	Capital reserve	Revenue reserve	Accumulated profit	Total
As of Jan. 1, 2007	14,644	24,345	35,111	8,135	82,235
Dividend				- 4,699	- 4,699
Net profit				9,533	9,533
Addition in accordance with section 58 II AktG			3,500	- 3,500	0
As of Dec. 31, 2007	14,644	24,345	38,611	9,469	87,069
As of Jan. 1, 2008	14,644	24,345	38,611	9,469	87,069
Purchase/sale of own shares		31		124	155
Addition in accordance with section 58 II AktG			5,300	- 5,300	0
Dividend				- 5,376	- 5,376
Net profit				10,791	10,791
As of Dec. 31, 2008	14,644	24,376	43,911	9,708	92,639

Dividends paid out per share amount to:

	2008 in € '000	2007 in € '000
Ordinary shares	0.94	0.82
Preference shares	1.00	0.88

27.

**Responsibility
Statement**

„To the best of our knowledge, and in accordance with the applicable reporting principles for financial reporting, the financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of Westag & Getalit AG.“

Rheda-Wiedenbrück, February 18, 2009

Westag & Getalit Aktiengesellschaft
The Management Board

Wenninger

Beckers

Dr. Paulitsch

Sander

CORPORATE GOVERNANCE

In accordance with Clause 3.10 of the German Corporate Governance Code, the Management Board and the Supervisory Board provide the following report on corporate governance at Westag & Getalit AG:

The term „corporate governance“ refers to the responsible and transparent management and control of a company that are geared to sustainable value creation. This promotes the shareholders', business partners', employees' and public's trust in the management and supervision of the company. The management and supervisory structures of Westag & Getalit AG comply with the provisions of the German Stock Corporation Act, the articles of incorporation and the rules of procedure of the Management Board and the Supervisory Board. The cooperation between the Management Board and the Supervisory Board of Westag & Getalit AG has traditionally been characterised by responsibility and transparency. Open, constructive and trusting relations between the members of the two bodies ensure that the company is managed efficiently. The Management Board and the Supervisory Board of Westag & Getalit AG also comply with the recommendations of the German Corporate Governance Code save for a few exceptions. On December 9, 2008 they declared, pursuant to section 161 of the German Stock Corporation Act (AktG), that the company complies with the recommendations of the German Corporate Governance Code government commission as amended on June 6, 2008 save for the following exceptions:

1. The D&O insurance taken out by Westag & Getalit AG for the members of the Management Board and the Supervisory Board does not include a deductible (Clause 3.8 (2) of the Code).

The Management Board and the Supervisory Board are aware of their responsibility at all times. They therefore believe that a deductible will not increase the motivation and the feeling of responsibility of the members of the two bodies.

2. The company's articles of incorporation do not provide for the compensation of the members of the Supervisory Board to reflect the exercising of the chair and membership in committees (Clause 5.4.6 (1) phrase 3 of the Code). The compensation of the members of the Supervisory Board does not take into account the performance of the company (Clause 5.4.6 (2) of the Code). Payments made or advantages extended by the company to the members of the Supervisory Board for services provided, in particular consulting or agency services, are not listed separately in the notes to the financial statements (Clause 5.4.6 (3) phrase 2 of the Code).

The Management Board and the Supervisory Board are of the opinion that the compensation defined in the company's statutes adequately reflects membership of the committees and therefore regard separate compensation as inappropriate.

They also believe that a performance-linked compensation would not improve the motivation and responsibility with which they perform their tasks.

In the eyes of the Management Board and the Supervisory Board, the public has no justified interest in the individualised disclosure of compensation or benefits received that would justify the resulting interference with the privacy of the recipient of the compensation or benefits.

3. Interim and quarterly reports are not discussed by the Supervisory Board or its Audit Committee with the Management Board prior to publication (Clause 7.1.2, sentence 2 of the Code). They are, however, discussed between the Chief Executive Officer and the Chairman of the Supervisory Board prior to publication.

In the interest of the shareholders, the period between the preparation and the publication of the reports should be as short as possible. An additional discussion of the reports with the entire Supervisory Board or the Audit Committee would extend this period.

As regards the dealings with its shareholders, the company has a policy of providing comprehensive, regular and timely information. A financial calendar regularly informs our shareholders of important events. This financial calendar is published in the Annual Report, the quarterly reports and on our website. In addition, detailed documents and information are made available on our website. The Declaration of Conformity is available to shareholders at www.westag-getalit.de/corporate-governance and is updated whenever changes occur.

AUDITORS' REPORT

We have audited the financial statements - comprising the balance sheet, income statement, statement of changes in equity, cash flow statement and the notes - and the management report prepared by Westag & Getalit Aktiengesellschaft, Rheda-Wiedenbrück, for the fiscal year from January 1 to December 31, 2008. The preparation of the financial statements and the management report in accordance with the IFRSs as adopted by the EU and the supplementary provisions of German Commercial Law required to be applied under section 324a of the German Commercial Code (HGB) and the supplementary provisions of the company's articles of incorporation is the responsibility of the company's management. Our responsibility is to express an opinion on the financial statements and the management report based on our audit.

We conducted our audit of the financial statements in accordance with section 317 of the German Commercial Code (HGB) and German generally accepted audit standards for the audit of financial statements promulgated by the „Institut der Wirtschaftsprüfer in Deutschland e.V. „ (IdW). Those standards require that we plan and perform the audit such as that misstatements materially affecting the presentation of the net assets, financial position, and results of operation in the financial statements in accordance with the applicable financial reporting standards and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the financial statements and the management report are examined primarily on a test basis as part of the audit. The audit includes an evaluation of the accounting principles applied and the significant estimates made by the management, as well as evaluating the overall presentation of the financial statements and the management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, on the basis of the knowledge we have gained during the audit, the financial statements comply with IFRS as adopted in the EU and the supplementary provisions of German commercial law to be applied in accordance with section 324a of the German Commercial Code (HGB) as well as the supplementary provisions of the company's articles of incorporation as well as with IFRS in general and the general accepted accounting principles and give a true and fair view of the net assets, financial position and result of operations of the company in accordance with these requirements. The management report is consistent with the financial statements, provides an appropriate view of the company's position and appropriately presents the opportunities and risks of future development.

