



FINANCIAL REPORT 2012

WESTAG & GETALIT AG AT A GLANCE

	2012	2011	2010	2009	2008
Sales (in € '000)	227,401	227,062	216,626	201,411	226,185
Change over the previous year in percent	0.1 %	4.8 %	7.6 %	- 11.0 %	0.4 %
Export sales (in € '000)	48,851	48,715	42,802	39,246	55,361
Change over the previous year in percent	0.3 %	13.8 %	9.1 %	- 29.1 %	- 2.5 %
Export share	21.5 %	21.5 %	19.8 %	19.5 %	24.5 %
Investments (in € '000) ¹⁾	10,521	11,066	9,375	9,793	20,090
Change over the previous year in percent	- 4.9 %	18.0 %	- 4.3 %	- 51.3 %	36.8 %
Depreciation (in € '000)	9,746	9,325	9,477	9,388	9,021
Change over the previous year in percent	4.5 %	- 1.6 %	0.9 %	4.1 %	- 6.2 %
Cost of materials ratio	50.5 %	51.1 %	49.0 %	47.3 %	51.4 %
Staff cost ratio	30.5 %	29.5 %	30.2 %	31.6 %	27.9 %
Number of employees as of December 31 ²⁾	1,287	1,282	1,244	1,226	1,262
Change over the previous year in percent	0.4 %	3.1 %	1.5 %	- 2.9 %	1.1 %
EBITDA (in € '000)	20,080	20,873	24,151	23,899	23,911
Change over the previous year in percent	- 3.8 %	- 13.6 %	1.0 %	- 0.1 %	- 6.4 %
EBIT (in € '000)	10,334	11,548	14,674	14,511	14,890
Change over the previous year in percent	- 10.5 %	- 21.3 %	1.1 %	- 2.5 %	- 6.5 %
EBT (earnings before tax, in € '000)	10,766	11,760	15,060	14,930	15,322
Change over the previous year in percent	- 8.4 %	- 21.9 %	0.9 %	- 2.6 %	- 7.7 %
Net profit (in € '000)	7,465	8,208	10,660	10,510	10,791
Change over the previous year in percent	- 9.1 %	- 23.0 %	1.4 %	- 2.6 %	13.2 %
Return on sales before taxes	4.7 %	5.2 %	7.0 %	7.4 %	6.8 %
ROCE	9.3 %	10.4 %	14.5 %	14.9 %	15.3 %
Operating cash flow (in € '000) ³⁾	17,392	9,824	16,529	19,977	20,639
Change over the previous year in percent	77.0 %	- 40.6 %	- 17.3 %	- 3.2 %	20.2 %
Equity ratio	71.8 %	70.9 %	69.6 %	71.9 %	68.0 %
Return on equity	6.9 %	7.7 %	10.2 %	10.4 %	11.6 %
Number of shares ⁴⁾	5,720,000	5,720,000	5,720,000	5,720,000	5,720,000
Earnings per ordinary share (EPS, in €) ⁵⁾	1.35	1.48	1.92	1.84	1.89
Change over the previous year in percent	- 8.8 %	- 22.9 %	4.3 %	- 2.6 %	13.2 %
Earnings per preference share (EPS, in €) ⁵⁾	1.41	1.54	1.98	1.84	1.89
Change over the previous year in percent	- 8.4 %	- 22.2 %	7.6 %	- 2.6 %	13.2 %
Book value per share (in €)	19.04	18.65	18.21	17.60	16.20
Change over the previous year in percent	2.1 %	2.4 %	3.5 %	8.6 %	6.4 %
Dividend per ordinary share (in €) ⁶⁾	0.94	0.94	0.94	0.94	0.44
Change over the previous year in percent	0.0 %	0.0 %	0.0 %	113.6 %	- 53.2 %
Dividend per preference share (in €) ⁶⁾	1.00	1.00	1.00	1.00	0.50
Change over the previous year in percent	0.0 %	0.0 %	0.0 %	100.0 %	- 50.0 %

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⁾ Since 2010, earnings per share have been calculated separately for ordinary shares and preference shares in accordance with IAS 33

⁶⁾ For 2012 subject to the resolution of the Annual General Meeting on July 23, 2013

CORPORATE STRUCTURE

Divisions	Plywood/Formwork	Doors/Frames
Products	Formwork panels Vehicle panels Industry floors Stage floors Sandwich panels	Technical/high-performance doors/frames Fire/smoke protection Acoustic door sets Burglar-resistant systems Living space doors/frames Lattice walls Special doors
Sales focus	Construction industry Automotive industry Wagon building Plant engineering	Timber traders Builders' merchants DIY stores Builders' hardware distributors Dry liners
Export focus	Europe	Europe
Sales	€ 32.0 million	€ 113.9 million
Export share	29.0%	15.0 %
Locations	Rheda-Wiedenbrück	Rheda-Wiedenbrück



Wherever bold ideas take shape, our formwork panels lend style and texture to contemporary concrete architecture.



From residential spaces to commercial and industrial environments, we offer doors and frames to meet all requirements.

Photo: Robert Nagelkerke

Laminates/Elements	Headquarters
High pressure laminates (HPL) Kitchen worktops Window sills Interior construction products Solid surface material Polymer glass	HR management Purchasing Technical services Marketing communications Finance IT Shipping Cogeneration plant
Timber traders DIY stores Interior construction Furniture industry Architects	Internal customers Utilities
Europe	
€ 74.8 million	€ 6.7 million
30.1 %	
Rheda-Wiedenbrück/Wadersloh	Rheda-Wiedenbrück



Our custom-printed glass wallback systems expand the scope for imaginative design in today's kitchens.

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LETTER TO SHAREHOLDERS

Bernhard Wenninger
Management
Board Spokesman



Dear Readers,

The macroeconomic situation for the eurozone remains turbulent. A look at 2012 shows that the news was dominated by high-profile bankruptcies on the one hand and successful IPOs on the other hand. This is a mirror image of the macroeconomic situation and once again underlines the importance of having a sustainable and forward-looking strategy to master the current challenges. Unrest also continued at the sovereign level. With Spain and Cyprus having officially requested assistance from the ESM, there are now a total of five countries which are seriously affected by the debt crisis and could no longer fully function without European assistance.

But at least parts of the German economy are giving cause for joy, although uncertainty continues to dominate. Against the background of the uncertainty surrounding the common currency, some segments of the construction sector benefited from continued investments in real property. This primarily benefited the housing construction sector, which continued to grow in 2012. The opposite is true of the public and commercial building construction sector, which declined sharply in 2012. All three segments are of major importance for our activities and reflect the diversity of our business.

Accordingly, we were able to benefit from the economic situation until we were hit by the first signs of slowing economic activity in Germany and abroad. At € 227 million, we were able to keep our sales revenues at the good level of the previous year. Export sales also remained unchanged in 2012 at € 49 million.

Due to the very different conditions prevailing in the individual segments of the construction sector, the sales trends in our three divisions also differed significantly. The Doors/ Frames Division increased its sales for the ninth consecutive time in 2012, namely by 4% to € 114 million. With its broad range of domestic and contract doors, the Division primarily

benefited from continued growth in the private housing construction sector. The Plywood/Formwork Division and its range of formwork products are closely related to the public construction sector, which had an immediate impact on sales revenues in 2012. They were down by 8% on the previous year. While domestic demand was relatively stable, export sales dropped by 19%. Sales revenues in the Laminates/Elements Division remained more or less constant at the prior year level.

At € 10.8 million, earnings before taxes were down by 8% on the previous year, which was not satisfactory. But we should take a differentiated view of the factors influencing the result. On the one hand, the easing in commodity prices had a positive effect on our bottom line. On the other hand, net profit for the year was adversely affected by last year's problems with the materials supplied. While the Laminates/Elements Division was able to remedy these problems as well as the respective customer complaints in a timely manner last year, no agreement has been reached yet with the supplier about a compensation for the expenses incurred by us. The switchover to new suppliers in the Plywood/Formwork Division also weighed on the bottom line. Some of the raw materials purchased were of inferior quality, leading to higher reject rates and unplanned retouching, which greatly increased our production costs. As an immediate response, cross-divisional project teams have been established to resolve the problems in the Plywood/Formwork Division.

Our long-term, future-oriented investment strategy was continued in the past year, which saw us invest a total of € 10.6 million. Apart from installing a new gas cogeneration unit, we also invested in a new edge processing line for the Doors/Frames Division and implemented a large number of minor modernisation measures. We will continue our strategy to modernise our plants on an ongoing basis while at the same time expanding our capacity with circumspection. Accordingly, we will make further investments in our two plants in Rheda-Wiedenbrück and Wadersloh in the coming years. These include capacity expansions in the door production department and the plywood production department in our Laminates/Elements Division. Another focus will be on a central energy supply for our Wadersloh plant.

Although earnings per share were down on the previous year to € 1.41 per preference share (and € 1.35 per ordinary share), we want to continue paying out an attractive dividend. The Management Board and the Supervisory Board will therefore propose an unchanged dividend of € 0.94 (ordinary share) and € 1.00 (preference share) for the year 2012 to the Annual General Meeting. The dividend yield would thus stay at a highly attractive level of over 6%.

The outlook for the current fiscal year is very diverse. On the one hand, the general uncertainty about the sovereign debt crisis will persist, if not increase further; on the other hand, there will also be positive prospects for our company in 2013. We assume that domestic demand will remain stable, although the macroeconomic trend for the full year is difficult

to predict. We are also optimistic about the construction sector, which experts expect to continue growing, driven by housing construction activity. Based on these assumptions, we are targeting moderate sales growth for our company in 2013.

Earnings in 2013 will depend on whether commodity prices will remain stable and on whether we will be able to fully get to grips with the quality problems related to the materials supplied and the resulting adverse impact on our bottom line. Apart from this, we will do everything to further optimise our processes, thus laying the basis for sustainable and profitable future growth.

Our solid foundation, our forward-looking positioning and, last but not least, our motivated employees - whom I would like to thank for their excellent work in 2012 on behalf of the Management Board - will help us shape a positive future for our company.

Our thanks also go to you, our shareholders. The confidence you place in us gives us the support we need to act in an assured and sustainable manner also in dynamic economic times.

Rheda-Wiedenbrück, March 14, 2013

A handwritten signature in blue ink, appearing to read 'Wenninger', with a long horizontal stroke extending to the right and a small downward tick at the end.

Bernhard Wenninger
Management Board Spokesman

REPORT OF THE SUPERVISORY BOARD

Pedro Holzinger
Chairman of the
Supervisory Board



Dear Readers,

The fiscal year 2012 transpired amidst a highly disparate economic environment. While the economic trend in Germany remained positive, many European companies had to cope with the consequences of the economic and financial crisis. The resulting sales crisis in these countries has put a damper on the expansion of our export sales for the time being. Construction activity in Germany, which is a relevant factor for our company, was also marked by different trends. While we felt restraint from public-sector customers as well as in the commercial building construction sector, private housing construction boomed not least as a result of the flight into real estate. We should also mention the quality problems with some of the raw materials sourced by the Laminates/Elements and Plywood/Formwork Divisions, which led to a decline in net profit for the year.

In the past fiscal year, the Supervisory Board of Westag & Getalit AG again fulfilled the tasks and duties imposed on it by law, the statutes and the German Corporate Governance Code. The main focus was on aligning the strategic positioning of the company and its individual divisions, counselling the Management Board on a regular basis and supervising its management activities. We provided the Management Board with suggestions and thoroughly discussed and critically reviewed incidents and developments. The Management Board informed us in a regular, timely and comprehensive manner about the strategies pursued, the company's planning, business performance, economic situation and investments as well as about important individual incidents and activities. We received from the Management Board a monthly statement of income. Prior to each Supervisory Board meeting, except for the meeting following the Annual General Meeting, we received a comprehensive written report from the Management Board. These reports were discussed in detail at the Supervisory Board meetings. The Supervisory Board was

involved in all material decisions at an early stage. We were immediately informed of any deviations of the business performance from the plans. The Chairman of the Supervisory Board was immediately informed of all important events, transactions and developments. Moreover, the Chairman of the Supervisory Board regularly met with the Management Board Spokesman, with other Management Board members and with the Head of the Plywood/Formwork Division to discuss the latest business trends and special situations. There were no conflicts of interest on the part of the members of the Management Board and the Supervisory Board requiring disclosure to the Supervisory Board.

Meetings of the Supervisory Board

One Supervisory Board meeting was held per quarter. These were attended by the members of the Supervisory Board and the Management Board and one representative of the auditors. Only one member of the Supervisory Board was unable to attend one of the meetings. The Supervisory Board meetings were characterised by open, factual and trusting talks.

Items on the agenda at the Supervisory Board meeting on March 22, 2012 primarily included the increase in inventories to approx. € 39 million as of December 31, 2011, the planned price increases for our products and the general business trend. We also approved a revised version of the rules of procedure for the Management Board.

At the Supervisory Board meeting on June 28, 2012, we primarily addressed the unsatisfactory situation in the Plywood/Formwork Division and the numerous complaints received by the Laminates/Elements Division because of defective raw materials used. Other items on the agenda were a potential standardisation of our diverse payment terms for suppliers as well as the existing and planned compliance regulations and the capacity utilisation of the individual divisions. In addition, we adopted the agenda for the Annual General Meeting on August 28, 2012.

At the Supervisory Board meeting which followed the ordinary Annual General Meeting on August 28, 2012, Mr Holzinger and Mr Pampel were re-elected Chairman and Vice Chairman of the Supervisory Board. The auditors elected at the previous Annual General Meeting were commissioned to perform the audit for the year 2012. Following the respective preparations by our Appointments and Compensation Committee, we appointed Mr Beckers and Mr Wenninger members of the Management Board for another three years until December 31, 2015. Apart from other topics, the Supervisory Board interviewed the Head of the Laminates/Elements Division about the progress achieved in eliminating the raw materials problems and the compensation claimed from the supplier.

