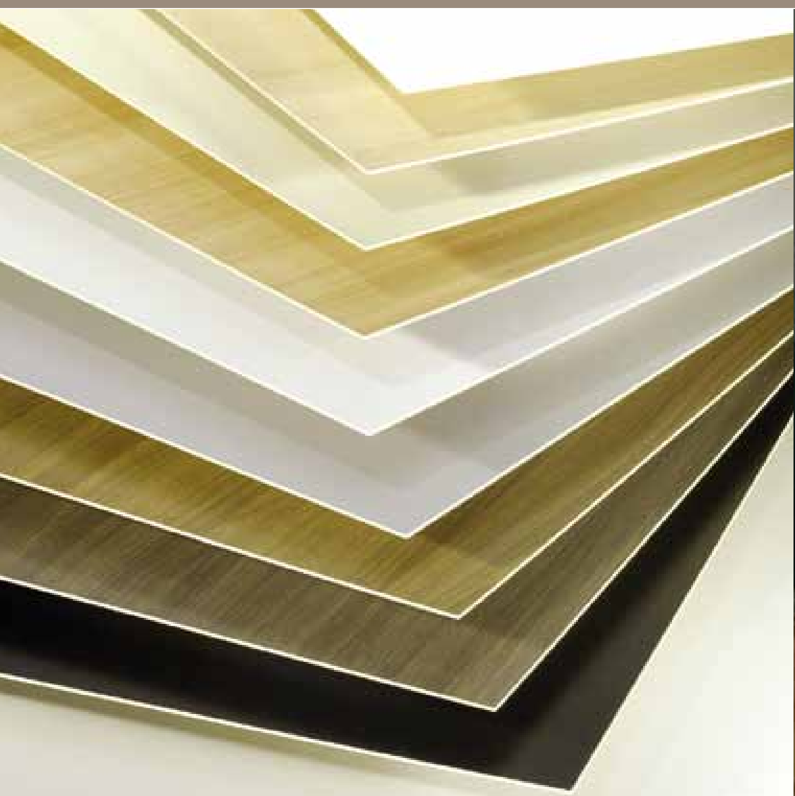
Interim Group Report First Half 2018 for Homann Holzwerkstoffe GmbH



Interim Group Report for Homann Holzwerkstoffe GmbH

for the period from January 1, 2018 to June 30, 2018

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FOREWORD

Dear Sir or Madam,

Our Group was able to continue to grow at a stable pace in the first half of 2018. The Group's core business performed well in terms of both revenues and earnings, and revenues were up 11 % to EUR 143.3 million.

Consolidated earnings amounted to EUR 1.6 million in the first half of the year due to extraordinary effects, down from EUR 5.7 million in the year before. This can be attributed to non-cash exchange rate losses and other one-off effects. The growth in earning power, in the core business especially, is evident from the significant increase in operating EBITDA, which was up by more than one third, from EUR 16.4 million to EUR 22.3 million.

We expect this successful and profitable growth in our core business to continue in the future as well. Accordingly, we are continually examining additional growth opportunities and possible ways to increase productivity, while constantly improving quality and customer service. As a result, we are investing heavily in refined and value-added products this year as well. Our focus will be on adding automation at our sites in Poland, which will have positive effects on our efficiency and the quality of our products alike.

Due to the negative earnings contribution from the production of wood insulating materials, we have decided to discontinue these activities at the Berga site as of the end of 2018. This step will not have a significant impact on future revenue performance, since it affects less than 4 % of Group revenues.

All plants manufacturing medium and high-density (MDF/HDF) fibreboards continued their strong performance in the first half of 2018. Demand in the key core sales markets has remained stable at a high level. Demand for value-added boards in particular continues to be stable at a high level, underscoring the wisdom of the strategy of investing in expanding refinement capacity at an early stage. In order to secure future growth, we continue to examine possibilities for capacity expansion which include the acquisition of an existing plant or a greenfield investment in order to increase production capacity in the medium to long terms as well as the shorter-term expansion of capacity of existing plants.

After the strong revenue growth in the first half of 2018, we expect revenues in fiscal year 2018 as well to be higher than the previous year, subject to the development of the general economic environment. However, we will be confronted with increases in raw materials costs and personnel expenses in the second half of the year, which will have a corresponding impact on margins. For 2018 as a whole, we expect operating EBITDA to finish higher than the previous year, due in particular to the strong results in the first half of the year.

This successful performance would not have been possible without our committed team of employees and the confidence of our customers and business partners. For this, we would like to express our warmest thanks and we look forward to our future work together.

Yours sincerely,

Fritz Homann
Managing Director of Homann Holzwerkstoffe GmbH

INTERIM GROUP MANAGEMENT REPORT AS OF JUNE 30, 2018

A. Business activity and framework conditions

1. Corporate structure and business model

Homann Holzwerkstoffe is the parent company of the Homann Group, whose principal operating companies are HOMANIT GmbH & Co. KG, headquartered in Losheim/Germany, HOMANIT Polska Sp.z o.o. Spolka Kommandytowa, headquartered in Karlino/Poland and Homanit Krosno Odranskie Sp.z. o.o., headquartered in Krosno/Poland. Homann Group's basis of consolidation was extended in the first half of 2018 by the addition of Homanit International GmbH, Munich. This company will hold new equity investments in the future. In addition, the headquarters of the Group parent company was transferred to Munich. We have prepared this interim group management report in accordance with German Accounting Standard No. 16 (DRS 16) (Grundsätze des deutschen Rechnungslegungsstandards für die Zwischenberichterstattung).

The Group is a leading European supplier of thin finished wooden fibreboards for the furniture, doors, coatings and automobile industries. The product portfolio essentially comprises medium-density fibreboards (MDF) and high-density fibreboards (HDF), which are used for a wide variety of applications. The Group's customers primarily include companies from the international furniture, doors and coatings industries. Special solutions, e.g. for automotive interiors, packagings or product boxes, increasingly target additional customer groups, leading to broad diversification in terms of customer structures and consequently reducing the Group's exposure to cyclical developments in individual lines of industry. The international furniture industry nevertheless remained the most important customer group in the past reporting period.

The Homann Group's integrated business model covers all relevant stages of the value chain. All processes – from the provision of raw materials to the ongoing new and further development in the context of the research and development activities to the multi-stage panel production, finishing and customisation of the products and their distribution – are handled by the production facilities in Germany and Poland. This gives the Group full control over all process steps, allowing it to efficiently ensure the high quality of its products towards its customers at all times. At the same time, flexible adjustment to individual customer requirements and short-term market changes is possible at any time. The strategic focus on innovative and efficient production processes, combined with high quality standards, is the main driver of the position held by the company in the market for very thin finished fibreboards measuring up to 3.0 mm. The Homanit Group is the European market leader in this segment.