Hanover, February 19, 2009
Peters & Partner GmbH
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Michael Peters
Auditor

Jochen Mischer
Auditor

BALANCE SHEET AS OF DECEMBER 31, 2008 (ACCORDING TO HGB)

Assets	Dec. 31, 2008 in € '000	Dec. 31, 2007 in € '000
A. Fixed assets		
I. Intangible assets		
Software, licenses and other industrial property rights	379	329
II. Tangible assets		
Land and leasehold rights and buildings, including buildings on third-party land	23,792	23,450
Plant and machinery	22,039	14,762
Other fixtures and fittings, tools and equipment	8,186	7,138
Payments on account and tangible assets in course of construction	5,778	4,111
	59,795	49,461
III. Financial assets		
Equity investments	1,200	1,004
Other loans	243	3
	1,443	1,007
	61,617	50,797
B. Current assets		
I. Inventories		
Raw materials and supplies	17,389	19,248
Work in progress	3,532	3,885
Finished goods and merchandise	13,672	13,891
	34,593	37,024
II. Accounts receivable and other assets		
Accounts receivable	21,268	23,154
Receivables from associated companies	121	44
Other assets	4,650	4,234
	26,039	27,432
III. Investments		
Own shares	1,631	1,755
IV. Cheques, cash on hand and cash in other bank accounts	11,422	15,833
	73,685	82,044
C. Prepaid expenses	126	83
Total assets	135,428	132,924

Liabilities	Dec. 31, 2008 in € '000	Dec. 31, 2007 in € '000
A. Capital stock and reserves		
I. Subscribed capital		
Ordinary shares	7,322	7,322
Preference shares	7,322	7,322
	14,644	14,644
II. Capital reserve	24,344	24,344
III. Revenue reserve		
Legal reserve	596	596
Reserve for own shares	1,631	1,755
Other revenue reserves	43,400	38,100
	45,627	40,451
IV. Accumulated profit	8,843	8,766
	93,458	88,205
B. Special item with an equity portion	1,577	1,799
C. Provisions		
Provisions for pensions and similar obligations	10,764	10,539
Provisions for taxation	0	1,857
Other provisions	12,429	14,361
	23,193	26,757
D. Liabilities		
Advances from customers	147	0
Accounts payable	11,913	11,810
Other liabilities	4,893	4,353
	16,953	16,163
E. Deferred income	247	0
Total liabilities	135,428	132,924

PROFIT AND LOSS ACCOUNT - FINANCIAL YEAR 2008 (ACCORDING TO HGB)

	2008 in € '000	2007 in € '000
Sales revenues	226,185	225,277
In/decrease in finished goods, inventories and work in process	- 221	3,275
Other own work capitalised	561	255
	226,525	228,807
Other operating income	3,608	4,540
Cost of materials		
Cost of raw materials, consumables and supplies, and of purchased materials	113,732	118,527
Cost of purchased services	2,733	1,701
	116,465	120,228
Personnel expenses		
Wages and salaries	51,764	51,141
Social security and other pension costs, thereof in respect of old-age pensions	11,496	11,387
	63,260	62,528
Depreciation of intangible fixed assets and tangible assets	9,565	10,781
Other operating expense	26,031	24,377
Income from other investments and long-term loans	16	50
Other interest and income	423	640
Interest and similar expenses	7	6
Results from ordinary activities	15,244	16,117
Taxes on income	4,396	6,992
Other taxes	219	192
Annual net profit	10,629	8,933
Previous year's appropriated retained earnings brought forward	3,390	3,333
Withdrawal from the reserve for own shares	124	0
Transfer to other revenue reserves	5,300	3,500
Accumulated profit	8,843	8,766



The kitchen block as an eye-catcher – Maximo worktop and side panel in the current “butcher block” design, which contrasts with the white front.

High-quality glass frame element serving as a room partitioner in an administrative building. In the background: a VIEW door with vertical strip aperture.



Assembly platform in a production hall with floor panels produced by the Plywood/ Formwork Division. The made-to-measure panels protect the sensitive electronic components against electrostatic charging during production.

FINANCIAL CALENDAR*

05.03.2009	Press Release Report on the results of the fiscal year 2008
20.03.2009	Publication of Financial Report 2008 (on the Internet)
29.04.2009	Annual Financial Statements Press Conference in Düsseldorf
12.05.2009	Report on the first three months of 2009
14.08.2009	Interim report on the first six months of 2009
18.08.2009	Annual General Meeting in Rheda-Wiedenbrück
31.08.2009	Presentation of Westag & Getalit AG at the Small Cap Conference in Frankfurt/Main
10.11.2009	Report on the first nine months of 2009

* For updates refer to:
www.westag-getalit.de/finanzkalender

Editorial Information

Published by:
Westag & Getalit AG
Hellweg 15
33378 Rheda-Wiedenbrück
Germany
Phone +49 5242 17-0
Fax +49 5242 17-75000

Edited by:
Investor Relations
ir@westag-getalit.de

ISSN 1610-6776

Westag & Getalit AG

Postfach 26 29 | 33375 Rheda-Wiedenbrück | Germany

Tel. +49 5242 17-0 | Fax +49 5242 17-75000

www.westag-getalit.de | ir@westag-getalit.de