At the Supervisory Board meeting on December 11, 2012, we addressed the budget for the year presented by the Management Board and discussed a reduction in inventories. We also

discussed a new version of our Declaration of Conformity pursuant to section 161 of the German Stock Corporation Act (AktG). We approved the positive result of the Audit Committee's efficiency review of the Supervisory Board. The Declaration of Conformity and the capital expenditure plan for the year 2013 were approved in writing after the meeting.

The special problems of the Plywood/Formwork Division, their causes and possible remedies were discussed at all meetings of the Supervisory Board. The Head of the Division was consulted every time. Outside the Supervisory Board meetings, the employer members of the Supervisory Board met on two occasions to prepare decisions to be taken by the Management Board.

Work of the committees

The work of the Supervisory Board is supported by the three committees it has formed. They 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 the Vice Chairman of the Supervisory Board, Klaus Pampel, the committees are led by the Chairman of the Supervisory Board.

The Audit Committee is composed by Mr Pampel, Mr Heite and Mr Holzinger and met twice in the past fiscal year. It addressed the supervision of the annual audit, the financial statements, the supervision of the accounting process, the company-wide control and risk management system, the internal audit system, the preparation of the election of the auditors, in the context of which we satisfied ourselves of the independence of the proposed auditors, and the compliance with rules on internal rotation. Other topics addressed were the Supervisory Board's efficiency review, the new Declaration of Conformity pursuant to section 161 of the German Stock Corporation Act (AktG) as well as the corporate governance declaration, which includes the Corporate Governance Report. The Audit Committee additionally held three telephone conferences, during which the quarterly reports were discussed. The Audit Committee released all reports for publication.

The Appointments and Compensation Committee met twice in the past fiscal year and prepared the appointment and the management contracts of Mr Beckers and Mr Wenninger for another three years.

The Nomination Committee met on June 28, 2012 and decided to recommend to the Supervisory Board to propose Mr Ronald Jeffries for re-election to the Supervisory Board to the Annual General Meeting on August 28, 2012.

Change of the Supervisory Board

Our long-serving Supervisory Board member Ronald Jeffries died on September 21, 2012. Mr Jeffries had sat on the Supervisory Board since 1976. Thanks to his extensive international experience in our line of industry, he was able to give us valuable advice. With his death we have lost an experienced advisor and a mentor who has always treated others with great respect. We will remember him gratefully. His successor on the Supervisory Board is Dr. Joachim Schönbeck, who was appointed by the Gütersloh local court with effect from March 5, 2013.

Financial statements

Peters & Partner GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Hannover, who were elected auditors at the ordinary Annual General Meeting on August 28, 2012 and commissioned by the Supervisory Board, audited the financial statements for the fiscal year 2012 prepared by the Management Board to HGB and IFRS as well as the related Management Reports of Westag & Getalit AG. The Management Reports and the financial statements to HGB were given an unqualified audit certificate. The financial statements to IFRS, which were voluntarily prepared by the Management Board, received a qualified audit certificate, with the qualification merely referring to the segment report. 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. They were discussed in detail at the Supervisory Board's annual accounts meeting on March 14, 2013, which was attended by a representative of the auditors. He reported on the main results of the audit as well as the audit of the company's internal control and risk management system, which led to no complaints. We have taken note of and approved the audit reports. We reviewed the financial statements and the Management Reports. We reviewed the financial statements and the Management Reports. We agree with the result of the auditors' audit based on our own findings and endorse the financial statements and the Management Reports prepared by the Management Board. The financial statements have thus been approved. We also examined the Management Board's profit appropriation proposal, discussed it with the Management Board and accepted it.

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.

On behalf of the Supervisory Board, I would like to thank the members of the Management Board and all employees for their commitment and their successful work in the past fiscal year.

Rheda-Wiedenbrück, March 14, 2013



Pedro Holzinger
Chairman of the Supervisory Board

Members of the Supervisory Board

Pedro Holzinger
Businessman, Rheda-Wiedenbrück
Chairman

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

Jürgen Heite
Managing Director Thyssen'sche Handelsgesellschaft mbH, Meerbusch

Ronald Jeffries
Businessman, London/Great Britain (deceased on September 21, 2012)

Dr. Joachim Schönbeck
Managing Director of SMS Meer GmbH, Mönchengladbach (since March 5, 2013)

Dietmar Lewe*
Industrial Timber Processing Master, Rietberg

Reinhard Grewe*
Member of the works council freed from work, Rheda-Wiedenbrück

* employee representative



Bernhard Wenninger

Graduate economist
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Management Board Spokesman
Central Division
Rheda-Wiedenbrück

Wilhelm Beckers

Graduate process engineer
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Director
Doors/Frames Division
Herzebrock-Clarholz

Markus Sander

Graduate engineering manager
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Director
Laminates/Elements Division
Plywood/Formwork Division
Herford

WESTAG & GETALIT AG

A leading manufacturer of wooden and plastic products, Westag & Getalit AG looks back on a long history. Our two plants in Rheda-Wiedenbrück and Wadersloh use state-of-the-art technologies to produce a wide range of products, specialising in wooden products enhanced with synthetic materials.

Our extensive product portfolio ranges from plywood panels for formwork, industrial floors and vehicle linings to doors and frames to kitchen worktops and decorative elements for interior design. For many years we have leveraged our capacity to innovate and our marketing power in order to grow our business which currently employs some 1,300 people. Thanks to the commitment and motivation of our workforce, we were able to generate sales revenues of € 227 million in 2012.

We have organised our company into three Divisions - Plywood/Formwork, Doors/Frames and Laminates/Elements - so as to be able to find the ideal response to the diverse wishes and requirements of our customers. Each of these divisions has its own sales, production and development organisation. The administrative functions are pooled in our Central Division, which provides purchasing, finance, marketing, personnel and IT services to the three divisions and ensures smooth processes and procedures. All divisions benefit from this centralisation of administrative functions, as this organisational structure allows them to act flexibly and independently.

For over ten years, our co-generation unit has produced large amounts of electricity and hot steam. Thanks to the environmentally optimised combustion of wood waste, a good 85 million kWh of electricity is produced for consumption by our company and for sale to external users.

Our far above-average equity ratio of over 70% gives us sufficient scope for future development.



RELIABILITY AND VERSATILITY | OUR PLYWOOD/FORMWORK DIVISION

The first products of our Plywood/Formwork Division were marketed in 1917. Since then, we have maintained close and reliable relationships with our business partners in the industrial and commercial sectors and are considered a pioneer in modern formwork. Our diverse product portfolio allows us to supply renowned concrete processors with just the right products for their projects – both in precast concrete works and directly on the construction site.

Impressive buildings all over the world have been created using our long-life formwork panels. But the especially robust properties of our well-known products are also appreciated in other projects. The heavy-duty support material with the tried-and-tested plastic coating is ideal for industrial floors, production halls, assembly platforms, stages and sports facilities. Vehicle manufacturers use our products to fit utility vehicles and trailers with uniform floor and wall linings. Thanks to their high-quality looks and their excellent technical properties, our material is excellently suited for a wide variety of different uses.

The filigree concrete facade gives the Berlin head office of oil company Total its characteristic look. Our Magnoplan Duo formwork panels guaranteed high efficiency and clean results in the precast concrete works.

Photo: Jochen Eckel

Gerd Plöger, Regional Head of the Plywood/Formwork Division: "The large number of elements making up this concrete facade represented the biggest challenge in planning and realising the building. To ensure high efficiency in the production of the almost 1,400 individual elements, we delivered our non-abrasive Magnoplan Duo formwork panel directly to the precast concrete works in a made-to-measure format. This way, we were able to meet the high demands together with our customer."

Optimised production processes and technical expertise guarantee the high quality standards and short delivery times of our formwork panels.



MANY STEPS TO PRECISION

Just behind Berlin's central station, French mineral oil company Total built its new German head office. The most dominant feature of the lean, slightly bent high-rise building is the rippling facade. It consists of a three-dimensional curtain walling composed of filigree precast concrete panels and is reminiscent of the tradition of famous architect Max Taut.

To manufacture the 1,395 elements, we delivered customised formwork panels to a precast concrete works. The complete planning and realisation process of this modern project required special solutions and a high degree of precision. The perfect sealing of the edges, the assembly, the thorough cleaning of the form and the precise application of the reinforcements - everything was relevant for the success of the project. Manufacturing tolerances were permissible only within a range of less than 3 mm in order to keep deviations in the pattern of joints to a maximum of ± 1.5 mm.

All facade elements are an impressive testament to the unique creative possibilities afforded by concrete. The distinctive three-dimensional structure of the 17-storey building was achieved by the mirrored and staggered placement of the modules, which

vary up to 25 cm in depth. A "K-module" is the basic element of the distinctive facade developed by the architects. Each module consists of two three-dimensional elements and extends over two storeys.

The non-abrasive film coating of our formwork ensured clean concrete surfaces and maximum re-use of the forms. The project team worked hand in hand to meet all customer requirements down to the last detail. After about 26 months' construction time, the high expectations were met as planned. The repetition and variations of the precast concrete modules soften the visual strength of the grid facade. Moreover, the bright concrete elements cover the structure with a three-dimensional flow of lines and reinforce the effect of light and shade on the facade. The dynamic facade now acts like an intermediary between the building and the city.

THE PLYWOOD/FORMWORK DIVISION

As a full-range supplier, our Plywood/Formwork Division offers a broad portfolio of concrete formwork solutions whose properties meet specific requirements. Especially for high-quality properties, we offer our customers competent solutions for the desired fair-face or architectural concrete surfaces. As our products have numerous extraordinary properties, our technologically sophisticated plywood panels are also excellently suited for other uses such as industrial facilities as well as utility and rail vehicles.

Decorative designs, high abrasion resistance, anti-slip properties and, if desired, electrostatic conductivity are only some of the many special properties of our products. Our product range comprises large-scale panels as well as customised dimensions. High-performance processing centres enable the creation of free forms as well as precisely matched drillings and cuttings. For many years, our products have therefore been used successfully not only for concrete formwork but also for the construction of stages and floors for sports venues, skilnet conveyor systems and working platforms for automotive manufacturing plants, logistic centres and other industrial sectors.

To fulfil special colour and design requirements, we draw on the solid expertise of our Laminates/Elements Division, which makes us Germany's only plywood manufacturer with an in-house impregnation facility for coating papers. Our own lab develops diverse formulations for special surface requirements.

Problem-solving expertise and experience in the realisation of even the most complex customer demands are our special strength. This has allowed us to complete many demanding and design-oriented projects to the full satisfaction of our customers.



VERSATILITY AND EXPERIENCE | OUR DOORS/FRAMES DIVISION

Innovative products, combined with profound technical expertise, are the core competency of our Doors/Frames Division. We offer both standardised products and bespoke solutions for domestic and contract applications. Our customers appreciate the great variety of modern surface designs, the different styles and the large number of possible functional and special solutions.

Our Doors/Frames Division continues to come up with new concepts for design-oriented products to facilitate coordinated design approaches. This is impressively demonstrated by the “Style” series, whose combination of design and surface texture gives the door element a whole new character.

Besides standard surfaces for domestic doors, we also offer customised textures especially for the contract sector. Almost any design idea can be realised in the form of embossed surfaces, thereby creating numerous possibilities for exclusive interior design. The combination of the visual pattern with matching indentations in the surface allows to create new decors that were previously impossible to achieve with this kind of laminated surfaces.

When developing new products, we are at all times aware that maximum customer orientation as well as internal and external communications, combined with the ability to act swiftly and flexibly, are key to our successful activity.

The new “Style” series offers innovative surface designs, adding a fresh touch to modern living spaces.

Alexander Sasse, Deputy Marketing Manager of the Doors/Frames Division: “Our new Style series makes us the first door manufacturer to offer plastic-faced interior doors with custom-embossed surface textures. We thus give our customers entirely new possibilities to design modern interiors, while at the same time setting new standards in the haptic perception of the door as an interior design element.”

Our customers appreciate not only our flexible mass production but also the realisation of customised solutions for specific requirements..



A competent solution provider

Over the past years, our Doors/Framework Division has perfectly adjusted itself to the requirements of the market. Our customer base therefore includes companies which serve not only the domestic but also the contract sector.

The technical demands made on our products by the contract sector are growing all the time. To meet the requirements of the different market participants, we increasingly work in cooperation with our business partners.

In 2012, for instance, we developed a sound-insulating door element in cooperation with a Dutch customer. It has been used for a total of 80 luxury apartments in Rotterdam. The assignment called for apartment doors with especially high sound insulation values. By increasing the weight per unit area in what had up to then been the door leaf with the highest sound protection rating (type SK 42, which is equivalent to a sound insulation of 42 dB), the passage of traffic noise was reduced even further at the request of the customer. When testing the installed door, we reached a surprisingly high sound insulation value of 52 dB.

The dimensions of 2,300 x 1,000 mm in combination with the weight of the door leaf of approx. 150 kg called for maximum precision in the production process. By completing such challenging projects, especially in heavily frequented facilities such as hospitals, hotels, schools or office buildings, we impressively show that we are a competent solution provider who is able to meet even the highest demands.

THE DOORS/FRAMES DIVISION

Over the past decades, two basic main elements have evolved, namely the standard interior door with a low technical requirement profile and many different visual variants on the one hand and the contract door offering diverse sophisticated technical functions on the other.

Within these two groups, there are numerous combination possibilities, e.g. the haptic properties of the surface, the choice of designs, different add-on parts and inserts, light cut-outs and glazing as well as functions in the field of fire, smoke and sound protection, combined with different dimensions such as height, width and depth of the door element. A well-matched product portfolio and perfectly adjusted manufacturing processes are required to master these millions of variations in the production process and deliver door elements within three to ten days.

On this basis, we have established one of the most modern and efficient production facilities for high-quality door elements for residential and contract applications in Europe. We produce batch sizes of 1 or 1,000, simple or high quality, standardised or high-tech, simple wooden design or complex digital printing – everything is possible and can be realised cost-efficiently thanks to state-of-the-art production logistics.