2. Framework conditions

Macroeconomic situation

The strong economic performance in the Euro zone continued in the first half of 2018, despite mounting political and geopolitical risks. The pace of growth actually increased slightly over 2017. The gross domestic product (GDP) was up 2.5 % in the first half of 2018 over the same quarter of last year, and the growth rate for the second half of 2018 was around 2.2 % according to Eurostat data. The countries with the strongest growth in the Euro zone and the EU were Poland and other Eastern European countries, Austria, Sweden and Spain. While growth expectations for the US were revised higher, experts believe that economic growth has already peaked in some big economies, where growth is now expected to level off. In its World Economic Outlook, the IMF revised its growth forecast for the Euro zone, Japan and the UK downwards and now expects 2.2 % GDP growth for the Euro zone in 2018 as a whole, down 0.2 percent from the previous forecast.

The performance of the German economy in the first half of 2018 ran largely parallel to that of the Euro zone economy. According to data of the Federal Statistical Office (Destatis), the German economy continued to grow at a high pace over the previous year, by 1.4 % in the first quarter and by 2.3 % in the second quarter. In the second quarter, growth was boosted by domestic demand, especially consumer spending and investments, while exports held growth down somewhat. Economic experts expect a similar situation to arise in the second half of the year. Accordingly, GDP growth for the year as a whole is expected to be around 2.2 %.

(Sources: eurostat: press release: Euro indicators, August 14, 2018; International Monetary Fund: World Economic Outlook, July 16, 2018; Federal Statistical Office: Detailed Results on Economic Performance in the 2nd Quarter of 2018, August 24, 2018.)

Industry trend

The competitive environment in the markets of relevance for Homann Group remained nearly unchanged in the reporting period. The prevailing supply shortage from the customer's viewpoint was relieved somewhat in 2018. A slight price increase is still evident in the market, which reflects developments in the prices of raw materials. A healthy competitive situation exists in the market segment for thin and finished panels measuring up to 3 mm, which represents Homann Group's strategic focus. This market segment is relatively balanced despite the additional capacity. Moreover, there is potential for further growth as a result of the continuing trend towards lightweight construction in the furniture industry.

General conditions in the furniture and door industries, the most important sectors for the Group, are positive in the Group's largest sales markets, Germany and Poland. The Verband der deutschen Möbelindustrie (the Association of the German Furniture Industry) expects that the weak results in 2017, with sales down 0.7 %, to be followed by growth in the current year. Sales were up 1.0 % in the first half of 2018. For the year as a whole, the Association expects to see moderate 1 % growth in Germany. Polish furniture production has been growing at a stable pace of about 9 % a year since 2010.

After strong results in 2017 which continued to improve over the course of the year, total production of MDF/HDF furniture panels in Germany has remained stable so far in 2018. MDF production volume was up 1 % in the first quarter. Total production of unfinished MDF furniture panels was down 3 % from the previous year, to 223,795 m^3, and the volume manufactured for sale was up 2.2 % from the previous year, to 169,814 m^3. Production volume for finished MDF panels was down significantly, by 9.4 %, to 74,031 m^3. Total production of HDF panels in the first quarter of 2018 was down from the year before, to 597,191 m^3. Production exceeded 600,000 m^3 in each quarter of 2017. Production of HDF panels manufactured for sale was up 1.5 %, to 515,180 m^3.

(Sources: Verband der Deutschen Möbelindustrie e.V: press release: "Möbelindustrie wächst im 1. Halbjahr nur leicht um 1,0 %“, August 27, 2018; EUWID Holz und Holzwerkstoffe – 30.2018: HDF-Gesamtproduktion hat wieder leicht nachgegeben July 26, 2018; EUWID Holz und Holzwerkstoffe – 29/2018: Neue Preisforderungen für MDF/HDF haben erstmals wieder zu Mengenkürzungen geführt July 19, 2018.)

B. Business situation of the Group

1. Results of operation

General conditions in the furniture and door industries, the most important sectors for the Group, remain positive in the Group's largest sales markets, Germany and Poland. With a generally positive economic environment, demand in the furniture and doors industries remains at a high level. This is in addition to the continuing trend towards lightweight construction in the furniture industry, resulting in an additional increase in demand for Homann Group's HDF and MDF fibreboards especially. In light of this situation, the Group has decided to focus on this fast-growing core segment and discontinue production of insulating materials as of 31 December 2018. Activities in the insulating materials segment contributed about 4 % of Group revenues in the first half of 2018 and had a negative impact on earnings. Accordingly, focusing on our core business will further strengthen our earning power.

Homann Group's revenues were up 11 % in the first half over the same period of last year, to EUR 143 million. Adjusted for activities which will be discontinued as of 31 December 2018, revenues climbed to about EUR 138 million in the first half. This growth is attributable to higher demand due to an increase in construction and renovation activity. The share of value-added processed products increased further. Domestic revenues were up around 12 % from the previous year and foreign revenues were up around 10 %.

Other operating income is largely comprised of non-cash exchange rate gains in the amount of EUR 0.9 million. In the previous year, they amounted to EUR 6.2 million.

The cost of materials ratio was down about 2 % from the previous year. For a time, glue prices were up significantly from the previous year in the first half, while wood prices increased slightly.

Personnel expenses increased along with revenues, so that the personnel expense ratio was nearly identical to the ratio in the same period of last year. The average number of employees increased to 1,548 (same period of last year: 1,531).

Other operating expenses increased, largely as a result of non-cash exchange rate losses in the amount of EUR 4.2 million (same period of last year: EUR 1.9 million). This item also includes expenses in the amount of EUR 2.0 million for the formation of provisions to cover the closure of insulation production. In the first half of last year, this item included refinancing costs in the amount of EUR 1.2 million. Increases in freight costs also had an effect.

The Group's EBITDA decreased from EUR 19.2 million in the first half of last year to EUR 14.1 million, due above all to negative exchange rate effects arising from the measurement of loan obligations in Poland. In order to facilitate comparability of earning power, Homann Group calculates operating EBITDA, which is adjusted for exchange rate gains and losses, the costs of the bond issue in the first half of last year and the losses from the insulating materials segment (which will be discontinued at the end of 2018). Operating EBITDA increased from EUR 16.3 million to EUR 22.3 million, which equals an EBITDA margin of 16 % (EBITDA as a percentage of revenues, not including the revenues of the insulating materials segment).

The financial result improved by EUR 1.3 million relative to the same period of last year due to favourable conditions for the refinancing of old bonds.

