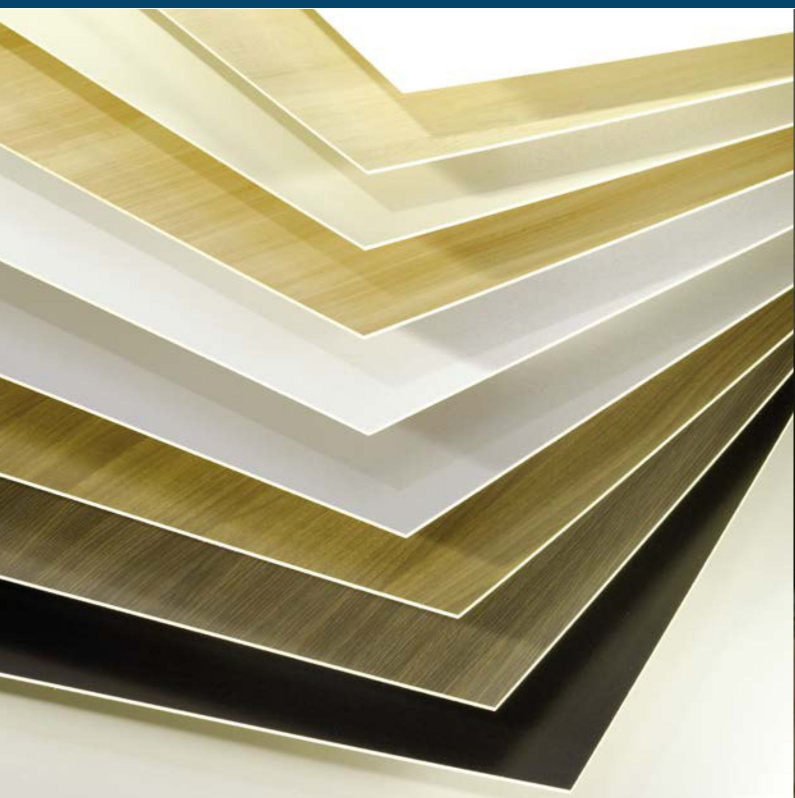
HOMANN
HOLZWERKSTOFFE

Consolidated Financial Statements 2014 for Homann Holzwerkstoffe GmbH



Consolidated Financial Statements 2014 for Homann Holzwerkstoffe GmbH

for the period from January 1, 2014 to December 31, 2014

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FOREWORD

Dear Reader,

Our Group grew dynamically in the past financial year and clearly increased both its sales revenues and its operating earnings. This positive trend is a vindication of our strategy to focus on the production and distribution of thin, high-quality medium-density fibreboards (MDF) and high-density fibreboards (HDF).

The high investments made in our new MDF/HDF raw board plant in Krosno/Oder, Poland, represent a key element of the consistent and successful implementation of our strategy. Taken into operation in the first quarter of 2015, the new plant is the world's most modern facility for the production of thin boards. This technological quantum leap further improves the already high flexibility of our production as well as our profitability. Three-shift operation is about to start shortly, which means that the positive effects will gradually make themselves felt on the earnings side and we will be able to continue the positive trend.

Apart from increasing our profitability, we will place a strategic focus on reducing our leverage and strengthening our equity base in 2015. A first step towards this goal has already been made in the form of the divestment of HomaTrade GmbH with effect from December 2014. HomaTrade GmbH was not of strategic importance and contributed less than 5% to Group revenues. In addition, we are reviewing further steps to focus even more strongly on our core activities and competencies. On balance, we are optimistic about the financial year 2015 and expect further growth. We have set ourselves a target of EUR 207 million in revenues and of EUR 23 million in EBITDA before potential positive one-time effects. We are on a good track.

I would like to take this opportunity to expressly thank our employees, whose commitment and motivation form the basis for our successful performance. At the same time, I would like to thank our customers, investors and partners for the confidence placed in us.

Yours sincerely,

Fritz Homann
Managing Director of Homann Holzwerkstoffe GmbH

GROUP MANAGEMENT REPORT FOR THE FINANCIAL YEAR 2014

A. Presentation of the course of business

Homann Holzwerkstoffe GmbH was established as a parent company in December 1998. The Group develops, produces and sells wooden materials including related products. Homann Holzwerkstoffe GmbH indirectly holds all shares in the three operating companies, HOMANIT GmbH & Co. KG, Losheim/Germany, HOMANIT Polska Sp.z o.o., Karlino/Poland and Homanit Krosno Odranskie Sp.z o.o., Krosno/Poland.