As a result of our good market positioning, we have steadily increased our sales volumes over the past years. Going forward, we will continue to do everything to remain successful based on innovation, speed and flexibility.



FUNCTION AND DESIGN | OUR LAMINATES/ELEMENTS DIVISION

In the field of high-pressure laminates (HPL), the Laminates/Elements Division's well-established GetaLit brand stands for diversity of design and individual material combinations. This extremely heavy-duty material withstands many years of heavy use and is constantly further developed and refined in terms of designs and surfaces. We have regularly added high-quality products to our portfolio over the years and will meet the high demands made by our customers also in future. Besides our GetaCore solid surface material, the modern production facilities of our laminates manufactory produce unique HPL products whose surface textures provide many possibilities for the realisation of unusual ideas.

Thanks to the consistent use of internal synergies, we are able to complement our sister divisions flexibly and individually, e.g. by supplying them with impregnated paper and laminates for their production processes.

This allows us to offer efficient and customised solutions across our three divisions to meet the diverse demands of our customers both effectively and cost-efficiently.

Berlin's nhow Hotel owes its striking interior design not least to our GetaCore solid surface material and our GetaLit HPL laminates.

Photo: © nhow Berlin

Dietmar Wittbrodt, Regional Manager Industry & Design of the Laminates/Elements Division: "When it came to realising the unique architectural drafts, the many advantages of our materials proved to be extremely valuable. Our solid surface material, for instance, was thermally shaped for use in the curved counters and counter elements. Customised digital printing designs were used to produce different laminates for wall coverings and for the manufacture of pieces of furniture."

Our production is focused on flexibility and individuality. This allows us to meet the specific wishes and requirements of our customers.



Diverse materials, customised solutions

The nhow-Hotel in Berlin is the second of its kind worldwide. It stands for a new generation of unconventional and spectacularly designed lifestyle hotels. Each of its 304 rooms is a source of inspiration, while offering a perfect retreat from city's hectic pace.

Accommodations range from 23 sqm standard rooms to the two-storey 258 sqm nhow suite with 110 sqm rooftop terrace. Fresh colours, round shapes and clear lines dominate the design of the entire hotel.

Besides fashion and art, each nhow Hotel focuses on its own special theme. At the Berlin nhow Hotel, this theme is music. The hotel's pop art-inspired interior was designed by New York designer Karim Rashid. Based on his plans, the complete interior was designed with an unmistakable mix of innovative materials. We supplied both our GetaCore solid surface material and GetaLit HPL laminates with customised digitally printed designs.

Our GetaCore solid surface material was used to design the counters in the foyer and the bar. Processing the curved elements, some of which were up to 15 m long, proved to be a particular challenge. The processor used GetaCore to produce made-to-measure surfaces for the counters in both the foyer and the hotel bar.

Digitally printed laminates added a touch of bold colour. Individually printed GetaLit laminates made by our Laminates/Elements Division were used for the furniture fronts in the spa area. The material was ultimately chosen for its colour accuracy, graphic quality, durability, resistance and format size as well as the fire protection properties of the HPL compact panels.

The specified designs were realised with our HPL digital printing press in record time. The combination of innovative design ideas, unusual materials and the good cooperation between the processor and our division ensured smooth realisation of the project.

THE LAMINATES/ELEMENTS DIVISION

The special strength of our Laminates/Elements Division lies in the product development process. Our products have distinctive and unique features and combine diverse design with the best service properties. Our customers' individual requirements are our incentive for the development and creation of innovative products and solutions.

We therefore see ourselves as a specialist in the realisation of special products that meet the wishes of our customers all down the line. As a provider of all-in solutions, we offer not only sophisticated logistics but also carefully coordinated made-to-measure solutions for our resilient products. Our sales team provides architects and processors with competent advice and works with customers on the development of matching solutions for customised interior designs.

Our GetaLit HPL laminate is produced on a special machine in a continuous process with a pressure of 70 bars and is designed to meet the special demands made by our customers and their projects. At our Wadersloh plant, some 4,000 high-quality elements are produced each day on a production site of approx. 11,000 sqm. Our product portfolio, which also comprises our design-oriented GetaCore material as well as innovative products from our recently launched laminates manufactory, is complemented continuously. Our digital printing process produces unique laminates in 3D look. Parts of our elements range have been available in DIY stores for over 25 years.

Modern technologies combined with the creativity and commitment of our employees result in products which are very much appreciated by our customers, who also benefit from punctual deliveries with a fulfilment ratio in excess of 99% and batch sizes as small as 1.

INVESTOR RELATIONS

Busy activity at
the Düsseldorf Stock
Exchange



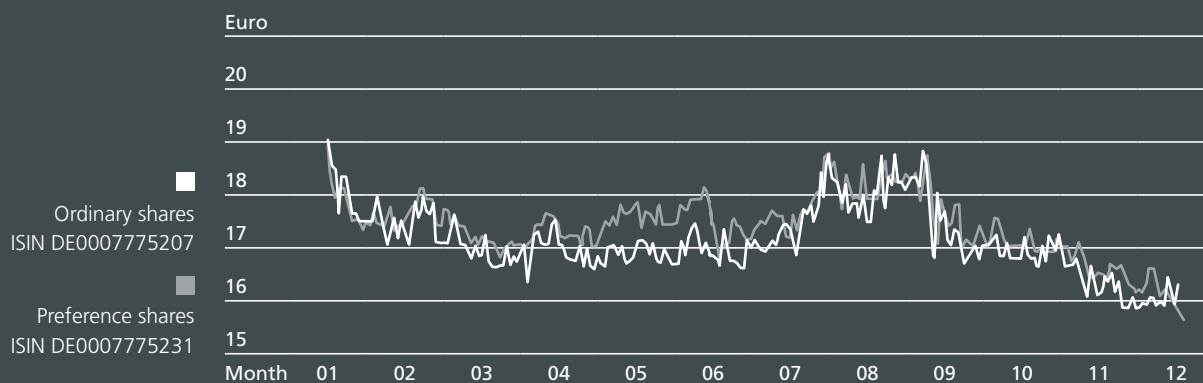
	2012	2011	2010	2009	2008
Total number of shares ¹⁾	5,720,000	5,720,000	5,720,000	5,720,000	5,720,000
Book value per share (in €)	19.04	18.65	18.21	17.60	16.20
Ordinary share information					
Number of ordinary shares ¹⁾	2,860,000	2,860,000	2,860,000	2,860,000	2,860,000
Highest price (in €)	19.20	22.50	19.50	16.19	19.10
Lowest price (in €)	15.91	15.20	14.22	7.70	9.60
Year-end price (in €)	16.50	17.24	18.21	15.99	11.65
Net profit per share (in €) ²⁾	1.35	1.48	1.92	1.84	1.89
Dividend per share (in €) ³⁾	0.94	0.94	0.94	0.94	0.44
Dividend yield (in %) ⁴⁾	5.7	5.5	5.2	5.9	3.8
PER ³⁾	12.2	11.6	9.5	8.7	6.2
Preference share information					
Number of preference shares ¹⁾	2,860,000	2,860,000	2,860,000	2,860,000	2,860,000
Highest price(in €)	19.80	22.65	19.39	16.22	19.10
Lowest price (in €)	15.62	15.00	14.05	7.47	9.63
Year-end price (in €)	15.62	17.75	18.37	15.57	11.85
Net profit per share (in €) ²⁾	1.41	1.54	1.98	1.84	1.89
Dividend per share (in €) ³⁾	1.00	1.00	1.00	1.00	0.50
Dividend yield (in %) ⁴⁾	6.4	5.6	5.4	6.4	4.2
PER ³⁾	11.1	11.5	9.3	8.5	6.3

¹⁾ diluted and basic

²⁾ Earnings per share have been stated separately for ordinary shares and preference shares since 2010

³⁾ for 2012 subject to the AGM resolution on July 23, 2013

⁴⁾ based on year-end prices



The capital market in 2012

Capital market trends differed quite substantially in 2012. Fears of rising inflation, the unresolved debt crisis and growing concerns about a slowdown in the world economy influenced the stock markets. This is reflected in the unusual situation of the IFO Business Climate Index declining successively up to the end of October, with the German DAX index picking up at the same time. Following the positive start in the stock markets, share prices slumped between March and June. This was attributable to renewed concern about the European periphery states as well as growing economic pessimism. But over the course of the year, the DAX remained almost uninfluenced by the macroeconomic developments and gained 29.06% in 2012. Unfortunately, the shares of Westag & Getalit AG were unable to benefit from the good general stock market sentiment. While the price of the ordinary shares declined by a moderate 4.29% to € 16.50, the preference shares lost 12%, coming in at € 15.62 at the end of the year.

Investor Relations

In 2012, we again provided all stakeholders with transparent information about important corporate developments and relevant incidents. The most important events were the annual accounts press conference on April 26, 2012 and the Annual General Meeting, which was held at the A2-Forum in Rheda-Wiedenbrück on August 28, 2012 and was attended by 300 guests. In August 2012, we again used the opportunity to present our company at the Small Cap Conference in Frankfurt. We were very pleased with investors' and analysts' renewed interest in our company.

Dividend

At the Annual General Meeting on July 23, 2013, the Management Board and the Supervisory Board of Westag & Getalit AG will propose to pay out an unchanged dividend of € 0.94 per ordinary share and of € 1.00 per preference share. The company will thus continue its reliable dividend policy. Based on the closing price of December 28, 2012, the dividend yield will amount to 5.7% for the ordinary shares and to 6.4% for the preference shares.

Employees are key to success: Gertrud Bünthe and Ulrich Hünemeier remember many eventful years at Westag & Getalit.



The “Westag family”

Experienced, long-serving employees are our most important asset. While the average period of employment is 17 years, many of our roughly 1,300 employees have been with our company for a much longer time.

Our staff directory shows that several family names have appeared repeatedly for several decades. Some families have worked for us for four generations or more. Take the family of Ulrich Hünemeier, for instance, whose father joined us in 1948 and who himself started as a business graduate in our Controlling Department in 1976. He still remembers the huge computing machines in the offices which needed several minutes each morning to warm up. “I am excited to see what kind of progress my son Thomas and my grandson Julian will witness here,” the 64-year-old muses.

But it is not only the technology and the environment which change - the people themselves change, too. New media, every shorter cycles and more complex requirements force us to readjust to our environment. New challenges, sudden changes among colleagues and a constantly changing work routine encourage people to grow their capabilities. In the 1970s, 23-year-old Gertrud Bünthe from the Purchasing Department temporarily found herself working as a one-woman team.

But she excelled at the challenge because she was forced to. “During this time I became much more self-confident and learned to assume responsibility.”

Personal contacts, the corporate culture, the structures that have evolved over many years and the mutual trust - that’s what makes Westag & Getalit AG so special. “We have always benefited from the company’s success,” says Gertrud Bünthe, who will be celebrating her 40th anniversary with the company this year.

“If you feel at ease in your working environment, you are happy to pass on this experience, not only within the family,” says Ulrich Hünemeier - automatically answering the question why so many families have been with our company for decades and why there has always been - and will always be - a great team spirit in spite of the many changes and new challenges.

EMPLOYEES

Personnel information

Thanks to good capacity utilisation in the Doors/Frames Division and due to normal staff turnover, we were able to hire many new employees in the past fiscal year. The headcount increased by five from 1,282 at the end of 2011 to 1,287 at the end of 2012. 1,090 people work at our plant in Rheda-Wiedenbrück, while 197 employees work in Wadersloh. In addition, we employed up to 80 temporary external workers to cover peak requirements. The wages and salaries of our employees increased by 3% as of May 1, 2012. Moreover, our employees received a bonus payment, which had been agreed with the works council. Against this background, personnel expenses as a percentage of total output increased from 29.5% to 30.5%.

Large number of trainees/employees

In the fiscal year 2012, we employed 58 trainees and apprentices in different occupations, thereof 36 in technical and 22 in commercial professions. 24 trainees/apprentices completed their vocational training successfully during the period. They were offered a permanent position in our company. Except for two of them, who intend to go to university, they all accepted this offer, which once more confirms our company's good reputation as an employer.

High staff retention

Westag & Getalit AG is characterised by very close ties with its employees. In 2012, 45 employees celebrated their 25th anniversary and three employees celebrated their 40th anniversary with the company. The average employment of our employees meanwhile amounts to 17 years. This has two main advantages for us. First, we have a large base of experienced employees who perform their tasks reliably and competently and pass on their experience to younger staff. Second, our business partners have worked with the same people in many areas for many years, which greatly facilitates cooperation.

MANAGEMENT REPORT

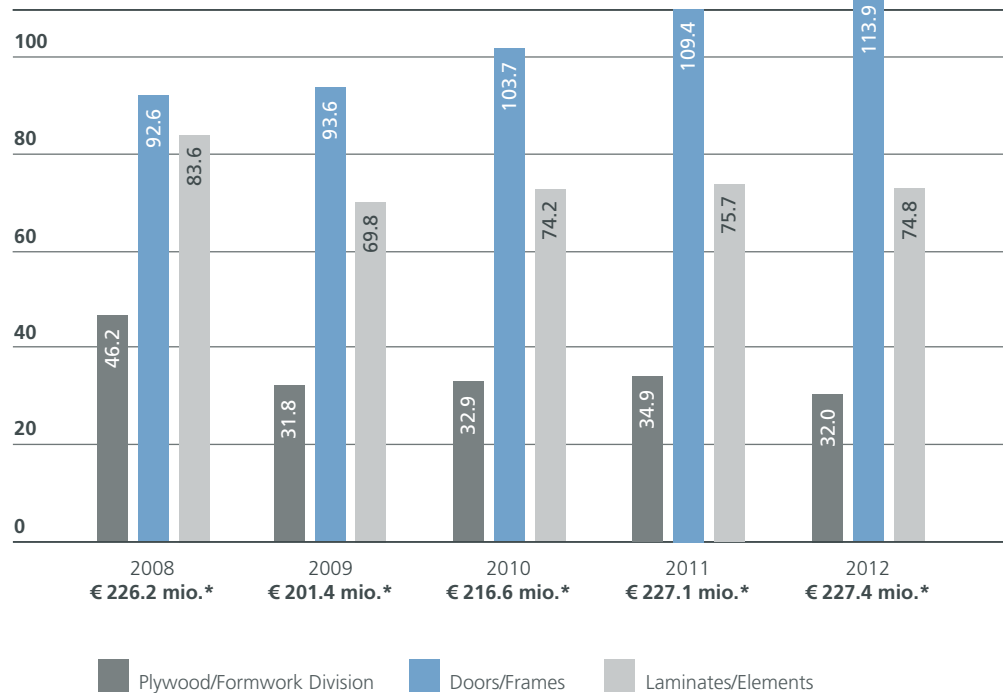
Continued macro-economic turbulence, but certain segments of the German construction sector benefited

Business 2012

The fiscal year 2012 was marked by continued macroeconomic turbulence in Europe. This primarily affected the budgets of some large European economies such as Spain and Italy. The runaway government debt is not only a major challenge to the euro with regard to the confidence in the common currency but also poses a great risk to the world economy. Governments' austerity measures will have a dampening effect on economic activity. This affects both the domestic economies of the respective countries and the export-oriented German economy.