Net income was down EUR 4.1 million from the same period of last year, to EUR 1.6 million. This is attributable to non-cash exchange rate effects, as well as losses from the insulating materials segment, which will be discontinued at the end of 2018. Adjusted for these items, net income in the first half of 2018 was significantly higher than in the first half of last year.

2. Net assets

Fixed assets decreased to EUR 163 million after depreciation, asset disposals, currency differences and investments. EUR 4.1 million was invested in the first half of the year in optimizing finishing equipment, a warehouse and building extensions.

Accounts receivable and other assets increased by EUR 3 million from 31 December 2017. This is largely due to the increase in trade receivables and accounts receivable from the factoring company.

Equity decreased as a result of the exchange rate effects reported in the equity capital difference from the currency exchange. The equity ratio increased to 13.3 % due to the decrease in total assets (as of 31 December 2017, the ratio was 13.1 %).

Provisions increased, due in particular to the expected costs for closure of the insulating materials segment.

Liabilities essentially decreased by EUR 13.5 million relative to 31 December 2017 due to repayments of loans and amortization of lease agreements.

3. Financial position

The cash inflow from operating business activity increased significantly, from EUR 7.0 million in the first half of last year to EUR 12.6 million in the first half of 2018, as a result of the growth in earning power. There was a cash outflow of EUR 4.1 million from investing activities and EUR 12.5 million from financing activities.

C. Opportunities and risks

The opportunity and risk situation has not changed materially compared to December 31, 2017. Detailed information on the Group's risk situation can be found in the 2017 Group Management Report.

D. Post balance sheet events

No information came to light after June 30, 2018 which would be expected to have a material impact on the net assets, financial position and earnings situation of Homann Group.

E. Forecast

All of the Group's plants for MDF/HDF fibreboards continued to exhibit strong performance in the first half of 2018. The market for thin fibreboards in the core countries supplied by the Group remains stable. As a result, we expect significant revenue growth over the previous year for the year as a whole as well, subject to the development of the macroeconomic situation.

But in the second half of the year especially, we will be confronted with increases in raw materials costs, energy costs and personnel expenses, which will have a corresponding impact on margins. For 2018 as a whole, we expect operating EBITDA to finish higher than the previous year, due in particular to the very strong results in the first half of the year. However, the increase in results for the year as a whole will be much lower than it was for the first half.

In order to ensure sufficient supply for the increasing demand, the Group continues to examine possibilities for capacity expansion. In addition to the acquisition of an existing plant or greenfield investment in order to increase production capacity in the medium to long terms this also includes the possibility of relatively shorter-term expansion of capacity of existing plants.

Munich, September 20, 2018

(Fritz Homann)

Homann Holzwerkstoffe GmbH
Munich

Interim consolidated financial statements
for the period from January 1, 2018 to June 30, 2018

CONSOLIDATED BALANCE SHEET AS OF JUNE 30, 2018

Homann Holzwerkstoffe GmbH, Munich

ASSETS

	Item Comment	EUR	June 30, 2018 EUR	June 30, 2017 EUR
A. Fixed assets				
I. Intangible assets	6.a.			
1. Concessions acquired against payment, commercial trademark rights and similar rights and assets as well as licenses to such rights and assets		3,060,097.54		3,385,185.50
2. Advance payments made		0.00		57,561.52
			3,060,097.54	3,442,747.02
II. Tangible assets	6.a.			
1. Properties, rights equivalent to real property and structures including structures on third-party properties		41,640,073.00		43,988,144.77
2. Technical equipment and machinery		105,315,232.15		115,637,662.22
3. Other property, plant and equipment		6,385,611.12		6,701,272.44
4. Advance payments made and work in progress		5,840,929.24		3,884,371.62
			159,181,845.51	170,211,451.05
III. Financial assets	6.b.			
1. Shares in affiliated companies		11,464.68		11,988.82
2. Equity investments		782,324.50		782,324.50
			793,789.18	794,313.32
			163,035,732.23	174,448,511.39
B. Current assets				
I. Inventories				
1. Raw materials and supplies		19,924,169.67		19,489,920.49
2. Unfinished goods		5,989,758.25		4,870,802.44
3. Finished goods		5,083,541.59		8,415,683.42
4. Advance payments made		220,344.10		166,890.01
			31,217,813.61	32,943,296.36
II. Receivables and other assets	6.c.			
1. Trade receivables		3,510,014.03		1,999,031.22
2. Receivables from affiliated companies		137,707.73		88,692.63
3. Receivables from shareholders		16,486,542.72		16,215,993.79
4. Other assets		16,850,612.12		15,683,184.99
			36,984,876.60	33,986,902.63
III. Other securities	6.d.		2,112,518.89	1,174,493.03
IV. Cash holdings, bank deposits			22,934,580.63	25,558,492.55
			93,249,789.73	93,663,184.57
C. Accrued items	6.c.		2,872,809.70	1,581,929.70
D. Deferred tax assets	6.e.		1,459,000.00	1,529,200.00
E. Surplus from offsetting	6.f.		448,450.00	335,422.05
			261,065,781.66	271,558,247.71

LIABILITIES

	Item Comment	EUR	June 30, 2018 EUR	June 30, 2017 EUR
A. Equity capital	6.f.			
I. Subscribed capital		25,000,000.00		25,000,000.00
II. Capital reserves		25,564.60		25,564.60
III. Other retained earnings		138,000.01		103,811.38
IV. Equity capital difference caused by foreign-exchange translation		–9,731,545.14		–7,285,171.92
V. Group profit carried forward		17,913,220.21		8,801,333.40
VI. Group earnings after taxes		1,557,444.22		9,111,886.81
			34,902,683.90	35,757,424.27
B. Provisions	6.g.			
1. Provisions for pensions and similar obligations		2,247,776.00		2,067,826.00
2. Provisions for taxes		982,926.89		1,000,654.19
3. Other provisions		7,542,020.39		3,880,166.00
			10,772,723.28	6,948,646.19
C. Liabilities	6.h.			
1. Bonds		60,000,000.00		60,000,000.00
2. Silent partnership		4,000,000.00		4,000,000.00
3. Liabilities to financial institutions		116,799,203.75		123,403,586.51
4. Trade liabilities		24,826,092.66		29,472,297.00
5. Liabilities to affiliated companies		18,027.30		18,062.70
6. Other liabilities		9,747,050.77		11,958,231.04
			215,390,374.48	228,852,177.25
			261,065,781.66	271,558,247.71

CONSOLIDATED INCOME STATEMENT

Homann Holzwerkstoffe GmbH, Munich
for the period from January 1, 2018 to June 30, 2018