A EUR 50 million bond was issued in the financial year 2012, which was increased by EUR 25 million each in 2013 and 2014 to EUR 100 million.

HOMANIT GmbH & Co. KG, Losheim, and HOMANIT Polska Sp.z o.o., Karlino, produce and sell HDF/MDF wood boards. Homanit Krosno Odranskie Sp.z o.o., Krosno, was established in the financial year 2012. Following the takeover of the assets of Harex S.A., the production division of this company is undergoing a complete reorganisation. The investments in a new HDF/MDF board plant are proceeding according to plan. In April 2015, the plant already produced marketable products, and three-shift operation will start shortly. The total investment will amount to roughly EUR 84 million and is financed primarily with the proceeds from the bond issued by the parent company. Homatech Sp.z o.o., Karlino, provides industrial assembly, maintenance and repair services to the Group and to third parties. Homatrans Sp.z o.o., Karlino, fulfils transport and logistic tasks. HomaTrade GmbH sells laminated panels under an exclusive sales contract in Germany, Austria and Switzerland. Homatrade was sold with effect from December 31, 2014.

1. Description of the business situation in 2014

Macroeconomic situation

Global economic growth was below expectations in 2014 *(source: German Council of Economic Experts – Annual Economic Report 2014/15, Executive Summary).* After a surprisingly strong start to 2014, the German economy experienced a significant setback. Geopolitical risks and unfavourable developments in the euro area are likely to have played a role here (source: as above). The geopolitical situation (Ukraine conflict) and the unresolved financial crisis, which primarily affects Greece, have led to uncertainty, which had an adverse impact on the markets.

The crisis in the euro area is not over. The European Central Bank (ECB) repeatedly provided support, thus giving member states the time they need to remove the main causes of the crisis. The necessary reforms have been initiated (source: German Council of Economic Experts – Annual Economic Report 2014/15, p. 37).

Germany's gross domestic product increased by 1.5% in 2014.

Industry trend

The market situation for the production of HDF and MDF panels did not change materially in the financial year. While the market segment for unfinished HDF and MDF panels measuring between 6 and 30 mm in thickness continues to be characterised by overcapacity and high competitive pressure, the market segment for very thin, high-quality panels of up to 3 mm in thickness, on which the Group focuses, is marked by a healthy competitive situation as well as additional growth opportunities resulting from the continued trend towards lightweight construction in the furniture industry.

According to the "Verband der Deutschen Holzwerkstoffindustrie e.V." (association of the German wooden materials industry), German fibreboard output increased to over 3,600,000 cubic metres in 2014, which marks a return to the level of the year 2012 following a weaker year 2013. The construction and furniture industry remains the main driver of this trend. Based on available figures, Germany's VDM (association of the furniture industry) assumes that revenues increased by approx. 1.5 % in 2014.

Business situation of the Group

At EUR 203 million, revenues in the financial year 2014 were about 6 % below plan (EUR 214 million) but 8 % above the prior year level. The increase on the previous year is primarily attributable to the start-up of another finishing line in Karlino/Poland as well as to moderate price increases imposed on certain customers.

Adjusted for the costs of the bond issue and non-cash exchange losses, the Group's EBITDA amounted to EUR 16.5 million, compared to a planned EUR 18.0 million. The deviation from the plan is primarily attributable to the fact that the cost of materials was 1.5 % higher due to external panel purchases to prepare the market and, most importantly, to a deviation in personnel expenses, which amounted to EUR 31.2 million, compared to a planned EUR 29.2 million.