Sales revenues by divisions

€ million



* Total sales revenues include revenues of € 6.7 million (2011: € 7.1 million) generated by the cogeneration unit, which are not shown as a separate column.

But at least parts of the German economy gave cause for joy in 2012, although consumers were increasingly concerned about the currency uncertainty. This once again benefited the German construction sector in the past fiscal year. Ongoing investments in real property primarily stimulated the private housing construction sector. The opposite was true of the public and commercial building construction sectors, which showed a weak performance in 2012.

Moderate 0.1% increase in sales for Westag & Getalit AG in 2012

These disparate developments in the individual segments of the construction sector had different effects on Westag & Getalit AG's divisions in the past fiscal year. On balance, these opposite effects more or less offset one another for the company as a whole, with total sales revenues up by 0.1% on the good level of the previous year to € 227.4 million (2011: € 227.1 million).

Export sales increased by a moderate 0.3% to € 48.9 million (2011: € 48.7 million). In view of the partly very difficult conditions for our business in the European environment, this is not unsatisfactory and speaks for the attractiveness of our product portfolio.

Plywood/Formwork

The Plywood/Formwork Division and its range of formwork products are closely related to the public construction sector, which had an immediate impact on sales revenues in 2012. Another reason for the drop in sales was the marked decline in export demand.

Plywood/Formwork Division reports strong 8.2% decline in sales revenues and disproportionate reduction in export sales

Accordingly, the division reported a strong 8.2% reduction in sales to € 32.0 million (2011: € 34.9 million). Export sales dropped sharply by 18.8% to € 9.3 million (2011: € 11.4 million). As a result, the export share fell to 29.0% (2011: 32.8%).

Defective raw materials impacted both the division's sales and earnings. Due to changed conditions, we had to find new suppliers for the raw plywood materials. This changeover entailed significant charges and has been only partly successful to date.

Doors/Frames

2012 was the ninth consecutive year which saw the Doors/Frames Division increase its sales revenues, this time by 4%

Our Doors/Frames Division again increased its sales revenues by 4.0% to € 113.9 million in 2012 (2011: € 109.4 million). Export sales climbed 15.8% to € 17.1 million (2011: € 14.7 million). The export share reached 15.0% in the past fiscal year (2011: € 13.4%).

2012 was the ninth consecutive year that saw the Doors/Frames Division expand its sales revenues. The division benefited particularly from the positive trend in the private housing construction sector and its attractive portfolio of domestic and contract doors, which allowed it to respond flexibly to individual market requirements. In spite of the difficult economic conditions in Europe, the division was also able to increase its export sales.

Laminates/Elements

The Laminates/Elements Division reports moderate 1.2% decline in sales revenues

While export sales of the Laminates/Elements Division remained almost unchanged in spite of the difficult economic environment in Europe, a moderate shift in the product mix had an adverse impact on domestic sales and, hence, on the division's total sales revenues.

The division reported a moderate 1.2% decline in sales to € 74.8 million (2011: € 75.7 million). Export sales declined only marginally by 0.2% to € 22.5 million (2011: € 22.6 million). At 30.1%, the export share remained almost unchanged from the previous year's 29.8%.

Hidden quality problems in some raw materials used as base products temporarily led to customer complaints about finished products and to considerable expenses to remedy the defects. In the meantime, the supplier has been replaced and the customary high quality of the Westag products has been restored.

Exports

A slight rise in overall export sales with different trends in the individual divisions

As described above the situation in our relevant export markets is not easy. The uncertainty caused by the ailing public finances in some euro countries made it more difficult to sell our products and put a damper on our growth in some areas. This primarily relates to public spending and to investments in the private sector. The situation was more pleasant in Eastern Europe, Switzerland and the UK, where our company benefited from potential for continued growth, which helped us offset the weaker performance in other export markets.

The company's total exports grew more or less in sync with total sales revenues and were up by a moderate 0.3% in 2012 to € 48.9 million (2011: € 48.7 million). The export share remained unchanged from the previous year at 21.5%.

Employees

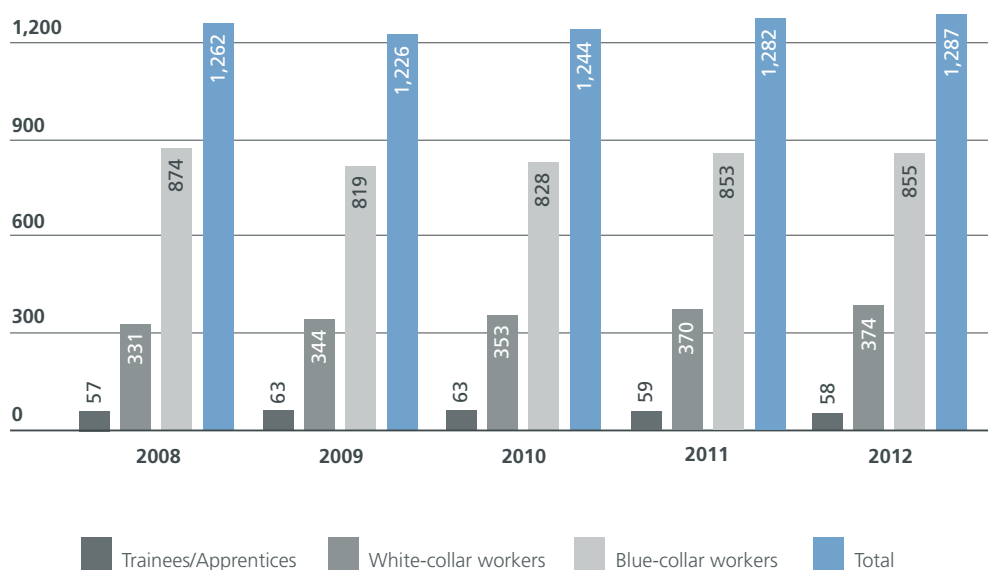
As of December 31, 2012, the company employed 1,287 people, 5 or 0.4% more than in the previous year. This includes 58 trainees and apprentices, who represented 4.5% of the total workforce as of the reporting date.

As several employees left the company for reasons of age, we were able to offer permanent employment contracts to some long-serving temporary external workers. Against the background of the new hirings and the salary and pay rises in the fiscal year as well as the fact that sales revenues were only moderately higher than in the previous

year, personnel expenses as a percentage of sales increased by 1.0% to 30.5%. In 2012, we again used temporary external staff in addition to our own workforce to cover peak requirements. Their number amounted to up to 80.

Employees

As of Dec. 31



Earnings position

Earnings before income taxes amounted to € 10.8 million, which represented an unpleasant decline by 8.4% compared to the previous year's € 11.8 million. Earnings were primarily influenced by the raw materials used. While the price situation for some commodities has improved compared to the previous year, earnings in 2012 were adversely affected by the inferior quality of some of the raw materials sourced. While these quality problems in the Laminates/Elements Division and the resulting customer complaints were addressed and resolved in a timely manner in the past fiscal year, no agreement has been reached yet with the supplier about a compensation for the expenses incurred by our company.

The switchover to new suppliers in the Plywood/Formwork Division also weighed on our bottom line. Here, too, raw materials of inferior quality and long delivery times led to lower earnings, as the processing of these raw materials resulted in higher reject rates and unplanned retouching, which greatly increased our production costs.

To eliminate the raw materials problems for good, dedicated cross-divisional project teams have been established to develop solutions that will normalise the situation.

Earnings down by 8.4% to € 10.8 million due to defective quality of certain raw materials sourced

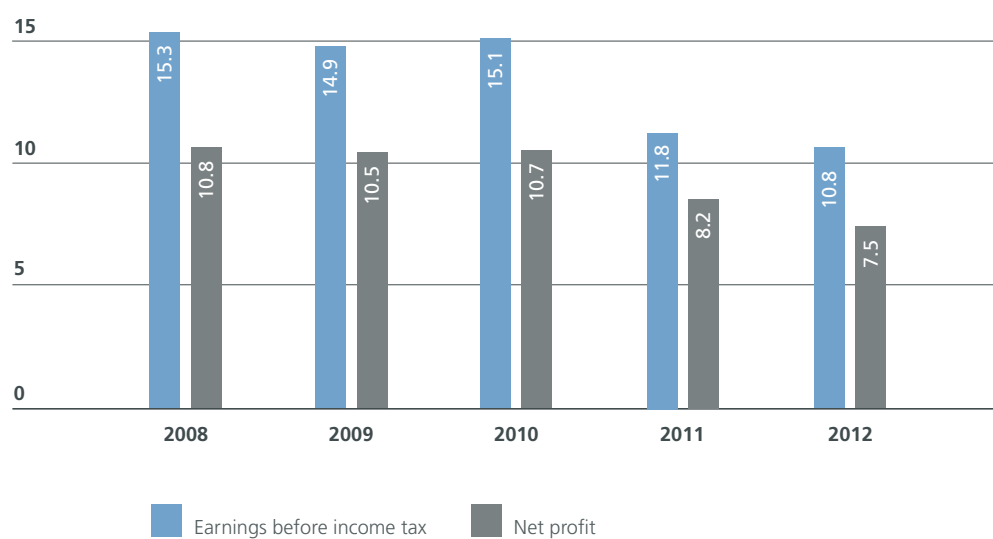
Personnel expenses as a percentage of sales increased from 29.5% to 30.5% in 2012. This was attributable to the moderately higher headcount and the wage and salary rises in the fiscal year in conjunction with unchanged capacity utilisation. Depreciation/amortisation rose from € 9.3 million in the previous year to € 9.7 million in 2012. Other operating expenses remained unchanged at € 26.2 million (2011: € 26.2 million).

As in the previous years, our cogeneration unit made a positive contribution to earnings.

Net profit moved in sync with earnings before taxes and totalled € 7.5 million in 2012 (2011: € 8.2 million). Earnings per ordinary share amounted to € 1.35 (2011: € 1.48), while earnings per preference share stood at € 1.41 (2011: € 1.54).

Earnings before income tax/Net profit

€ million

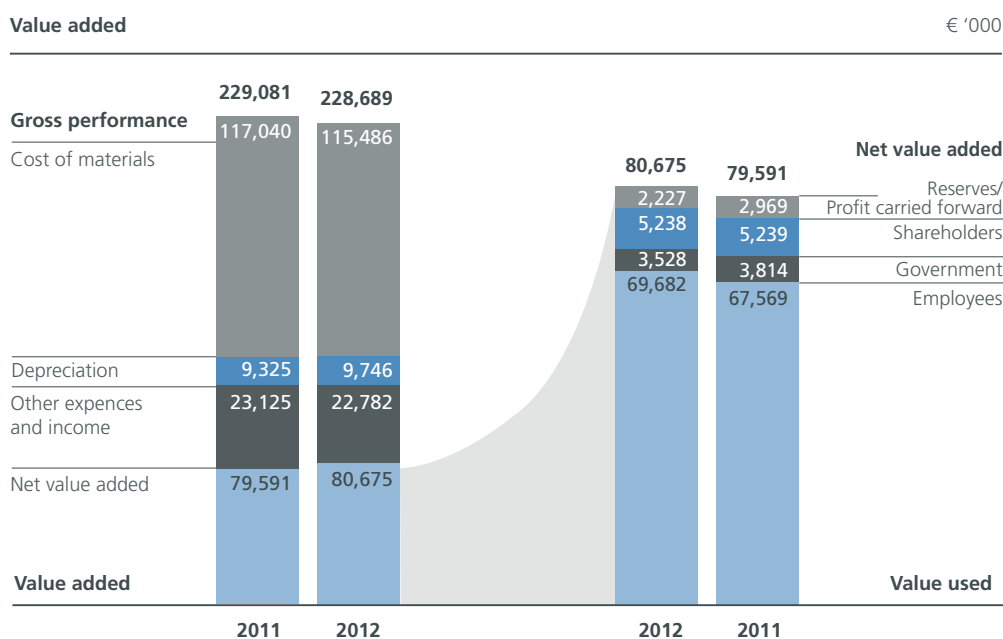


Value added

Although total output declined moderately to € 228.7 million (2011: € 229.1 million), value added climbed to € 80.7 million (2011: € 79.6 million). The increase is not least attributable to the improved price situation for some the raw materials used.

The share of the value added that is attributable to the workforce increased to € 69.7 million (2011: € 67.6 million). While the share attributable to shareholders in the form of the dividend payment has remained largely unchanged, the share allocated to revenues and the profit carried forward declined. Due to the lower net profit, the amount payable to the government in the form of taxes decreased as well.