	Item Comment	Jan. 1, 2018 to June 30, 2018 EUR	Jan. 1, 2017 to Dec. 31, 2017 EUR	Jan. 1, 2017 to June 30, 2017 EUR
1.Revenues	7.a.	143,335,370.18	256,881,728.36	129,468,996.24
2.Reduction or increase in inventory of finished and unfinished goods		–1,513,479.91	2,255,304.96	915,179.25
3.Other own work capitalised		554,037.94	1,709,000.75	75,950.75
4.Other operating income	7.b.	1,648,082.93	11,052,677.12	6,408,187.34
		144,024,011.14	271,898,711.19	136,868,313.58
5.Cost of materials				
a) Cost of raw materials and consumables and goods for resale		–70,879,006.58	–132,787,423.04	–67,541,454.91
b) Cost of purchased services		–9,240,806.41	–17,707,669.91	–7,227,076.50
		–80,119,812.99	–150,495,092.95	–74,768,531.41
Gross profit		**63,904,198.15**	**121,403,618.24**	**62,099,782.17**
6.Expenses for personnel	7.c.			
a) Wages and salaries		–17,832,067.05	–32,631,306.14	–16,377,683.14
b) Social security, pensions and other benefits		–3,370,664.14	–6,394,739.96	–3,206,921.12
		–21,202,731.19	–39,026,046.10	–19,584,604.26
7.Depreciation and amortisation of intangible and tangible fixed assets		–8,872,768.44	–16,875,106.52	–8,277,388.45
8.Other operating expenses	7.d.	–28,568,559.06	–44,660,008.65	–23,339,339.80
Operating result		**5,260,139.46**	**20,842,456.97**	**10,898,449.66**
9.Income from other investments and loans classified as financial assets		0.00	0.00	40,000.00
10.Other interest and similar income		523,318.71	1,077,030.99	387,634.16
11.Depreciation of financial assets and of securities held as current assets		0.00	–26,071.62	–1,072.62
12.Interest and similar expenditure		–4,123,560.69	–11,749,440.64	–5,394,651.49
Financial result	**7.e.**	**–3,600,241.98**	**–10,698,481.27**	**–4,968,089.95**
13.Extraordinary expenses		–102,453.26	–1,032,088.89	–255,963.40
14.Consolidated earnings (after taxes)		**1,557,444.22**	**9,111,886.81**	**5,674,396.31**

CONSOLIDATED STATEMENT OF CASH FLOWS

Homann Holzwerkstoffe GmbH, Munich
for the period from January 1, 2018 to June 30, 2018

	Jan. 1, 2018 to June 30, 2018 kEUR	Jan. 1, 2017 to Dec. 31, 2017 kEUR	Jan. 1, 2017 to June 30, 2017 kEUR
Consolidated result	1,557	9,112	5,674
Depreciation of assets	8,873	16,875	8,277
Other non-cash expenses/income	0	–4,947	–4,947
Profit/loss from the disposal of fixed assets	20	–156	55
Decrease/increase in inventories	1,725	–7,605	–2,799
Increase in trade receivables	–1,511	–543	–1,980
Decrease/increase in receivables from shareholders and affiliated companies	–319	–2,775	–564
Increase/decrease in other assets	–3,232	–118	–3,516
Increase/decrease in provision	3,824	623	1,498
Increase/decrease in trade payables	–4,646	3,354	–2,203
Increase/decrease in liabilities to shareholders and affiliated companies	0	2	0
Increase/decrease in other liabilities	–2,211	3,136	2,242
Interest expenses/interest income	4,198	10,672	5,128
Currency-related change in assets/liabilities	4,218	–1,486	–132
Income tax expenses/income	102	1,032	256
Cash flow from operating activities	**12,598**	**27,176**	**6,989**
Proceeds from the disposal of tangible assets/intangible assets	62	453	104
Cash paid for investments in tangible assets/intangible assets	–4,173	–9,194	–2,846
Cash paid for additions to the basis for consolidation	–25	–1,590	–1,516
Cash outflow from investing activities	**–4,136**	**–10,331**	**–4,258**
Cash received from the raising of loans	0	75,000	0
Payments for the redemption of financial loans	–8,215	–19,311	–4,562
Cash received from follow-up financing of the bond	0	0	17,320
Cash paid for follow-up financing of the bond	0	–40,000	0
Payments made to equity holders	0	0	–855
Interest paid	–4,198	–10,672	–5,128
Corporate and trade tax paid	–102	–1,032	–256
Cash outflow and cash inflow from financing activities	**–12,515**	**3,985**	**6,519**
Change in cash and cash equivalents	–4,053	20,830	9,250
Cash and cash equivalents at the beginning of the period	–7,127	–27,957	–27,957
Cash and cash equivalents at the end of the period	**–11,180**	**–7,127**	**–18,707**

Composition of cash and cash equivalents:	**TEUR**	**TEUR**	**TEUR**
Cash and cash equivalents	22,935	25,559	16,079
Securities	467	260	0
Short term agreed iabilities to financial institutions	–34,582	–32,946	–34,786
	–11,180	**–7,127**	**–18,707**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Homann Holzwerkstoffe GmbH, Munich
for the period from January 1, 2018 to June 30, 2018

	Subscribed capital EUR	Capital reserves EUR	Other profit reserves EUR	Group reserves (adjustment item from foreign currency translation) EUR	Consolidated unappropriated retained earnings (Group equity capital generated) EUR	Group equity capital EUR
January 1, 2017	25.000.000	25.565	103.811	–10.119.104	8.801.333	23.811.605
Exchange differences	0	0	0	2.833.931	0	2.833.931
Group result for the year	0	0	0	0	9.111.887	9.111.887
December 31, 2017/ January 1, 2018	25.000.000	25.565	103.811	–7.285.173	17.913.220	35.757.423
Exchange differences	0	0	0	–2.446.373	0	–2.446.373
Passive residual balances from the capital consolidation	0	0	34.189	0	0	34.189
Group result for the half-year	0	0	0	0	1.557.444	1.557.444
June 30, 2018	25.000.000	25.565	138.000	–9.731.546	19.470.664	34.902.683

Homann Holzwerkstoffe GmbH
Munich

Notes to the interim consolidated financial statements
for the period ended June 30, 2018

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED JUNE 30, 2018

1. Preparation of the interim consolidated financial statements

The interim consolidated financial statements of Homann Holzwerkstoffe GmbH (HHW) as of June 30, 2018 were drawn up in accordance with the requirements of the group accounting regulations under commercial law applicable to consolidated financial statements. The financial statements of consolidated companies were generally drawn up in accordance with the requirements of the respective countries. For the purposes of the interim consolidated financial statements, the separate financial statements were converted pursuant to sections 300, para. 2, and 308 HGB to uniform accounting in accordance with the principles applicable to the parent company. The consolidated income statement is organised according to the total cost accounting method (Gesamtkostenverfahren; section 275, para. 2 HGB). The balance sheet figures for the previous year relate to December 31, 2017, while the income statement figures relate to the period from January 1, 2017 to June 30, 2017.