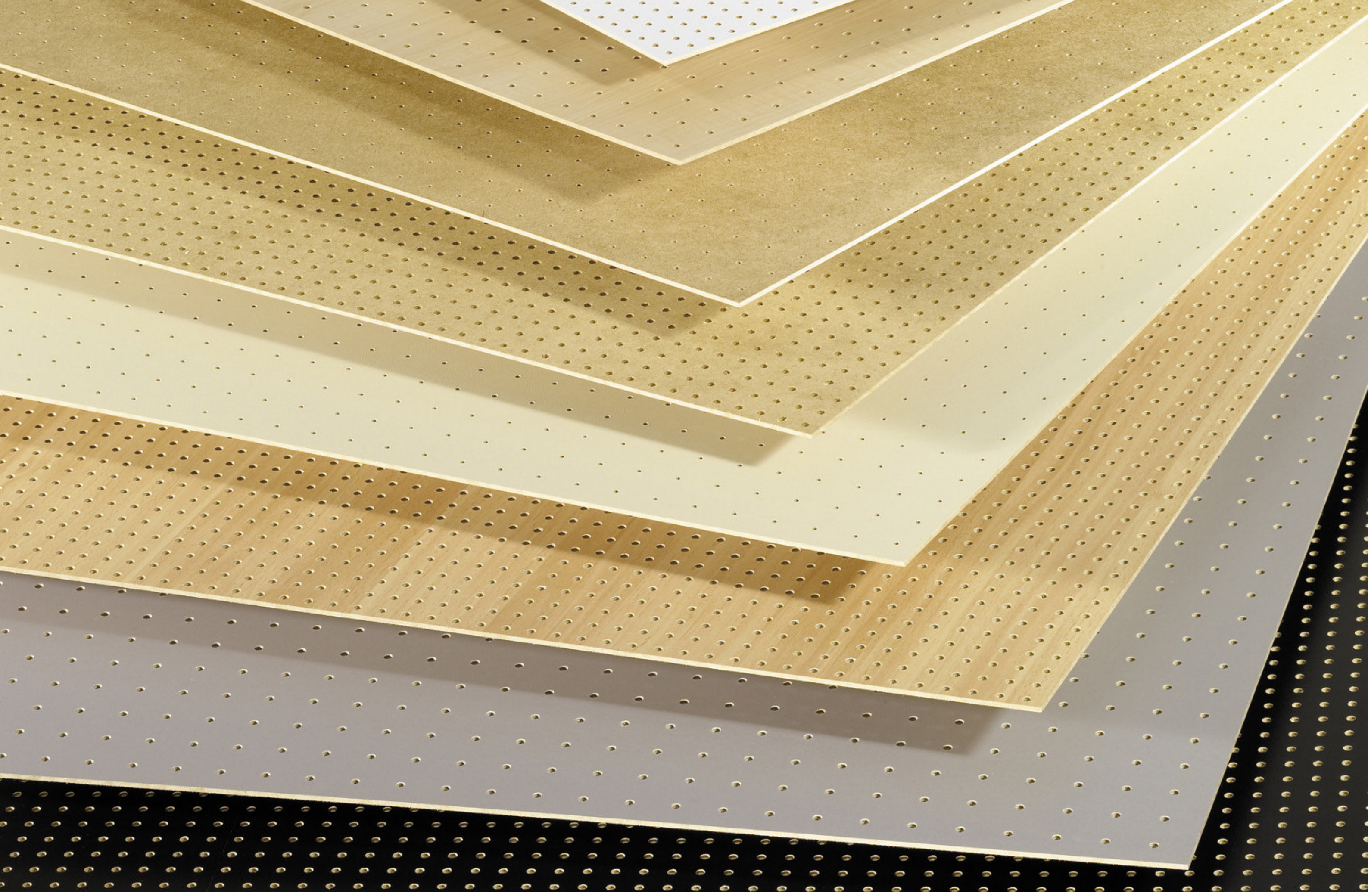
While the prices of the most important raw materials, wood and glue, were relatively high in the previous year, the situation eased notably in the financial year 2014. Nevertheless, the cost of materials as a percentage of revenues did not reach the budgeted level, as panels had to be sourced externally to prepare the market. Taking into account the changes in the stocks of finished and unfinished goods, the cost of materials as a percentage of revenues increased by 0.9 percentage points to 62.4 %.

Personnel expenses were up by EUR 1.1 million on the previous year. This growth is mainly attributable to the increased number of employees at the Polish plants. The restructuring process at the company's Losheim site has essentially been completed. The staff reduction was implemented without a social plan. The personnel cost-intensive finishing activities were relocated to the Krosno plant in mid-2014, which means that the Losheim plant now produces primarily standardised panels.

The PLN exchange rate trend resulted in non-cash exchange losses of EUR 1.2 million in the financial year (previous year: loss of EUR 1.1 million) as well as to a reduction in Group reserves by EUR 1.1 million not recognised in profit/loss.