Moderate increase
in value added to € 80.7
million



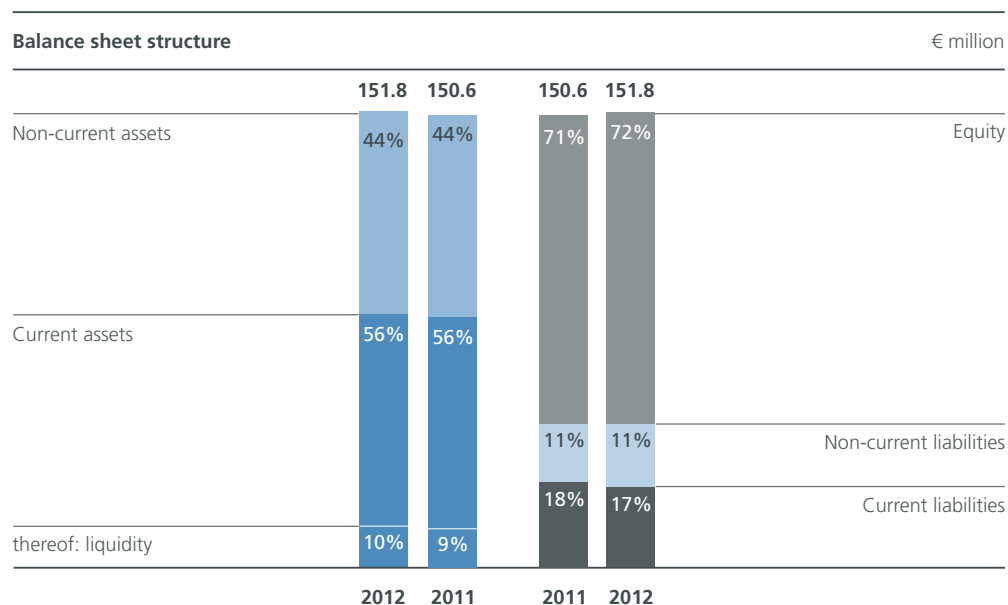
Net worth and financial position

At € 151.8 million, total assets on December 31, 2012 were slightly higher than in the previous year (2011: € 150.6 million). On the assets side, the increase in liquid funds and the reduced trade receivables as of the balance sheet date should be mentioned.

On the liabilities side, equity capital increased by € 2.2 million to € 108.9 million (2011: € 106.7 million). The dividend payment for the fiscal year 2011 had a reducing effect. Due to the increase in equity and the reduction in debt capital, the equity ratio climbed from 70.9% in 2011 to 71.8% in 2012.

Equity ratio climbs
to 71.8% on slightly
higher total assets

As far as the financial position is concerned, Westag & Getalit AG again had no liabilities to banks. Liquid funds increased from € 13.5 million in 2011 to € 15.5 million in the past fiscal year.



Portfolio of own shares

As of December 31, 2012, Westag & Getalit AG held 310,828 own shares (December 31, 2011: 309,331), all of which were preference shares. As a result of our share repurchase programme, the number of own shares held in treasury increased by 1,497 compared to December 31, 2011. Pursuant to a resolution adopted by the Annual General Meeting on August 24, 2010, the company is authorised to repurchase more own shares for a period of five years. In accordance with IFRS, the value of own shares is not reported as an asset in the balance sheet.

Capital expenditure

Capital expenditure totalled € 10.6 million in 2012 (2011: € 11.1 million) and contrasted with depreciation/amortisation in an amount of € 9.7 million (2011: € 9.3 million).

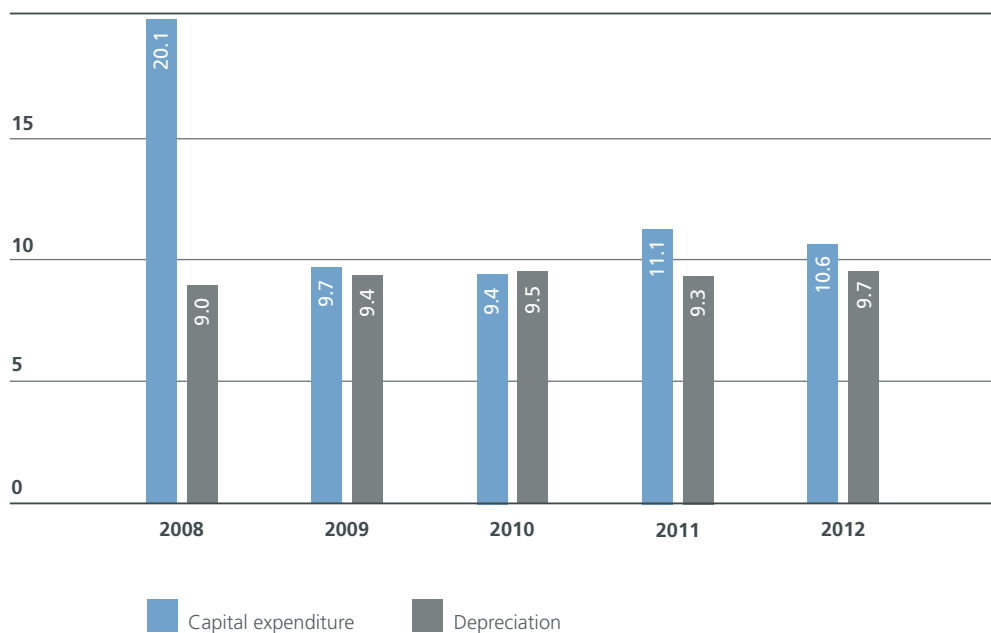
**Capital expenditure
totals € 10.6 million**

The single most important investment project was the installation of a new edge processing line for the Doors/Frames Division. The new line will allow us to continue to meet the growing demands made on the speed of delivery, product diversity and high quality, while at the same time increasing our capacity.

Other investments included the erection of a new gas cogeneration unit as well as a large number of small projects aimed at modernising our production units.

Capital expenditure and depreciation

€ million



Product development

The development activities in the Plywood/Formwork Division focused on the optimisation of resin formulations for the manufacture of laminated plywood panels. We also expanded our range of panels for vehicles.

The Doors/Frames Division expanded its portfolio of special doors with extended technical properties. We not only extended our range of fire protection doors for the German market but also obtained new fire protection approvals in the UK and Switzerland as well as for Amsterdam's Schiphol Airport. Moreover, we were able to meet the strict criteria of the "Blauer Engel" eco label for low-emission products made from wood and wooden materials for a large number of the door elements.

Two developments of the Laminates/Elements Division deserve special mention. First, we launched the concept for our laminates manufactory, which allows us not only to print the designs for our GetaLit HPL laminates but also to emboss customised surface textures. Second,

we developed a digital printing process for glass panels. This enables us to offer kitchen back-walls made from printed glass, which may be used, for instance, to conceal unsightly tiles or to realise decorative wall linings.

Environmental management

In a manufacturing company like ours, environmentally conscious action has many quite different facets. The products we manufacture play an important role in this context. Many of the products we make contain wood materials, i.e. they are made from wood, which is a renewable resource. In view of these good preconditions, it was only a logical step to refine our products with a view to even greater environmental friendliness and lower emissions. In the past fiscal year, these activities were rewarded with the “Blauer Engel” eco label for low-emission products made from wood and wooden materials, which was awarded to some of our doors and frames marketed under the GetaLit, PortaLit, WestaLack and WestaLife brands.

Our environmental protection activities also focus on raising our energy efficiency. In October 2012, a new cogeneration unit with an electrical and thermal output of approx. 2 MW each was taken into service at our plant in Rheda-Wiedenbrück, which is rated as a highly efficient cogeneration plant thanks to its efficiency of approx. 90%. In the past fiscal year, we decided to introduce an energy management system to DIN EN ISO 50 001 starting in 2013. The aim is to use the required energy even more effectively and to avoid unnecessary energy consumption.

Other aspects that were addressed include the storage of hazardous substances as well as giving greater consideration to ecological criteria such as energy consumption and emissions when purchasing machines, plants and technical equipment.

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 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.”

Equity investments

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 2012, the company generated sales of € 15.2 million (2011: € 13.6 million). The company's net profit for the year 2012 amounted to € 0.6 million (2011: € 0.7 million). A dividend totalling € 0.6 million was distributed from the previous year's profit, in which we benefited in accordance with our share in the company.

Compensation of the Supervisory Board and the Management Board

The amount and the structure of the Management Board compensation are fixed by the Supervisory Board in agreement with the individual Board members based on proposals made by the Appointments and Compensation Committee. The compensation of the members of the Management Board comprises fixed and variable components. The fixed components are based on the tasks of the respective Board member. The variable components for the Board members responsible for the production divisions depend, on the one hand, on the annual profit of the respective division and, on the other hand, on the annual profit of the company. The variable component for the Board member in charge of the Central Division is based exclusively 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 statutes.

In order to create incentives for a high annual profit, the profit shares increase disproportionately if certain profit levels are exceeded. The percentage of total compensation accounted for by variable components varies with the realised annual profit. The Supervisory Board has reserved the right to cap the variable compensation in response to extraordinary, unpredicted developments. The fixed compensation component is paid out monthly on a pro-rata basis, while the variable component is paid out annually following the adoption of the financial statements for the previous fiscal year.

In addition, the members of the Management Board receive non-monetary and other benefits, which primarily include the use of a company car.

The company has not concluded any agreements with the members of the Management Board about the granting of shares in the company, share options or similar forms of compensation.

The Supervisory Board has reviewed the Management Board compensation and its components and arrived at the conclusion that the compensation structure is in line with the compensation

paid by peer companies as well as with the compensation structure within the company and is sufficiently attractive to incentivise good performance on a sustained basis. In addition, the Supervisory Board aims to introduce an additional compensation component for the Management Board to offer sufficient incentives for sustainable corporate development.

The members of the Supervisory Board receive a fixed annual compensation, which is payable after the end of the fiscal year and amounts to € 9,000 for each member; the Chairman receives twice this amount, while the Vice Chairman receives 1.5 times this amount. In addition, the expenses incurred by the Supervisory Board members in the performance of their tasks are reimbursed.

Corporate governance declaration

The corporate governance declaration to be issued pursuant to section § 289a of the German Commercial Code (HGB) can be found at www.westag-getalit.de/unternehmensfuehrung.

Risk Report

Preliminary remark

Success in business is inextricably linked to the exploitation of opportunities and the management of the related 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.

Sustainable and successful corporate governance also includes the responsible management of risks. The task of our internal risk management and controlling system is to identify risks at an early stage, to assess them and to take appropriate counter-measures. Risks are assessed primarily with a view to the probability of occurrence and the amount of the potential damage. The measures taken depend on the type and amount of each risk. With regard to the details of our control and risk management system, please refer to the information provided below pursuant to section 289 para. 5 of the German Commercial Code (HGB).

The right organisation and a systematic reporting process ensure that the Management Board is informed of risks in a timely manner and can take counter-measures at an early stage. The Management Board regularly informs the Supervisory Board about existing risks and their trends. In the context of this trusting and constructive cooperation, the risks that are of major importance for the economic performance of Westag & Getalit AG are finally

evaluated and the measures to be taken to manage them are agreed. The relevant risks to which Westag & Getalit AG is exposed as well as the respective risk management measures 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

Due to its product and customer structure, Westag & Getalit AG is very much dependent on economic activity in the construction and kitchen furniture industries and the DIY store sector. Our flexible working hour schemes enable us, however, to respond in an appropriate manner to short-term fluctuations in sales and to significantly reduce their impact on earnings. Moreover, we have a healthy financial and liquidity structure and sufficient reserves to cope with potential declines in economic activity in the above sectors.

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, especially for large customers, play an important role. We aim to mitigate these risks through further diversification. To achieve this, we constantly refine and expand our product portfolio and diversify into new output markets to reduce our dependence on individual market segments and our exposure to economic trends in individual countries.

Default risks

Default risks may arise whenever customers or other contractual partners do not fulfil their contractual obligations at all or on time. The main reasons for this include a deterioration in liquidity and bankruptcies. We mitigate this risk with the help of a very effective internal receivables management system and by taking out adequate insurance against payment defaults. In individual cases, we have receivables protected by guarantees from banks or insurance companies.

Procurement risks

Our procurement risks have increased in the past years due to reduced production capacities for certain intermediate products, growing demand for some of the raw materials used by us as well as a shortage of certain chemicals and wood types. We have to accept long delivery periods for certain products, which have an adverse impact on our flexibility and stock-keeping. A new risk identified in the past fiscal year relates to modifications or defects of intermediate products and raw materials which cannot easily be identified.

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 is more difficult, though. The possibility to exert direct influence is limited in view of global developments such as the rise in oil prices and the dominant market positions of some suppliers of certain commodities. Therefore, it is extremely important to identify imminent price rises quickly and to adapt our sales prices in a timely and appropriate manner. Where electricity and gas deliveries are concerned, these risks are mitigated in the medium term by partly fixed quantities and prices. To reduce the risk of unexpected specification changes and defects in intermediate products and raw materials, we have clarified certain contractual regulations, stepped up our checks of incoming goods and intensified the production-related tests.

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. In addition, data losses are minimised by daily backups of our relevant data, while system downtimes are reduced through the deployment of a well-trained team.

Personnel risks

Well-trained and highly motivated employees are the most important resource for our company. Effective human resources management, which is aimed at constantly training our employees and winning new competent people, and effective employee motivation activities are therefore of major importance for our success. We 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 70% and the available liquidity, we currently see no financing risks. To mitigate the effects of exchange rate shifts outside the EU, we invoice almost exclusively in euros. In individual cases, we use exchange rate hedges on the purchasing side for the USD exchange rate and on the customer side for the GBP exchange rate.

Description of the internal control and risk management system pursuant to section 289 para. 5 of the German Commercial Code (HGB)

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

An SAP-based, planning-driven information system is our main risk management instrument, which allows us to identify deviations in all our key performance indicators and initiate counter-measures at an early stage. On this basis, all members of the management are involved in the process of avoiding and minimising risks.