Following the transfer of its registered office from Herzberg to Munich in 2018, HHW is registered with the Local Court of Munich under HRB 240650.

2. Basis of consolidation

In addition to Homann Holzwerkstoffe GmbH, the following eleven subsidiaries were included in the consolidated financial statements for the period ended June 30, 2018 in accordance with the principles of full consolidation:

No, Company	Equity share	Held by	Equity June 30, 2018 100 %	Net profit/loss Jan, 1, 2017 to June 30, 2017 (*)
	%	No,	kEUR	
1 Homann Holzwerkstoffe GmbH, Munich				
2 Homanit Holding GmbH, Losheim	100.00	1	14,837	–2,425
3 Homanit GmbH & Co, KG, Losheim	100.00	2	78,636	+7,515
4 Homanit Verwaltungsgesellschaft mbH, Losheim	100.00	3	36,690	+6,646
5 Homanit France SARL, Schiltigheim	100.00	3	33	+1
6 Homanit Polska Sp, z o,o,, Spolka	99.99	3	23	0
Kommandytowa, Karlino	0.01	7	65,744	+9,013
7 Homanit Polska Sp, z o,o,, Karlino	100.00	3	657	+92
8 Homatrans Sp, z o,o,, Karlino	100.00	6	1,288	+46
9 Homanit Krosno Odranskie Sp, z o,o,, Krosno	100.00	2	–4,440	–2,044
10 Homatech Polska Sp, z o,o,, Karlino	100.00	6	227	–1
11 Homanit Building Materials GmbH & Co, KG, Berga	100.00	3	–3,484	–2,631
12 Homanit International GmbH, Munich	100.00	1	285	+1

(*) Net profit/loss for the 1st half of the year includes investment income of kEUR 7,466 each for Homanit Holding GmbH and Homanit GmbH & Co. KG.

3. Consolidation principles

Homanit International GmbH was included in the consolidated financial statements for the first time as of January 1, 2018. This resulted in negative goodwill in the amount of kEUR 35. Comparability with the previous year's figures is not limited.

Capital consolidation is performed by offsetting the carrying amount of investments in the Group companies against the proportionate balance sheet equity at the time of initial inclusion. The interim consolidated financial statements show no goodwill from capital consolidation. Negative goodwill is reported under other retained earnings within equity. The purchase method (Neubewertungsmethode) was used for Group companies that were included in the interim consolidated financial statements for the first time after December 31, 2009.

Payables and receivables between consolidated companies are eliminated.

Revenues, income, and expenses between consolidated companies are eliminated.

Interim results with respect to finished and unfinished goods from intra-Group deliveries and services as well as gains and losses from intra-Group sales of fixed assets are eliminated, unless they are of minor importance.

4. Currency translation

The balance sheets of consolidated companies drawn up in a foreign currency are translated at the rate in effect as of June 30, while income statements are translated at the average rate for the period from January 1 to June 30. The equity included in capital consolidation is translated at historical rates. Rate differences from the translation of subscribed capital as well as profit carried forward from subsequent consolidation and the differences from translation of annual results at average rates are recognised directly as an equity difference caused by foreign currency translation with no effect on profit or loss. Rate differences arise from the translation of payables and receivables denominated in a foreign currency where the translation rate has changed between the time the payable or receivable arose and the balance sheet date. These rate differences are also reported as an equity difference caused by foreign currency translation with no effect on profit or loss.

5. Accounting policies

HHW accounting policies also apply to the consolidated financial statements. Annual financial statements drawn up in accordance with Polish law were generally adjusted to conform with the consolidated accounting guidelines under HGB.

As of June 30, 2018, the presentation of shareholders' equity was adjusted; differences from currency translation are no longer reported under Group reserves, but as an equity difference caused from foreign currency translation. The differences from capital consolidation reported under Group reserves in previous years are now shown under other retained earnings. The previous year's figures have been adjusted accordingly.

Intangible assets are measured at cost of purchase, less scheduled straight-line depreciation. Intangible assets are typically depreciated over a useful life of 2-8 years.

Tangible assets are measured at cost of purchase or manufacture less scheduled depreciation. The latter consists in part of the expenses incurred until the time the facilities reached operable condition, including interest accruing during the construction period. Amortisation and depreciation are carried out using both the straight-line and the declining balance method based on the expected useful life of the asset and in accordance with tax regulations. The straight-line method is applied where it leads to a higher rate of amortisation or depreciation than the declining balance method. Useful life is 10-100 years for land, leasehold rights and buildings, including buildings on unowned land, 2-100 years for technical equipment and machinery and 2-15 years for other fixtures, fittings and equipment.

Financial assets are measured at cost of purchase.

Inventories are measured at cost of purchase and cost of manufacture according to the lower of cost or market principle.

Finished and unfinished goods are measured at cost of manufacture, paying regard to the strict lower of cost or market principle. Cost of manufacture consists in part of direct material and production unit costs as well as the necessary material and production overhead costs. Administrative costs and cost of sales are not included in the cost of manufacture.

Receivables and other assets are recognised at nominal values. Individual impairments are undertaken for individual risks. Foreign-currency receivables are translated at the time of acquisition at the exchange rate in effect on that date; on the balance sheet date, foreign-currency receivables are recognised at the spot exchange rate in accordance with the realisation and cost of purchase principle.

Investments classified as current assets are recognised at amortised cost. They are written down to the lower fair value if the market value is below the cost of acquisition on the effective date. A write-up is performed when the market value increases again. The cost of acquisition is the upper limit for the valuation.

Liquid funds are stated at the nominal value. Funds in foreign currencies are translated at the spot exchange rate as of the reporting date pursuant to sec 256a HGB.

Extraordinary rent payments and advance payments of costs that concern the following months after June 30 are recognised in prepaid expenses.

The right to elect to capitalise deferred taxes for the total tax relief is exercised. Deferred tax assets and liabilities are offset in the balance sheet. For details, please see the remarks in the notes to the balance sheet

With regard to recognition of the positive difference from the offsetting of plan assets and liabilities, please see the remarks in the notes to the balance sheet.

With regard to the recognition of provisions for pensions, please see the remarks in the notes to the balance sheet.