Extraordinary expenses arising from the restructuring measures in Losheim reduced the result for the year by EUR 1.2 million. The expenses primarily relate to the measures implemented to reduce the headcount.

The result for the year of EUR 5.7 million is not satisfactory but represents a EUR 1.9 million improvement on the previous year.



2. Product policy

HOMANIT focuses on the production and distribution of thin HDF panels, low-swelling, low-formaldehyde boards and lightweight construction for the furniture industry while being committed to achieving the highest levels of quality as well as excellent customer care and a good delivery service. Marketing of the hard fibreboards previously produced in Krosno was discontinued following the March 2015 shut-down of the old plant.

3. Investments

The Group's investments totalled EUR 61.9 million.

HOMANIT Krosno invested EUR 55.5 million in 2014, most of which related to advance payments and work in progress. The construction projects comprise the new ContiRoll panel press, buildings as well as finishing and other processing facilities.

The Losheim plant accounted for capital expenditure worth EUR 3.1 million, of which EUR 2.5 million was spent on projects related to the new ERP system.

Investments at the Karlino plant amounted to EUR 2.9 million. The main projects comprised additional finishing lines, buildings and infrastructure measures. Certain systems will be refinanced through leasing in future.

4. Human resources

The Group employed an average of 1,338 people in 2014 (previous year: 1,151). The increase was mainly due to higher staff requirements at the Polish plants; they resulted from the start-up of another finishing line in Karlino and the relocation of the finishing activities to Krosno.

B. Presentation of the situation

1. Net assets

Consolidated total assets increased from kEUR 204,529 in the previous year by kEUR 27,196 to kEUR 231,725 in the financial year 2014. Investments of kEUR 61,861 contrasted with systematic depreciation of kEUR 10,492. Other loans classified as long-term financial assets were written down by kEUR 1,520 in view of the financial situation of the debtor. Investments were covered by the proceeds from the bond, a bank loan and cash flow.

Inventories declined by kEUR 5,167 due, among other things, to the previous year's deliberate increase in stocks of raw materials and finished goods at Homanit Krosno.

Trade receivables decreased by kEUR 4,448, primarily due to the fact at a substantial receivable was not offered to the factoring company as of December 31, 2013.

Receivables from shareholders increased to kEUR 13,515.

The equity ratio amounted to 7.4 % (previous year: 11.6 %). The reduction is mainly attributable to the consolidated net loss for the year and the increase in total assets. The exchange losses from the translation of equity capital of kEUR 1,092 for 2014, which were not recognised in profit/loss, also contributed to the decline.

Adjusted for the exchange differences recognised in Group reserves, the equity ratio stood at 10.9 % (previous year: 15.0 %).

2. Financial position

The HHW Group's operating cash flow climbed from kEUR 2,118 in the previous year to kEUR 4,118. Net cash used in investing activities amounted to kEUR 59,024.

Financing activities provided additional net cash in the amount of kEUR 38,432, which comprise the proceeds from the bond tap-up (kEUR 25,000) as well as bank loans (kEUR 12,306) and the repurchase of shares in the bond issue (kEUR 6,045). As of December 31, 2014, the Group had cash and cash equivalents in the amount of kEUR 11,274 as well as investments classified as current assets of kEUR 6,307. It is planned to use these funds to finance the remaining investments, especially in Krosno.

As part of the optimisation of the liquidity structure, all companies of the HHW Group form part of a standardised financial planning scheme. As in the previous year, Homann Holzwerkstoffe GmbH partly finances affiliated companies that do not form part of the basis of consolidation.

The issue of a corporate bond maturing in December 2017 and the tap-up of the bond by EUR 25 million each in 2013 and 2014 to a total of EUR 100 million has clearly improved the Homann Group's financing structure, which now consists essentially of long-term financing.

The refinancing of the Homann bond in December 2017 will also follow this long-term principle. With regard to the planned development of the HHW Group, we expect reduced refinancing requirements.

All repayments agreed for long-term loans were made punctually.

3. Results of operation

Total output rose by kEUR 12,928 to kEUR 203,524 (previous year: kEUR 190,596) due to the start-up of another finishing line as well as moderate price increases. As the cost of materials increased to kEUR 127,014 the gross result was up by kEUR 6,580 on the previous year. Although our targets were not reached in full, we are not dissatisfied with the gross result.