The accounting process is based on the SAP platform and the consistent chart of accounts installed on this platform as well as standardised machine-based processes. The employees involved in the process have the required skills and experience. The systems used are protected against unauthorised access. Appropriate controls have been implemented for all accounting-relevant processes, taking into account the principle of a separation of functions. Besides automatic controls of the IT systems, analytical tests and manual examinations of individual transactions are carried out. New regulations and amended accounting rules are analysed for their impact in a timely manner and implemented if required. The clear definition of responsibilities, a clear organisational structure and appropriate control mechanisms as well as competent personnel and equipment ensure the efficiency of the accounting process.

Even a properly implemented and functioning internal control and risk management system cannot guarantee 100% security regarding the identification and management of risks.

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.

The company held 310,828 preference shares on December 31, 2012. 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, 85. of the German Stock Corporation Act (AktG) and in conjunction with section 4 of the statutes. Amendments to the company's statutes are subject to sections 133 and 179 of the German Stock Corporation Act.

On August 24, 2010, the Annual General Meeting authorised the Management Board to increase, by August 23, 2015 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 24, 2010 to acquire, sell and possibly redeem ordinary and/or preference shares in the company in an amount of up to 10% of the share capital by August 23, 2015 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.

Forecast report

The economy

A differentiated view should be taken of the outlook for the German economy – especially for the construction sector. While we are carefully optimistic about the economic trend in Germany, the prospects for the individual segments of the construction sector differ. Economic experts project continued growth for the housing construction sector for 2013. These investments in real property are driven by the prevailing uncertainty about the stability of the euro and the extremely low interest rates. The situation in the public construction sector and probably also in the commercial construction sector will be clearly more difficult.

The situation in many neighbouring eurozone economies, some of which have suffered from the consequences of the sovereign debt crisis much more strongly than the German economy in recent years, does not suggest that the economic data for the next two years will be any better. With spending levels stagnating, the commercial and the private construction sectors are unlikely to recover to any material extent.

Relevant markets
remain marked by
great uncertainty

Outlook for Westag & Getalit AG

Against this economic background in our relevant markets, our company has grounds to hope for moderate overall growth driven by strong housing construction activity. Our well-positioned product portfolio will allow us to benefit from this trend.

Moreover, we will continue to adjust ourselves to the demands made by our export markets. Our wide range of products will be instrumental in tapping the potential for expanding our export activities.

Capital expenditure

Total capital expenditures of approx. € 15 million are planned for 2013. Investment projects include capacity expansions in our door production department as well as for our laminates production in the Laminates/Elements Division as well as a central energy supply at our Wadersloh plant. As every year, a large number of minor investment projects will be realised to maintain the high technical standards of our two plants so as to be able to respond flexibly to changing market requirements.

Earnings

The price trend, i.e. the amount and speed at which the prices of the raw materials sourced by us change, plays an important role for our bottom line. The results in the coming years will therefore largely depend on whether raw materials costs stay at the present level or increase sharply. Most importantly, however, we will have to restore the quality of the wooden materials sourced by us to a satisfactory and sustainable level in order to eliminate the unplanned additional manufacturing expenses, which will certainly weigh on our bottom line in 2013. Assuming that sales will increase moderately and raw material costs remain stable, we aim to generate satisfactory earnings and to return to our old profitability in 2014 in spite of these circumstances.

Raw materials will
continue to influence
the bottom line

Post balance sheet events

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

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 15, 2013
Westag & Getalit Aktiengesellschaft
The Management Board

Wenninger Beckers Sander

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BALANCE SHEET AS OF DECEMBER 31, 2012 (ACCORDING TO IFRS)

Assets	Notes	December 31, 2012 in € '000	December 31, 2011 in € '000
A. Non-current assets			
I. Intangible assets	13		
Software, licences and other industrial property rights		914	774
II. Tangible assets	13		
Land and leasehold rights and buildings		21,091	21,822
Technical equipment and machinery		30,130	25,559
Other fixtures and fittings, plant and office equipment		10,992	9,819
Advance payments and assets under construction		1,897	6,378
		64,110	63,578
III. Financial assets	13		
Shares in associated companies		1,200	1,200
Other loans		150	75
		1,350	1,275
		66,374	65,627
B. Current assets			
I. Inventories	14		
Raw materials and supplies		18,256	19,847
Work in progress		4,330	4,080
Finished goods and merchandise		15,755	14,935
		38,341	38,862
II. Receivables and other assets	14		
Trade receivables		27,303	28,321
Receivables from companies in which an interest is held		13	11
Other assets		2,080	1,234
Income tax receivables		2,155	2,996
		31,551	32,562
III. Cash and cash equivalents	14		
Cash at banks or on hand		15,526	13,527
		85,418	84,951
Total assets		151,792	150,578

Liabilities	Notes	December 31, 2012 in € '000	December 31, 2011 in € '000
A. Equity			
I. Called-up share capital	15		
Ordinary shares		7,322	7,322
Preference shares		7,322	7,322
		14,644	14,644
II. Capital reserve	15	24,399	24,399
III. Revenue reserves	15		
Legal reserve		596	596
Other revenue reserves		58,915	56,815
		59,511	57,411
IV. Accumulated profit	15	10,354	10,252
		108,908	106,706
B. Non-current liabilities	16		
Provisions for pensions and similar obligations		14,593	14,393
Other non-current provisions		1,482	1,557
Deferred tax liabilities		755	793
		16,830	16,743
C. Current liabilities	17		
Trade payables		9,829	10,849
Other current liabilities		15,623	15,640
Current provisions		602	591
Income tax liabilities		0	49
		26,054	27,129
Total equity and liabilities		151,792	150,578

INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2012 (ACCORDING TO IFRS)

	Notes	2012 in € '000	2011 in € '000
Sales	1	227,401	227,062
Changes in inventories of finished goods and work in progress	2	988	1,822
Other own work capitalised	3	300	197
Total performance		228,689	229,081
Other operating income	4	3,000	2,880
Cost of materials	5	- 115,486	- 117,040
Personnel expenses	6	- 69,682	- 67,569
Depreciation of intangible fixed assets and tangible assets	7	- 9,746	- 9,325
Other operating expenses	8	- 26,214	- 26,217
Other taxes	9	- 227	- 262
Operating result		10,334	11,548
Financial result	10	432	212
Earnings before income taxes		10,766	11,760
Taxes on income	11	- 3,301	- 3,552
Net profit		7,465	8,208

	Notes	2012 in € '000	2011 in € '000
Net profit		7,465	8,208
Net profit attributable to ordinary shares		3,866	4,247
Net profit attributable to preference shares		3,599	3,961
Average holdings of ordinary shares		2,860,000	2,860,000
Average holdings of preference shares		2,549,641	2,563,804
Result per ordinary share in €	12	1.35	1.48
Result per preference share in €	12	1.41	1.54
Dividend per ordinary share in €		0.94	0.94
Dividend per preference share in €		1.00	1.00

Earnings per share as defined in IAS 33 are calculated for both ordinary and preference shares by dividing the net profit attributable to the respective share type by the average number of shares of the respective type. Accordingly, net profit for the year must be divided into the different share types. In the context of this division, the portion of the net profit that will not be distributed is allocated to the respective number of shares. Diluted earnings are equivalent to earnings per share.

CASH FLOW STATEMENT 2012 (ACCORDING TO IFRS)

	2012 in T€	2011 in T€
Operating result / EBIT	10,334	11,548
Income tax payments	- 2,859	- 4,239
Depreciation and amortisation	9,746	9,325
Result from asset retirements	- 14	- 83
Change in current assets	1,086	- 5,157
Change in debt capital	- 901	- 1,570
Cash flow from operating activities	17,392	9,824
Investment in tangible and intangible assets	- 10,521	- 11,066
Change in financial assets	- 75	- 12
Income from asset retirements	117	117
Cash flow from investment activities	- 10,479	- 10,961
Interest income and income from investments	355	169
Interest expenses	- 6	- 8
Acquisition/sale of own shares	- 25	- 412
Dividend payments	- 5,238	- 5,261
Cash flow from financing activities	- 4,914	- 5,512
Change in cash and cash equivalents	1,999	- 6,649
Cash and cash equivalents as of January 1	13,527	20,176
Cash and cash equivalents as of December 31	15,526	13,527

The cash flow statement shows the origin and use of cash flows in the fiscal years 2012 and 2011. 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.

STATEMENT OF CHANGES IN EQUITY (ACCORDING TO IFRS)

in € '000	Subscribed capital	Capital reserve	Revenue reserve	Accumulated profit	Total
January 1, 2011	14,644	24,376	54,311	10,817	104,148
Purchase/sale of own shares		23		- 412	- 389
Addition in accordance with section 58 II AktG			3,100	- 3,100	0
Dividend				- 5,261	- 5,261
Net profit				8,208	8,208
December 31, 2011	14,644	24,399	57,411	10,252	106,706
January 1, 2012	14,644	24,399	57,411	10,252	106,706
Purchase/sale of own shares				- 25	- 25
Addition in accordance with section 58 II AktG			2,100	- 2,100	0
Dividend				- 5,238	- 5,238
Net profit				7,465	7,465
December 31, 2012	14,644	24,399	59,511	10,354	108,908

NOTES

General information

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

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

The 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 324a para. 1 of the German Commercial Code (HGB).

The fiscal year corresponds to the calendar year and ended on December 31, 2012. Westag & Getalit AG is not required to establish consolidated financial statements.

IFRS 8 (Operating Segments), which became effective for this fiscal year, was not applied. The disclosure of the segment results under the management approach, also in separate financial statements voluntarily prepared to IFRS, may cause material damage to the company, as sensitive information would be divulged to non-listed competitors who are not obliged to make such disclosures. To facilitate a comparison with prior years, the usual form of the segment report has been retained.

The amendments to IFRS regarding the disclosures on the transfer of financial assets had to be applied for the first time as of the beginning of the fiscal year 2012. Application of this new standard had no material impact on the net worth, financial and earnings position and on the notes to the present financial statements.

The following standards and amendments that have been published but are not yet effective are not applied by Westag & Getalit AG:

Standard	Title	Effective from FY
IAS 1	Presentation of Financial Statements – Other Comprehensive Income	July 1, 2012
IAS 19	Employee Benefits	January 1, 2013
IFRS 1	Hyperinflation and Removal of Fixed Dates for First-time Adopters	July 1, 2011*
IAS 12	Deferred Tax: Recovery of Underlying Assets	January 1, 2012*
IAS 27	Separate Financial Statements	January 1, 2013*
IAS 28	Investments in Associates and Joint Ventures	January 1, 2013*

IFRS 1	Government Loans	January 1, 2013*
IFRS 7	Financial Instruments: Disclosures: Offsetting Financial Assets and Financial Liabilities	January 1, 2013*
IFRS 10	Consolidated Financial Statements	January 1, 2013*
IFRS 11	Joint Agreements	January 1, 2013*
IFRS 12	Disclosure of Interests in Other Entities	January 1, 2013*
IFRS 13	Fair Value Measurement	January 1, 2013*
Various	Transitional provisions regarding IFRS 10, IFRS 11 and IFRS 12	January 1, 2013*
Diverse	Annual improvements (2009 – 2011)	January 1, 2013*
IAS 32	Financial Instruments – Presentation: Offsetting Financial Assets and Financial Liabilities	January 1, 2014*
Various	Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)	January 1, 2014*
IFRS 9	Financial Instruments (replaces IAS 39 Financial Instruments – Recognition and Measurement) and subsequent amendments	January 1, 2015*
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	January 1, 2013*

* not yet endorsed by the EU Commission

For the possible effects of the amendments to IAS 19 on the net worth, financial and earnings position of Westag & Getalit AG, please refer to the information provided on “pension provisions” under “Key accounting and valuation principles” as well as to the information provided under 16.1 “Pension provisions”.

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 the usual form. 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 passes to the customer or at the time when a service is performed. Sales revenues are shown less cash discounts, discounts, price reductions and bonuses.

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

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

Guarantee expenses are included 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 measured at their acquisition or production costs less scheduled depreciation over their useful lives unless they are subject to non-scheduled depreciation. The straight-line method is used for depreciation over the useful lives.

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

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

Financial assets

Financial assets include shares in associated companies, as well as interest-bearing loans held to maturity. 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 means of adequate value adjustments. The general credit risk is taken into account by means of value adjustments 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 0.5% 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. In addition, there are individual pension commitments. 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.

Due to an amendment to IAS 19 which is applicable retrospectively from the beginning of the fiscal year 2013, the corridor method applied by the company no longer exists; under this method, actuarial gains and losses needed to be recognised only if they breached the 10% limit. In future, actuarial gains and losses must immediately be fully recognised in equity.

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. The discount rate used is based on market rates as of the balance sheet date. The valuation of provisions is reviewed on each balance sheet date. 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 carrying amounts and the tax valuations of assets and liabilities in accordance with IAS 12. Deferred tax assets are based on a tax rate of 30%. The company has elected to offset deferred tax assets against deferred tax liabilities.

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

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

**1.
Sales**

	2012 in € '000	2011 in € '000
Sales		
Domestic	178,551	178,347
Abroad	48,850	48,715
Total	227,401	227,062

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

	2012 in € '000	2011 in € '000
Changes in inventories of finished goods and work in progress	988	1,822
Total	988	1,822

**3.
Other own work
capitalised**

	2012 in € '000	2011 in € '000
Own work capitalised Wages	300	197
Total	300	197

4.
Other operating
income

	2012 in € '000	2011 in € '000
Other operating income		
Income unrelated to accounting period	912	668
Energy tax refunds	553	677
Compensation in kind - cars	405	308
Costs charged	332	308
Insurance refund	116	208
Foreign currency income	32	69
Other income	650	642
Total	3,000	2,880

5.
Cost of materials

	2012 in € '000	2011 in € '000
Cost of materials		
Raw materials and supplies	90,506	92,026
Merchandise	16,703	17,424
Cost of services	8,277	7,590
Total	115,486	117,040

6.
Personnel expenses

	2012 in € '000	2011 in € '000
Personnel expenses		
Wages and salaries	57,395	55,667
Social security contributions	10,138	9,776
Expenses for pension costs and other benefits	1,052	1,038
Other social expenditure	1,097	1,088
Total	69,682	67,569

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

	2012	2011
Number of staff (excl. trainees)		
Employees	367	353
Industrial employees	864	840
Total	1,231	1,193

7.
**Depreciation and
amortisation of
non-current assets**

	2012 in € '000	2011 in € '000
Depreciation and amortisation of non-current assets		
Intangible assets	342	254
Tangible assets	9,404	9,071
Total	9,746	9,325

8.
**Other operating
expenses**

	2012 in € '000	2011 in € '000
Other operating expenses		
Freight out	10,691	10,600
External production labour and overhead	4,291	3,902
External cost of repair and maintenance	3,422	3,691
Advertising and trade fair expenses	1,423	2,001
Insurance, contributions and fees	1,314	1,265
Consulting fees including IT consulting	920	755
Rent, lease, leasing costs	607	657
Travel and mileage allowance	604	619
Postage, office supplies and telephone	560	595
Car cost	550	576
Other personnel expenses	503	461
Other expenditure (individual items under € 500 thousand)	1,329	1,095
Total	26,214	26,217

Other expenditure includes expenditures unrelated to the accounting period in the amount of € 113 thousand (2011: € 100 thousand) and foreign currency expenses in the amount of € 69 thousand (2011: € 20 thousand).