Other provisions take into account all discernible risks and contingent liabilities pursuant to section 253, para. 1, sentence 2 HGB and are recognized in the amount necessary for settlement based on reasonable commercial assessment, with due regard for the expected future changes in prices and costs. Provisions with residual terms of more than one year are discounted using the average market interest rate specified by Deutsche Bundesbank for the same maturity. Anniversary provisions and early retirement provisions are calculated using actuarial methods based on the "2005 G" tables of Dr. Klaus Heubeck, applying an actuarial interest rate of 2.56 %.

Liabilities are recognised at the repayment amount. Liabilities in foreign currencies are translated at the exchange rate on the day of acquisition; as of the reporting date, foreign currency liabilities are measured at the spot exchange rate in accordance with the realisation, imparity and acquisition cost principle if the remaining term exceeds one year.

6. Notes to the interim consolidated balance sheet

a) Fixed assets

Changes in consolidated fixed assets for the period from January 1, 2018 to June 30, 2018:

Cost of purchase/manufacture

	Date Jan. 1, 2018 EUR	Re-classifications EUR	Additions EUR	Disposals EUR	Foreign exchange differences EUR	Date June 30, 2018 EUR
I. Intangible assets						
1. Concessions acquired against payment, commercial trade-mark rights and similar rights and assets as well as licenses to such rights and assets	6,282,093.63	57,561.52	150,003.47	0.00	–21,321.90	6,468,336.72
2. Advance payments made	57,561.52	–57,561.52	0.00	0.00	0.00	0.00
	6,339,655.15	0.00	150,003.47	0.00	–21,321.90	6,468,336.72
II. Tangible fixed assets						
1. Properties, rights equivalent to real property and structures including structures on third-party properties	73,173,985.68	408,186.47	185,557.47	0.00	–2,187,028.43	71,580,701.19
2. Technical equipment and machinery	192,780,108.82	37,771.81	519,823.13	–52,170.58	–7,212,976.06	186,072,557.12
3. Other property, plant and equipment	16,762,985.85	0.00	769,206.68	–295,846.52	–342,397.18	16,893,948.83
4. Advance payments made and work in progress	3,884,371.62	–445,958.28	2,548,494.69	–0.01	–145,978.78	5,840,929.24
	286,601,451.97	0.00	4,023,081.97	–348,017.11	–9,888,380.45	280,388,136.38
III. Financial assets						
1. Shares in affiliated companies	11,988.82	0.00	0.00	0.00	–524.14	11,464.68
2. Equity investments	782,324.50	0.00	0.00	0.00	0.00	782,324.50
	794,313.32	0.00	0.00	0.00	–524.14	793,789.18
	293,735,420.44	0.00	4,173,085.44	–348,017.11	–9,910,226.49	287,650,262.28

Depreciation/impairments					Book value	
Date Jan. 1, 2018	Additions	Disposals	Foreign exchange differences	Date June 30, 2018	Date June 30, 2018	Date Dec. 31, 2017
EUR	EUR	EUR	EUR	EUR	EUR	EUR
2,896,908.13	521,321.73	0.00	–9,990.68	3,408,239.18	3,060,097.54	3,385,185.50
0.00	0.00	0.00	0.00	0.00	0.00	57,561.52
2,896,908.13	521,321.73	0.00	–9,990.68	3,408,239.18	3,060,097.54	3,442,747.02
29,185,840.91	1,301,746.43	0.00	–546,959.15	29,940,628.19	41,640,073.00	43,988,144.77
77,142,446.60	6,202,244.61	–2,159.75	–2,585,206.49	80,757,324.97	105,315,232.15	115,637,662.22
10,061,713.41	847,455.67	–263,199.67	–137,631.70	10,508,337.71	6,385,611.12	6,701,272.44
0.00	0.00	0.00	0.00	0.00	5,840,929.24	3,884,371.62
116,390,000.92	8,351,446.71	–265,359.42	–3,269,797.34	121,206,290.87	159,181,845.51	170,211,451.05
0.00	0.00	0.00	0.00	0.00	11,464.68	11,988.82
0.00	0.00	0.00	0.00	0.00	782,324.50	782,324.50
0.00	0.00	0.00	0.00	0.00	793,789.18	794,313.32
119,286,909.05	8,872,768.44	–265,359.42	–3,279,788.02	124,614,530.05	163,035,732.23	174,448,511.39

b) Financial assets

The shares in HBG Holzbaustoff Beteiligungs-GmbH, Berga, and HOPE Investment sp.z.o.o. (formerly Homanit Poznan sp.z.o.o) / were recognised as shares in affiliated companies as of June 30, 2018. These companies are not consolidated as they are of minor importance.

The equity investment relates to DHN Transportmittel GmbH & Co. KG as well as its general partner. The Group holds 50 % of the shares in each company. These companies are also not consolidated as they are of minor importance.

c) Receivables and other assets, prepaid expenses

Receivables in the amount of kEUR 15,000 have a remaining term of more than one year (previous year: kEUR 15,000), along with kEUR 3,536 in other assets (previous year: kEUR 3,536) and kEUR 134 in prepaid expenses (previous year: kEUR 426).

Receivables from shareholders involve the interest-bearing clearing accounts with VVS GmbH and Fritz Homann GmbH. They largely result from loans.

Receivables from affiliated companies are receivables from companies affiliated via the shareholders as well as from companies not included in the consolidated financial statements due to their minor importance.

Significant items recognised in other assets are an investment in a limited partnership in the amount of kEUR 3,514 (previous year: kEUR 3,514), tax refund claims amounting to kEUR 6,266 (previous year: kEUR 6,555) as well as receivables from a factoring company amounting to kEUR 4,950 (previous year: kEUR 3,035).

Prepaid expenses consist in particular of insurance premiums and accrued expenses for extraordinary rent and lease payments for the period after June 30, 2018.

d) Other securities

Homann Holzwerkstoffe GmbH holds the following securities in its custody accounts:

	June 30, 2018 kEUR	Dec. 31, 2017 kEUR
Bond issue of Homann Holzwerkstoffe GmbH	1,645	915
Other fund shares	467	260
	2,112	1,175

e) Deferred tax assets

Deferred tax assets result from different values recognised in the commercial balance sheet and the tax balance sheet in the amount of kEUR 80 (previous year: kEUR 124), from losses carried forward in the amount of kEUR 1,507 (previous year: kEUR 1,566) and from the elimination of interim profits (sale of fixed assets and inventories) in the amount of kEUR 152 (previous year: kEUR 165). Deferred tax liabilities of kEUR 280 (previous year: kEUR 326) result from different values recognised in the commercial balance sheet and the tax balance sheet. Deferred tax liabilities were netted out with deferred tax assets. In calculating deferred tax assets, tax loss carry-forwards are only taken into account to the extent that estimated future income would allow the deduction of those losses. For the calculation of deferred taxes, a tax rate consistent with the entity's legal form was applied to the differences between the commercial and tax balance sheet, as well as to tax loss carry-forwards. Tax rates of between 14.0 % and 26.5 % were used. The parent company’s tax rate of 26.3 % was used for consolidation.