Personnel expenses were up by kEUR 1,093 on the previous year due to the increase in the headcount of the Polish plants.

The exchange rate trend of the Polish zloty resulted in non-cash exchange losses of kEUR 1,217 (previous year: kEUR 1,066).

C. Forecast

1. Future development

Macroeconomic situation

The world economy will continue to be split in two in 2015, with growth driven by the United States and the United Kingdom. Global growth will accelerate slightly on balance.

Moderate growth is on the cards for the euro area. With GDP expected to grow by 1.0 % and inflation to reach 0.7 %, the euro area is not unlikely to slide into deflation.

The ECB has lowered its key interest rate to close to zero and initiated extensive quantitative easing measures. This policy entails risks to the long-term economic development of the euro area, not least in the form of declining reform and consolidation efforts on the part of the member states. As long as deflation is not projected for the euro area, the ECB should therefore avoid increasing its balance sheet much further. *(Source: Press release by the German Council of Economic Experts – Annual Economic Report 2014/15).*

Industry trend

The wooden materials industry is projecting slightly higher revenues for 2015 compared to the previous year. The furniture industry, which is a major buyer of wooden materials, expects moderate growth between 1 % and 2 %. The doors industry is another important customer; sales in the domestic market will increase slightly, as building applications, for instance, are showing a positive trend.

Business situation of the Group in 2015

The Group plans a capacity of 580 thousand cubic metres for 2015. The increased capacity results from the start-up of the new panel press in Krosno. Revenues will climb to EUR 207 million as a result of the new capacity. Negotiations with key customers about increased volumes have partly been concluded. This and the decision to no longer source panels from external suppliers and to replace the previously produced hard fibreboards with MDF/HDF panels will support full utilisation of the new plants.

EBITDA are projected to amount to EUR 23 million. One-time effects, especially from the realisation of hidden reserves of approx. EUR 8 million, are expected to increase EBITDA to 31 million.

The strategic focus will be on expanding the finishing activities and, hence, on increasing profitability in the core business segments, on reducing the Group's leverage and on strengthening its equity base. This will result in an equity ratio – adjusted for exchange rate effects and the silent partnership – of approx. 16 % as of December 31, 2015. The headcount will average about 1,285 in 2015.

Investments will total EUR 19.0 million. In Germany, the ERP project will be finalised. An amount of roughly EUR 1.0 million will be invested at Homanit Polska (smaller projects involving plants and buildings). At EUR 15.3 million, Homanit Krosno will account for the bulk of the investments. Key projects relate to the raw fibreboard press, energy supply and buildings.

The planned consumption of materials is essentially based on the actual figures of 2014 in conjunction with slightly higher revenues and the fact that virtually no more panels will be sourced from external suppliers. We continue to work on optimising the consumption of materials.

We assume that the purchase prices of wood and glue will not increase in 2015.

2. Future opportunities and risks

The estimates of the market trend and the implementation of investments required in 2015 are generally based on the assumption that the economic situation will not deteriorate.

The lack of a sustainable political solution to the sovereign debt crisis may entail rising refinancing costs for the states concerned. As far as the German economy is concerned, risks may result from the demographic change. The Ukraine conflict remains unresolved.

The domestic market should aim to display more confidence in market processes instead of increasingly defining market results in order to reach allocation targets. (Source: Press release by the German Council of Economic Experts).

Where the core segment of HD/MD fibreboards is concerned, we assume that we may not be able to fully pass on price increases to our customers. It will be important to actually realise the planned reduction in personnel expenses and the cost of materials.

The assumptions on which our plans and projections for the financial years 2015 and beyond are based do not provide for material changes in energy policy, which means that we believe that energy-intensive enterprises in Germany will continue to benefit from rebates and discounts (EEG apportionment) also in future.

Risks may result from the loss of essential customers. In view of the existing contractual relationships, we currently do not assume that we will lose any essential customers.

Financial risks may arise in 2015 if planned payments from one-time sales transactions are not received or if receipt of payment is delayed significantly. Based on the insight gained from the start-up of the new panel production facility in Krosno, which was successfully completed in March 2015, we currently see no signs for a delay in the start of three-shift operation.