9.
Other taxes

	2012 in € '000	2011 in € '000
Other taxes	227	262
Total	227	262

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

10.
Financial result

	2012 in € '000	2011 in € '000
Financial result		
Interest income	162	152
Income from long-term financial investments	3	1
Income from the investment in AKP Carat Arbeitsplatten GmbH	273	67
Interest expenses	- 6	- 8
Total	432	212

11.
Taxes on income

	2012 in € '000	% *)	2011 in € '000	% *)
Taxes on income				
Expected tax expenditure	3,230	30,0	3,529	30.0
Adjustments for prior years	42	0,4	60	0.5
Other tax effects	29	0,3	- 37	- 0.3
Total	3,301	30,7	3,552	30.2
*) of earnings before income taxes in an amount of	10,766		11,759	

The above tax rates were estimated on the basis of the applicable tax rates. A corporate income tax rate of 15% plus a solidarity surcharge of 5.5% was assumed. Trade tax is based on local assessment rates of 403% for Wiedenbrück and 411% for Wadersloh.

Tax expenses are comprised as follows:

	2012 in € '000	2011 in € '000
Actual tax expenses	3,339	3,401
Deferred taxes resulting from the creation and reversal of temporary differences:		
Provisions for pensions	-57	- 52
Non-current provisions for personnel	-4	18
Special item with an equity portion	-52	- 52
Value adjustment of fixed assets	75	237
Total	3,301	3,552

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

12.
Result per share

	2012	2011
Result per share		
Net profit in €	7,465,030,11	8,207,739,56
Average holdings of ordinary shares	2,860,000	2,860,000
Average holdings of preference shares	2,549,641	2,563,804
Result per ordinary share in €	1.35	1.48
Result per preference share in €	1.41	1.54
Ordinary shares entitled to dividend	2,860,000	2,860,000
Preference shares entitled to dividend	2,549,172	2,550,669
Dividend per ordinary share in €	0.94	0.94
Dividend per preference share in €	1.00	1.00

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 2012 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, 2012.

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 (2011: € 65 thousand). The company's equity capital amounted to € 2,354 thousand as of December 31, 2012 (2011: € 2,468 thousand). A net profit of € 443 thousand (2011: € 489 thousand) was generated in 2012.

DEVELOPMENT OF NON-CURRENT ASSETS

(in € '000)	Intangible assets	Tangible assets		
	Software, licenses and other industrial property rights	Land and leasehold rights and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment
Acquisition and production costs				
January 1, 2011	2,140	56,244	109,780	74,377
Additions	365	271	1,305	2,747
Disposals	24	32	2,238	1,596
Reclassifications	0	0	69	8
December 31, 2011	2,481	56,483	108,916	75,536
Additions	482	560	4,005	3,152
Disposals	26	0	2,446	1,865
Reclassifications	0	0	5,201	1,602
December 31, 2012	2,937	57,043	115,676	78,425
Accumulated depreciation				
January 1, 2011	1,477	33,373	81,204	63,920
Additions	254	1,320	4,390	3,361
Releases	24	32	2,237	1,564
December 31, 2011	1,707	34,661	83,357	65,717
Additions	342	1,291	4,633	3,480
Releases	26	0	2,444	1,764
December 31, 2012	2,023	35,952	85,546	67,433
Carrying amounts				
December 31, 2011	774	21,822	25,559	9,819
December 31, 2012	914	21,091	30,130	10,992

		Financial assets			
Payments on account and tangible assets in course of construction	Total	Shares in associated companies	Other loans	Total	Non-current assets Total
77	240,478	1,200	63	1,263	243,881
6,378	10,701	0	75	75	11,141
0	3,866	0	63	63	3,953
- 77	0	0	0	0	0
6,378	247,313	1,200	75	1,275	251,069
2,322	10,039	0	75	75	10,596
0	4,311	0	0	0	4,337
- 6,803	0	0	0	0	0
1,897	253,041	1,200	150	1,350	257,328
0	178,497	0	0	0	179,974
0	9,071	0	0	0	9,325
0	3,833	0	0	0	3,857
0	183,735	0	0	0	185,442
0	9,404	0	0	0	9,746
0	4,208	0	0	0	4,234
0	188,931	0	0	0	190,954
6,378	63,578	1,200	75	1,275	65,627
1,897	64,110	1,200	150	1,350	66,374

14.
Current assets
14.1
Inventories

	2012 in € '000	2011 in € '000
Inventories		
Raw materials and supplies	18,256	19,847
Work in progress	4,330	4,080
Finished goods and merchandise	15,755	14,935
Total	38,341	38,862

In the fiscal year, inventories were written down and recognised in profit/loss in an amount of € 1,391 thousand (previous year: € 151 thousand) in accordance with IAS 2.34. 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

	2012 in € '000	2011 in € '000
Receivables and other assets		
Trade receivables	27,703	28,321
Receivables from associated companies	13	11
Other assets	2,080	1,234
Income tax receivables	2,155	2,996
Total	31,551	32,562

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 2012, goods in an amount of € 1,076 thousand (2011: € 1,223 thousand) were supplied to these companies and goods in an amount of € 0 thousand (2011: € 1 thousand) were sourced from these companies.

	2012 in € '000	2011 in € '000
Accounts receivable		
Carrying amount	27,303	28,321
thereof not impaired as of the balance sheet date and due for less than 30 days	1,833	1,023
more than 30 days and less than 60 days	459	463
more than 60 days	561	931

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

	2012 in € '000	2011 in € '000
Valuation allowances		
As of January 1	1,394	1,323
Addition	47	98
Use/Reversal	-26	- 27
As of December 31	1,415	1,394

Losses of receivables totalled € 125 thousand in the fiscal year (2011: € 57 thousand). The products shipped by the company are subject to retention of ownership.

Other assets are composed as follows:

	2012 in € '000	2011 in € '000
Other assets		
Suppliers with debit balances	632	740
Energy refunds	620	219
Receivables from supplier bonuses	357	61
Other	471	214
Total	2,080	1,234

Income tax receivables include claims under corporate income tax benefits in an amount of € 1,976 thousand (2011: € 2,288 thousand). These claims are discounted at a rate of 0.5% (2011: 1.85%) 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 € 1,995 thousand (2011: € 2,395 thousand).

14.3 Cash and cash equivalents

	2012 in € '000	2011 in € '000
Cash and cash equivalents		
Current account balances	2,475	1,941
Time deposit and money market account balances	13,051	11,586
Total	15,526	13,527

Bank guarantees in an amount of € 138 thousand (previous year: € 138 thousand) have been obtained until March 31, 2014 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

	Number	2012 in € '000	2011 in € '000
Subscribed share capital (bearer shares)			
Ordinary shares	2,860,000	7,322	7,322
Preference shares	2,860,000	7,322	7,322
Total	5,720,000	14,644	14,644

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

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

All of the company's shares are registered for trade and officially quoted at the Düsseldorf and Frankfurt stock exchanges. The ordinary shares are full voting shares, while the preference shares are non-voting. Preference shareholders receive a preferred dividend of € 0.12 per preference share out of the accumulated profit. If the distributable accumulated profit is not sufficient to pay out a dividend of € 0.12 per preference share, the deficit must be paid, without interest, out of the accumulated profit generated during the subsequent years in such a way that the older deficits are paid before the newer ones and the preferred amounts payable for the year out of the same year's profit are paid subsequent to the repayment of all deficits. Subsequent to the distribution of a dividend of € 0.12 per ordinary share, the preference shareholders receive an extra dividend, which may not be paid retroactively, of € 0.06. Both preference and ordinary shareholders participate in a further distribution in the proportion of their 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 24, 2010, the Annual General Meeting authorised the Management Board to increase, by August 23, 2015 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 (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 statutes:

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 statutes require a majority of at least three quarters of the share capital represented at the Annual General Meeting. The statutes do not include any provisions that deviate from this clause.

Based on a resolution adopted by the ordinary Annual General Meeting of August 24, 2010, the Management Board is authorised to repurchase own shares as defined in section 1 para. 1 No. 8 of the German Stock Corporation Act (AktG) until August 23, 2015.

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

	2012 in € '000	2011 in € '000
Capital reserve	24,399	24,399
Total	24,399	24,399

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

15.3
Revenue reserves

	2012 in € '000	2011 in € '000
Revenue reserves		
Legal reserves	596	596
Other revenue reserves	58,915	56,815
Total	59,511	57,411

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 2012, € 2,100 thousand (2011: € 3,100 thousand) were allocated to the revenue reserves in accordance with section 58 para. 2 of the German Stock Corporation Act (AktG).

15.4
Accumulated profit

	2012 in € '000	2011 in € '000
Development of the balance sheet item		
As of January 1	10,252	10,817
Dividend payout	-5,238	-5,261
Acquisition of own shares	-25	-412
Net profit	7,465	8,208
Addition section 58 para. 2 AktG	-2,100	-3,100
As of December 31	10,354	10,252

Own shares (310,828 shares; 2011: 309,311 shares) in an amount of € 3,844 thousand (2011: € 3,819 thousand) held on the balance sheet date were netted with the accumulated profit without any impact on the operating result.

16.
Non-current liabilities
16.1
Pension provisions

	2012 in € '000	2011 in € '000
Development of the balance sheet item		
As of January 1	14,393	14,130
Current expenditure as detailed below	957	1,002
Current pension payments	-757	- 739
As of December 31	14,593	14,393
Expected value of the benefit obligations on the balance sheet date	19,426	14,410
Actuarial profits/losses not included in the balance sheet	-4,833	-17
As of December 31	14,593	14,393

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

The income statement of fiscal 2012 includes the following expenses for pension obligations as personnel expenses:

	2012 in € '000	2011 in € '000
Current service cost	228	242
Interest expenses	729	732
Unrecognised past service cost	0	28
Total	957	1,002

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

	2012 in %	2011 in %
Discount factor (p.a.)	3.30	5.20
Anticipated income growth (p.a.)	0.00	0.00
Rate of pension progression (p.a.)	2.00	2.00
Average turnover	1.17	0.21

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

	2012 in € '000	2011 in € '000	2010 in € '000	2009 in € '000	2008 in € '000
Expected present value of pension obligations as at the balance sheet date	19,426	14,410	14,582	13,580	12,831
Experience adjustments of the present value	- 37	- 307	314	- 84	133

Due an amendment to IAS 19 which is applicable as of the beginning of 2013, actuarial gains and losses will be fully recognised in equity with retroactive effect. Depending on the amount of the actuarial gains and losses, this can have a material impact on the company's equity ratio. As of the balance sheet date, the non-recognised actuarial losses amounted to € 4,833 thousand (2011: € 17 thousand), which would have to be recognised in equity taking deferred taxes (30%) into account.

16.2 Other non-current provisions

in € '000	Provisions for personnel	Other provisions	Non-current provisions Total
As of January 1, 2011	715	848	1,563
Use	81	611	692
Reversal	0	0	0
Addition	38	648	686
As of December 31, 2011	672	885	1,557
As of January 1, 2012	672	885	1,557
Use	112	765	877
Reversal	0	0	0
Addition	19	783	802
As of December 31, 2012	579	903	1,482

Non-current provisions include amounts totalling € 783 thousand (2011: € 805 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

	2012 in € '000	2011 in € '000
Deferred tax liabilities		
Fixed assets	1,530	1,454
Special item with an equity portion	248	301
Provisions	-1,023	- 962
Total	755	793

Based on a tax rate of 30%, deferred tax liabilities totalled € 755 thousand (2011: € 793 thousand) on December 31, 2012.

17.
Current liabilities
17.1
Trade payables

	2012 in € '000	2011 in € '000
Trade payables	9,829	10,849
Total	9,829	10,849

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

	2012 in € '000	2011 in € '000
Other current liabilities		
Bonuses due to customers	7,543	7,517
Liabilities to employees	4,934	5,216
Income tax on wages and salaries	1,343	1,257
Value-added tax	707	252
Advance payments received	80	403
Debtors classed as creditors	80	96
Environmental protection measures (short-term)	0	152
Others	936	747
Total	15,623	15,640

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

17.3
Current provisions

	in € '000
As of January 1, 2011	566
Use	407
Reversal	0
Addition	432
As of December 31, 2011	591
As of January 1, 2012	591
Use	511
Reversal	0
Addition	522
As of December 31, 2012	602

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

17.4
Income tax liabilities

	2012 in € '000	2011 in € '000
Income tax	0	49
Total	0	49

OTHER INFORMATION

18.
Additional notes
to the balance sheet
18.1
Additional
disclosures on financial
instruments

As at the balance sheet date, Westag & Getalit AG exclusively held original financial instruments. On the assets side, they relate to financial assets and primarily comprise other non-current loans, receivables and other assets as well as liquid funds and are recognised at amortised cost. On the liabilities side, financial instruments relate to financial 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".