f) Positive difference from the offsetting of plan assets and liabilities

The liabilities in connection with early retirement agreements are backed by securities. These securities were netted out with the underlying liabilities. The provision for early retirement liabilities amounts to kEUR

800 (previous year: kEUR 1,089) and the plan assets amount to kEUR 1,249 (previous year: kEUR 1,424) leaving a net surplus of kEUR 449 (previous year: kEUR 335).

g) Equity

Subscribed capital, reserves, equity difference caused from foreign currency translation and consolidated unappropriated retained earnings are recognised as equity. The shares in Homann Holzwerkstoffe GmbH are held by the following shareholders as of June 30, 2018:

	kEUR	%
Fritz Homann GmbH	20.000	80,00
VVS GmbH	5.000	20,00
	25.000	100,00

Other retained earnings resulted from the change of accounting rules implemented as a result of the German Accounting Modernisation Act (BilMoG) of EUR 22 thousand and from negative differences from capital consolidation of EUR 116 thousand.

The negative goodwill resulting from initial consolidation relates to Homanit International (kEUR 34), Homatrans (kEUR 80) and Homanit Verwaltungs GmbH (kEUR 2). They arose exclusively from retained earnings from the period prior to the first-time consolidation. In the event of the sale of the shares in these companies, the negative goodwill will be released through profit.

The difference in equity caused by foreign currency translation decreased from EUR –7,285 thousand to EUR –9,732 thousand due to the development of the PLN to EUR.

Earnings cannot be distributed by the parent company until after net losses have been eliminated. Sums in the amount of kEUR 335 (previous year: kEUR 334) cannot be distributed pursuant to section 253 para. 6 sentence 1 HGB and due to first-time application of the German Accounting Modernisation Act (BilMoG).

h) Provisions

For the recognition of provisions for pensions, the projected unit credit method was applied as the actuarial calculation method for the subsidiaries, while the modified entry age normal method was used for the parent company based on the “2005 G“ tables of Prof. Klaus Heubeck. The calculation was based on the following assumptions:

	June 30, 2018
Interest rate at the beginning of the reporting period	3.68 %
Interest rate at the end of the reporting period	3.46 %
Anticipated wage and salary increases p.a.	0.00 %
Expected pension increases p.a.	1.50 %
Staff turnover p.a.	3.30 %

As of June 30, 2018, an amount of kEUR 43 from the first-time adoption of the German BilMoG Act had not yet been recognised in pension provisions. A difference of kEUR 270 arises pursuant to section 253 para. 6 sentence 1 HGB. Application of the average interest rate of the past seven years (2.56 %) would result in an increase in pension obligations by this amount.

The tax provisions include settlement arrears from trade and corporate tax payment obligations for the period from January 1 to June 30, 2018, as well as from previous years.

Other provisions largely relate to obligations towards staff in the amount of kEUR 2,780 (e.g. vacation, profit shares, overtime, contributions to the employer's liability insurance association) and expenses based on the decision to discontinue the insulating materials division at the end of the 2018 fiscal year, in the amount of kEUR 2,023, as well as imminent losses from pending transactions and contingent liabilities.

The liabilities resulting from early retirement arrangements are backed by securities. These securities are offset against the underlying liabilities in accordance with section 246 para. 2 sentence 2 HGB. We refer to the explanations under f).

Securities are measured based on time value; securities which are not netted out (kEUR 467; previous year: kEUR 260) are freely marketable and no longer serve as hedges against claims in connection with early retirement liabilities. Correspondingly, interest earned on securities serving to hedge early retirement claims are netted out with interest expenses from the compounding of early retirement provisions.

i) Liabilities

Liabilities have the following maturity structure:

June 30, 2018 (EUR)	up to 1 year	2 to 5 years	more than 5 years	total
1. Bonds	0.00	60,000,000.00	0.00	60,000,000.00
2. Silent partnership	0.00	4,000,000.00	0.00	4,000,000.00
3. Liabilities to financial institutions	41,220,995.66	56,528,208.09	19,050,000.00	116,799,203.75
4. Trade liabilities	24,803,684.40	0.00	0.00	24,826,092.66
5. Liabilities to affiliated companies	13,705,65	0.00	0.00	18,027.30
6. Other liabilities	6,990,812.87	2,587,927.91	0.00	9,747,050.77
	73,029,198.58	123,116,136.00	19,050,000.00	215,390,374.48

December 31, 2017 (EUR)	up to 1 year	2 to 5 years	more than 5 years	total
1. Bonds	0.00	60,000,000.00	0.00	60,000,000.00
2. Silent partnership	0.00	4,000,000.00	0.00	4,000,000.00
3. Liabilities to financial institutions	41,114,829.90	58,241,740.37	24,047,016.24	123,403,586.51
4. Trade liabilities	29,472,297.00	0.00	0.00	29,472,297.00
5. Liabilities to affiliated companies	18,062.70	0.00	0.00	18,062.70
6. Other liabilities	8,331,866.95	3,626,364.09	0.00	11,958,231.04
	78,937,056.55	125,868,104.46	24,047,016.24	228,852,177.25

The corporate bond comprises 60,000 notes with par value of EUR 1,000.- each. The interest coupon amounts to 5.25 % p.a. payable annually at June 14. The bond is listed at the Frankfurt/Main stock exchange and matures June 14, 2022. The bond is unsecured and not subordinated. Interest expense has been accrued until June 30, 2018.

The silent partnership is entered into with a bank based in the German state Saarland and has a term until September 30, 2022. Interest of 5.0 % p.a. is payable irrespective of company results and an additional 2.0 % depending on company results.

Liabilities to financial institutions are secured by land charges on corporate properties and by assignment of machinery and equipment and inventories. Additionally receivables and cash in bank accounts have been pledged. Insurance claims which may originate in relations to aforementioned assets have been assigned.
The remaining liabilities are unsecured.

Liabilities to affiliated companies result from delivery of goods and supply of services.

Other liabilities include especially liabilities from the financing of long-term assets (i.e. liabilities from financial lease contracts) in the amount of kEUR 4,966 (previous year: kEUR 6,510) and outstanding wages of kEUR 1,725 (previous year: kEUR 1,509). Taxes included in this line time amounted to kEUR 1,070 (previous year: kEUR 457) and social insurance contributions to kEUR 1,033 (previous year: kEUR 1,082).