The Polish plants in Karlino and Krosno are exposed to an exchange rate risk. We have installed a system to identify, measure and assess such developments at an early stage. Homanit Polska sp.z.o.o. kdt. uses derivative financial instruments. The hedged transactions relate to interest payments based on euros. In this context, three cap options and three floor options existed as of December 31, 2014, whose total nominal amount was equivalent to the credit exposure. Similar measures have been implemented for Krosno.

3. Outlook and strategic plans for the coming years

The relocation of the finishing activities from Germany to Poland was completed in mid-2014. As a result, no more wage-intensive activities are performed in Germany. We have focused on the production of thin HD/MD fibreboards for many years; this strategy has paid off and will be continued.

In view of the successful start-up of the Krosno plant in March 2015 and the planned capacity utilisation of all plants, we project a positive business trend for 2015 and 2016 and beyond. We therefore believe that the preconditions for the successful refinancing of the bond and the continued stable financing of the HHW Group are in place.

The figures for the first three months of 2015 are positive. At EUR 1.5 million, EBITDA were above plan.

The HHW Group regularly prepares detailed plans and budgets which reflect revenues, costs and financial developments. Its companies operate functioning internal control systems which regularly monitor the net assets, financial position and earnings situation.

Building on consistent market observation and the translation of market analysis results into plans and clearly defined targets as well as on efficient structures and short decision-making lines, we feel we are well positioned for the future.

Herzberg, April 13, 2015

(Fritz Homann)

Homann Holzwerkstoffe GmbH
Herzberg am Harz

Notes to the consolidated financial statements
for the period from January 1, 2014 to December 31, 2014

CONSOLIDATED BALANCE SHEET FOR THE YEAR ENDED DECEMBER 31, 2014

Homann Holzwerkstoffe GmbH, Herzberg

ASSETS

	Item Comment	EUR	Dec. 31, 2014 EUR	Dec. 31, 2013 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		62,996.83		59,675.54
2. Advance payments made		2,532,097.14		0.00
			2,595,093.97	59,675.54
II. Tangible assets	6.a.			
1. Properties, rights equivalent to real property and structures including structures on third-party properties		25,492,909.08		25,357,758.59
2. Technical equipment and machinery		66,361,899.02		72,329,341.84
3. Other property, plant and equipment		3,339,331.94		3,450,928.84
4. Advance payments made and work in progress		59,375,860.73		6,852,241.20
			154,570,000.77	107,990,270.47
III. Financial assets	6.b.			
1. Shares in affiliated companies		25,000.00		36,657.24
2. Loans to affiliated companies		0.00		29,341.20
3. Equity investments		782,324.50		510,000.00
4. Other loans		0.00		1,520,000.00
			807,324.50	2,095,998.44
B. Current assets				
I. Inventories				
1. Raw materials and supplies		13,635,047.11		17,165,745.27
2. Unfinished goods		38,763.66		979.16
3. Finished goods		8,310,828.77		9,746,597.30
4. Advance payments made		44,125.27		283,012.10
			22,028,764.81	27,196,333.83
II. Receivables and other assets	6.c.			
1. Trade receivables		2,181,069.63		6,629,402.59
2. Receivables from affiliated companies		210,443.79		28,572.81
3. Receivables from shareholders		13,515,184.00		8,295,443.71
4. Other assets		14,190,769.57		15,373,174.02
			30,097,466.99	30,326,593.13
III. Other securities	6.d.		6,307,283.95	16,133,217.54
IV. Cash holdings, bank deposits and cheques			11,274,111.07	17,033,473.15
C. Accrued items	6.c.		1,338,219.13	841,448.15
D. Deferred tax assets	6.e.		2,706,393.00	2,851,597.00
			231,724,658.19	204,528,607.25

LIABILITIES

	Item Comment	EUR	31.12.2014 EUR	31.12.2013 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		21,839.00		21,839.00
IV. Group reserves		−9,155,664.51		−8,041,208.96
V. Consolidated unappropriated retained earnings		1,065,063.45		6,809,590.58
			16,956,802.54	23,815,785.22
B. Provisions	6.g.			
1. Provisions for pensions		1,373,269.00		1,164,238.00
2. Provisions for taxes		1,125,148.39		2,951,754.00
3. Other provisions		4,111,495.73		5,537,780.83
			6,609,913.12	9,653,772.83
C. Liabilities	6.h.			
1. Bonds		100,000,000.00		75,000,000.00
2. Silent partnership		5,250,000.00		10,169,378.21
3. Liabilities to financial institutions		65,700,646.66		53,393,474.35
4. Trade liabilities		19,579,149.04		21,734,580.75
5. Liabilities to affiliated companies		55,076.05		21,979.30
6. Liabilities to shareholders		0.00		381,498.00
7. Other liabilities		17,573,070.78		10,358,138.59
			208,157,942.53	171,059,049.20
			231,724,658.19	204,528,607.25
Contingent liabilities	8.			