The table below shows a comparison between the carrying amounts and the fair values.

The fair values of liquid funds and other current original financial instruments are equivalent to the carrying amounts as of the respective reporting dates.

	2012 Carry- ing amount in € '000	Fair value in € '000	2011 Carry- ing amount in € '000	Fair value in € '000
Assets				
Other loans	150	150	75	75
Receivables and other assets	29,396	29,396	29,566	29,566
Cash and cash equivalents	15,526	15,526	13,527	13,527
Liabilities				
Trade payables	9,829	9,829	10,849	10,849
Other current liabilities	15,623	15,623	15,640	15,640
Net interest income				
from financial assets	80	80	101	101

Westag & Getalit AG is exposed to moderate financial and currency risks related to purchases and sales in foreign currency. These risks are mitigated in individual cases and to a small extent through hedging of the USD exchange rate on the purchasing side and through hedging of the GBP exchange rate on the customer side, while keeping an eye on anticipated exchange rate trends. In view of the foreign currency business volume, the company currently believes that changes in exchange rates will have no significant impact on the result for the period. In order to eliminate default risks, we have taken out insurance cover for most of our accounts receivable.

As of the balance sheet date, derivative financial instruments to hedge future payments existed in the form of short-term USD forward purchases in the amount of \$ 470 thousand (2011: \$ 200 thousand) and of short-term GBP forward sales and sales options in the amount of £ 1,700 thousand (2011: £ 2,000 thousand). The derivative financial instruments have a fair value of € 39 thousand (2011: € -43 thousand).

18.2 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	Abroad in € '000	Westag total in € '000
Fiscal 2012			
Sales	178,550	48,851	227,401
Profit contribution	46,238	12,350	58,588
Fixed cost	37,807	10,015	47,822
Result	8,431	2,335	10,766
Fiscal 2011			
Fiscal 2012	178,347	48,715	227,062
Deckungsbeitrag	45,744	12,219	57,963
Fixkosten	36,548	9,655	46,203
Ergebnis	9,196	2,564	11,760

	Domestic in € '000	Abroad in € '000	Westag total in € '000
Fiscal 2012			
Segment assets	130,579	21,213	151,792
Segment liabilities	36,891	5,993	42,884
Segment investments	9,115	1,481	10,596
Segment depreciation	8,384	1,362	9,746
Fiscal 2011			
Segment assets	129,574	21,004	150,578
Segment liabilities	37,752	6,120	43,872
Segment investments	9,587	1,554	11,141
Segment depreciation	8,024	1,301	9,325

Segment reporting by divisions (secondary reporting format)

in € '000	Plywood/ Formwork	Doors/ Frames	Laminates/ Elements	Other	Westag total
Fiscal 2012					
Sales	32,025	113,850	74,784	6,742	227,401
Segment investments	308	4,543	2,350	3,395	10,596
Segment assets	16,330	56,397	51,202	27,863	151,792
Fiscal 2011					
Sales	34,900	109,424	75,684	7,054	227,062
Segment investments	277	6,922	2,033	1,909	11,141
Segment assets	17,794	53,908	51,867	27,009	150,578

They are composed as follows:

18.3 Other financial obligations

	2012 in € '000	2011 in € '000
Other financial obligations		
Gas purchase contracts	2,710	0
Electricity purchase contracts	1,613	980
Purchase commitments in connection with capital expenditure	533	2,029
Rental and lease contracts	291	381
Other financial obligations	87	91
Total	5,234	3,481

The rental and lease contracts include an "Erbbaurecht" (leasehold) with a remaining term of 61 years in an amount of € 188 thousand (2011: € 189 thousand), which is discounted at a rate of 5%. Payments in an amount of € 62 thousand (2011: € 77 thousand) will have to be made under the rental and lease contracts in the next 12 months.

18.4 Related party disclosures

Related parties as defined in IAS 24 are:

- Syntalit AG and Gethalia Foundation as direct and indirect majority shareholder
- Management Board of Westag & Getalit AG
- Supervisory Board of Westag & Getalit AG
- AKP Carat-Arbeitsplatten GmbH as an associated company as well as its subsidiaries
- masline GmbH and WAV Carat-Arbeitsplatten GmbH

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 and 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.“

18.5 Bodies of the company

MANAGEMENT BOARD

Bernhard Wenninger

Graduate economist
Management Board Spokesman
Director Central Divisions
Rheda-Wiedenbrück

Wilhelm Beckers

Graduate process engineer
Director Doors/Frames Division
Herzebrock-Clarholz

Markus Sander

Graduate engineering manager
Director Laminates/Elements Division
and Plywood/Formwork Division
Herford

SUPERVISORY BOARD

Pedro Holzinger

Chairman
Businessman
Rheda-Wiedenbrück

Klaus Pampel

Vice Chairman
Managing Director Hüttenes-Albertus
Chemische Werke GmbH, Meerbusch

Jürgen Heite

Managing Director of Thyssen'sche
Handelsgesellschaft mbH, Meerbusch

Ronald Jeffries

Businessman, London/UK
- deceased on September 21, 2012

Dietmar Lewe*

Industrial Timber Processing Master
Rietberg

Reinhard Grewe*

Member of the works council freed from work
Rheda-Wiedenbrück

*Employee representative

18.6
Supervisory Board and
Management Board
compensation

	2012 in € '000	2011 in € '000
Total Supervisory Board compensation	65	68
Total Management Board compensation	1,221	1,390
Total compensation received by former Management Board members and their surviving dependants	418	349
Pension provisions for former Management Board members and their surviving dependants as well as for active Management Board members	4,064	4,501
Service cost for the Management Board and the Supervisory Board included in pension provisions	0	11
Consulting services (Mr Pedro Holzinger)	60	60

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

At the Annual General Meeting on August 24, 2010, a majority of over three quarters of the capital represented decided that the information on the Management Board compensation pursuant to 285 No. 9a sentence 5 – 8 HGB and sections 315a para. 1 N. 6 sentence 5 – 8 HGB for the fiscal years 2011 to 2014 need not be disclosed.

19.
Corporate
Governance Code

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

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

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

	2012 in € '000	2011 in € '000
Auditor's fee		
Audit	100	100
Tax consulting services	38	38
Other services	33	33
Total	171	171

21.
Translation to IFRS 1
21.1
Equity reconciliation
HGB-IAS/IFRS

	2012 in € '000	2011 in € '000
Equity reconciliation HGB-IAS/IFRS		
Equity according to HGB	109,794	107,714
Tangible assets	380	432
Special item with an equity portion	829	1,003
Provisions for pensions	-2,095	- 2,443
Equity according to IFRS	108,908	106,706

21.2
Net profit
reconciliation
HGB-IAS/IFRS

	2012 in € '000	2011 in € '000
Net profit reconciliation HGB-IAS/IFRS		
Net profit according to HGB	7,344	8,411
Other operating income	-174	- 174
Personnel expenses	-579	- 1,046
Interest expenses	727	732
Extraordinary result	198	198
Taxes on income	-51	87
Net profit according to HGB-IAS/IFRS	7,465	8,208

22.
Events after the
balance sheet date

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

23.
Proposal regarding
the appropriation of
the retained earnings

The 2012 accumulated profit according to HGB amounts to € 11,718 thousand and is composed as follows:

	2012 in € '000
Net profit	7,344
Retained earnings brought forward	6,474
Allocation to other revenue reserves in accordance with section 58 (2) AktG	- 2,100
Accumulated profit	11,718

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

	2012 in € '000
Distribution of a dividend of € 0.94 € per ordinary share	2,688
Distribution of a dividend of € 1.00 € per preference share	2,549
	5,237
Residual profit to be brought forward to new account	6,481
Accumulated profit	11,718

Ordinary shares consist of 2,860,000 no par shares and preference shares consist of 2,549,172 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 (310,828 share certificates) was deducted from the total number of preference shares.

24.
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 15, 2013

Westag & Getalit Aktiengesellschaft
The Management Board

Wenninger

Beckers

Sander

AUDITORS' REPORT (IFRS)

We have audited the separate financial statements - comprising the balance sheet, income statement, statement of changes in equity, cash flow statement and the notes - together with the bookkeeping system and the management report prepared by Westag & Getalit Aktiengesellschaft, Rheda-Wiedenbrück, for the fiscal year from January 1 to December 31, 2012. The preparation of the financial statements and the management report in accordance with the IFRS 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 statutes 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 separate 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 in such a way 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 except for the following: The division of the operating segments and the report on the segment results, the segment assets and the segment liabilities required under IFRS 8 in both the separate financial statements to IFRS and the interim report do not comply with the provisions of IFRS 8, as the company believes that the disclosure of such information would cause material damage compared to its competitors who are not obliged to disclose such information. Insofar, the accounts do not give a true and fair view of the net assets, financial position and results of operation of the segments to be established pursuant to IFRS 8.

On the basis of the knowledge we have gained during the audit, the separate financial statements, save for the above reservation, 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 statutes 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.

Hannover, February 22, 2012

Peters & Partner GmbH
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Rolf Roter
Auditor

Elke Reil
Auditor

BALANCE SHEET AS OF DECEMBER 31, 2012 (ACCORDING TO HGB)

Assets	December 31, 2012 in € '000	December 31, 2011 in € '000
A. Assets		
I. Intangible assets		
Purchased software, licenses and other industrial property rights	914	774
II. Tangible assets		
Land and leasehold rights and buildings, including buildings on third-party land	21,091	21,822
Plant and machinery	30,130	25,559
Other fixtures and fittings, tools and equipment	10,992	9,819
Payments on account and tangible assets in course of construction	1,897	6,378
	64,110	63,578
III. Financial assets		
Equity investments	1,200	1,200
Other loans	150	75
	1,350	1,275
	66,374	65,627
B. Current assets		
I. Inventories		
Raw materials and supplies	18,256	19,847
Work in progress	4,330	4,080
Finished goods and merchandise	15,755	14,935
	38,341	38,862
II. Accounts receivable and other assets		
Accounts receivable	27,303	28,321
Receivables from companies in which an interest is held	13	11
Other assets	3,819	4,124
	31,135	32,456
III. Cheques, cash on hand and cash in other bank accounts	15,526	13,527
	85,002	84,845
C. Prepaid expenses	416	106
Total assets	151,792	150,578

Liabilities	December 31, 2012 in € '000	December 31, 2011 in € '000
A. Capital stock		
I. Subscribed capital		
Ordinary shares	7,322	7,322
Preference shares		
Subscribed capital	7,322	7,322
Own shares	- 797	- 793
	6,525	6,529
	13,847	13,851
II. Capital reserve	24,367	24,367
III. Revenue reserve		
Legal reserve	596	596
Other revenue reserves	59,267	57,188
	59,863	57,784
IV. Accumulated profit	11,718	11,712
	109,795	107,714
B. Special item with an equity portion	829	1,002
C. Provisions		
Provisions for pensions and similar obligations	12,498	11,950
Provisions for taxation	0	49
Other provisions	13,553	13,655
	26,051	25,654
D. Liabilities		
Advances from customers	80	404
Accounts payable	9,829	10,849
Other liabilities	4,073	3,730
	13,982	14,983
E. Deferred taxes	1,135	1,225
Total liabilities	151,792	150,578

PROFIT AND LOSS ACCOUNT - FINANCIAL YEAR 2012 (ACCORDING TO HGB)

	2012 in € '000	2011 in € '000
Sales revenues	227,401	227,062
In/decrease in finished goods, inventories and work in process	988	1,822
Other own work capitalised	300	197
	228,689	229,081
Other operating income	3,174	3,055
Cost of materials		
Cost of raw materials, consumables and supplies, and of purchased materials	- 107,209	- 109,450
Cost of purchased services	-8,277	- 7,590
	- 115,486	- 117,040
Personnel expenses		
Wages and salaries	- 57,395	- 55,667
Social security and other pension costs, thereof in respect of old-age pensions	- 11,708	- 10,856
	- 69,103	- 66,523
Depreciation of intangible fixed assets and tangible assets	- 9,746	- 9,325
Other operating expense	- 26,214	- 26,217
Income from equity investments	273	67
Income from other investments and long-term loans	3	1
Other interest and income	163	152
Interest and similar expenses	- 734	- 740
Result from ordinary activities	11,019	12,511
Extraordinary expenses	- 199	- 199
Extraordinary result	- 199	- 199
Taxes on income	- 3,249	- 3,639
Other taxes	- 227	- 262
	- 3,476	- 3,901
Annual net profit	7,344	8,411
Previous year's appropriated retained earnings brought forward	6,474	6,401
Transfer to other revenue reserves	- 2,100	- 3,100
Accumulated profit	11,718	11,712

AUDITORS' REPORT (HGB)

Peters & Partner GmbH, Wirtschaftsprüfungsgesellschaft, Steuerberatungsgesellschaft, Hannover have issued an unqualified audit certificate for the full financial statements to HGB of Westag & Getalit AG for the period ended December 31, 2012, which comprise the balance sheet, profit and loss account, notes, cash flow statement and statement of changes in equity, as well as the accounts and the management report for the fiscal year 2012.

FINANCIAL CALENDAR*

March 14, 2013	Press release Report on the results of the fiscal year 2012
March 28, 2013	Publication of Financial Report 2012 (on the Internet)
April 30, 2013	Annual Financial Statements Press Conference
May 10, 2013	Report on the first three months of 2013
July 23, 2013	Annual General Meeting in Rheda-Wiedenbrück
August 12, 2013	Interim report on the first six months 2013
August 27, 2013	Presentation of Westag & Getalit AG at the Small Cap Conference in Frankfurt/Main
November 12, 2013	Report on the first 9 months of 2013

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

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Whether it's residential kitchens and bathrooms or complete project interiors – its modern surface properties make our GetaCore solid surface material a highly versatile solution.



Our van linings not only protect vehicle interiors from damages but also form the ideal basis for the installation of cargo fastening systems.



Our understated Decoline doors from the Portalit range lend a discreet touch of elegance to modern living rooms.

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