7. Notes to the income statement

a) Revenues

Sales revenues break down into kEUR 32,892 generated in Germany (previous year: kEUR 29,320) and kEUR 110,443 generated abroad (previous year: kEUR 100,150). kEUR 92,291 of the foreign revenues in the first half of 2018 were generated in the European Union.

b) Other operating income

Other operating income largely consists of exchange gains of kEUR 885 (previous year: kEUR 6,272). The exchange gains for the first half of 2018 have been realised. In the same period of the previous year, only kEUR 1,325 of kEUR 6,272 were realised.

c) Expenses for personnel

Expenses for personnel amounted to kEUR 21,203 (previous year: kEUR 19,584) and include kEUR 138 (previous year: kEUR 158) in expenses for old-age provisions.

The table below shows the year-on-year changes in the average number of employees (excluding trainees and managers):

	June 30, 2018	June 30, 2017
Salaried workers	355	336
Hourly workers	1,193	1,195
Total	1,548	1,531

d) Other operating expenses

Other operating expenses largely consist of freight and sales costs in the amount of kEUR 10,867 (previous year: kEUR 9,119), repair and maintenance costs and costs of performance in the amount of kEUR 4.129 (previous year: kEUR 4,565), administrative costs in the amount of kEUR 6,197 (previous year: kEUR 6,121) and currency losses in the amount of kEUR 4,170 (previous year: kEUR 1,947). kEUR 823 was realised in the first half of 2018. The currency losses were realised in the same period of last year.

This item also includes e.g. other taxes in the amount of kEUR 602 (previous year: kEUR 526).

e) Financial result

Interest income results primarily from interest earned on settlement accounts with shareholders.

Interest expenses essentially comprise interest on the corporate bond and the loans granted by the lending banks in the amount of kEUR 2,702. The decrease relative to the same period of last year is mainly due to more favourable conditions following the Group's refinancing in the previous year. Interest from lease and factoring agreements in the amount of kEUR 797 and similar expenses in the amount of kEUR 423 (loan processing fees and expenses arising from swap agreements) are also recognised in this item. The discounting of long-term provisions resulted in interest expenses of kEUR 31.

f) Income taxes

This item contains income tax and trade tax expenses for the first half of 2018 in the amount of kEUR 89 (as well as expenses for deferred taxes from the sale of fixed assets in the amount of kEUR 13.

8. Contingent liabilities and other financial obligations

No contingent liabilities existed as of June 30, 2018.

As of the balance sheet date, other financial obligations amounted to kEUR 12,002 (previous year: kEUR 10,755). These obligations involve rental and leasing agreements. There is also a liability from plant orders amounting to kEUR 1,662 (previous year: kEUR 4,824).

The company entered into an interest rate agreement with two banks in order to hedge the interest rate risk resulting from the syndicated loan agreement entered into with the same banks. The transaction is a micro-hedge. A negative market value of kEUR 663 existed as of June 30, 2018 for which no provision was to be formed since it is ultimately a fixed-interest exposure. The changes in value in the hedged item and the hedging instrument for the interest rate risk completely cancel each other out over the term of the hedging transaction (August 18, 2024), since they are exposed to the same risk and are affected by the identical factors in the same way. Accordingly, the transaction is classified as an effective hedge.

9. Other information

Group relationships

The parent company of Homann Holzwerkstoffe GmbH is Fritz Homann GmbH, Munich. Fritz Homann GmbH is entered in the Commercial Register of the Local Court of Munich

Management

Mr Fritz Homann, Commercial Manager, Munich, is responsible for the conduct of business.

No direct advance payments or loans were granted to members of the management. In addition, no contingent liabilities were assumed. The non-disclosure clause pursuant to section 286, para. 4 HGB is applied.

Munich, September 20, 2018

(Fritz Homann)

REVIEW REPORT

To Homann Holzwerkstoffe GmbH:

We have reviewed the consolidated interim financial statements, comprising the consolidated interim balance sheet, the consolidated interim profit and loss account, the notes to the consolidated interim financial statements, the consolidated cash flow statement, the consolidated statement of changes in equity and the interim group management report of Homann Holzwerkstoffe GmbH for the financial year for the period of January 1, 2018 to June 30, 2018.

The preparation of the consolidated interim financial statements and the interim group management report in accordance with the requirements of German commercial law and the principles of the German accounting standard No. 16 “Interim Financial Reporting” (DRS 16) is the responsibility of the Company’s management. Our responsibility is to issue a review report on the consolidated interim financial statements and on the interim group management report based on our review.

We conducted our review of the consolidated interim financial statements and the interim group management report in accordance with the German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with a certain level of assurance, that the consolidated interim financial statements have not been prepared, in material aspects, in accordance with the requirements of German commercial law or do not give a true and fair view of the net assets, financial position and results of operation in accordance with the German principles of proper accounting or that the interim group management report is not consistent with the consolidated interim financial statements or does not comply with the legal requirements or as a whole does not provide a suitable understanding of the company’s position or suitably present the chances and risks of future development or does not comply with the principles of DRS 16 to be applied to the interim financial reporting. A review is limited primarily to inquiries of company employees and analytical assessments and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot issue an auditor’s report.

Based on our review no matters have come to our attention that cause us to presume that the consolidated interim financial statements have not been prepared in material respects in accordance with the requirements of German commercial law or, do not give a true and fair view of the net assets, financial position and results of operation in accordance with the German principles of proper accounting, nor that the interim group management report is not consistent with the consolidated interim financial statements or does not comply with the legal requirements or as a whole does not provide a suitable understanding of the company’s position or suitably present the opportunities and risks of future development or does not comply with the principles of DRS 16 to be applied to the interim financial reporting.

Pursuant to No. 9 sec. 2 of the general terms of engagement, our liability for a single negligent event of damage, except for damages resulting from injury to life, body and health, is limited to EUR 4 million. This limitation of liability applies to you and all other addressees and/or third parties (hereinafter collectively “recipients”) who are informed about the results of our work in accordance with the terms of engagement.

These recipients are joint creditors in the meaning of Section 428 of the German Civil Code (“Bürgerliches Gesetzbuch”, BGB) and the maximum liability amount of EUR 4 million is only available once to all recipients together. The distribution of the liability amount must exclusively be determined by the recipients. We are entitled to also raise objections from the engagement vis-à-vis the recipients included in the scope of protection of the engagement, Section 334 BGB.

Viersen, September 20, 2018

Warth & Klein Grant Thornton AG
Wirtschaftsprüfungsgesellschaft

Dipl.-Kfm. Hans-Hermann Nothofer
(Auditor)

Dipl.-Vw. Peter Kaldenbach
(Auditor)

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