CONSOLIDATED INCOME STATEMENT

Homann Holzwerkstoffe GmbH, Herzberg
for the period from January 1, 2014 to December 31, 2014

	Item Comment	Dec. 31, 2014 EUR	Dec. 31, 2013 EUR
1.Revenues	7.a	202,972,711.76	186,995,675.45
2.Reduction/increase in inventory of finished and unfinished goods		−80,058.82	2,418,001.16
3.Other own work capitalised		631,310.54	1,182,638.38
4.Other operating income	7.b	8,530,378.59	7,479,541.46
		212,054,342.07	**198,075,856.45**
5.Cost of materials			
a) Cost of raw materials and consumables and goods for resale		−109,531,984.44	−102,329,465.02
b) Cost of purchased services		−17,482,113.15	−17,286,903.61
		−127,014,097.59	−119,616,368.63
Gross profit or loss		**85,040,244.48**	**78,459,487.82**
6.Expenses for personnel	7.c		
a) Wages and salaries		−25,851,673.52	−25,015,801.56
b) Social security, pensions and other benefits		−5,365,796.66	−5,108,954.74
		−31,217,470.18	−30,124,756.30
7.Depreciation and amortisation of intangible and tangible fixed assets		−10,492,233.49	−9,022,142.00
8.Other operating expenses	7.d	−39,400,085.90	−36,661,588.29
Operating result		**3,930,454.91**	**2,651,001.23**
9.Income from investments		300,000.00	0.00
10.Income from other investments and loans classified as financial assets		113,649.00	127,144.00
11.Other interest and similar income		1,714,810.95	1,828,624.75
12.Write-down of financial investments and investments classified as current assets		−2,118,803.70	−574,236.66
13.Interest and similar expenditure		−7,874,692.52	−9,288,388.74
Financial result	7.e	**−7,865,036.27**	**−7,906,856.65**
Results from ordinary activities		**−3,934,581.36**	**−5,255,855.42**
14.Extraordinary expenses	7.f	−1,232,690.30	−3,672,073.00
15.Income taxes	7.g	−577,255.47	1,346,803.28
16.Consolidated net loss for the year		**−5,744,527.13**	**−7,581,125.14**
17.Consolidated unappropriated profits carried forward		6,809,590.58	14,390,715.72
18.Consolidated unappropriated retained earnings		**1,065,063.45**	**6,809,590.58**

CONSOLIDATED STATEMENT OF CASH FLOWS

Homann Holzwerkstoffe GmbH, Herzberg
for the period from January 1, 2014 to December 31, 2014

	2014 kEUR	2013 kEUR
Consolidated result	−5,745	−7,581
Depreciation of assets	10,492	9,022
Loss/profit from the disposal of fixed assets	24	−28
Gains on the disposal of shares in affiliated companies	−2,382	0
Change in pension provisions	209	220
Other non-cash income/expenses	1,520	485
Subtotal	**4,118**	**2,118**
Changes in		
- Inventories	4,055	−4,336
- Receivables from shareholders	−5,434	−2,880
- Trade accounts receivable	4,356	−3,717
- Other assets	4,599	−13,984
- Other provisions	−3,183	2,684
- Trade liabilities/Advance payments received	−1,568	1,371
- Liabilities to shareholders /affiliated companies	−144	366
- Other liabilities	7,370	2,024
- Currency-related change in liabilities/assets	825	207
Subtotal	**10,876**	**−18,265**
Cash flow/outflow from operating activities	**14,994**	**−16,147**
Cash flow from the disposal of tangible assets / intangible assets	72	333
Payments for investments in tangible assets / intangible assets	−61,896	−20,528
Receipts from the sale of consolidated companies	2,800	0
Payments for the acquisition of consolidated companies	0	−19
Cash outflow from investing activities	**−59,024**	**−20,214**
Raising of new (financial) loans and bonds	37,306	25,000
Redemption of (financial) loans / silent partnership	−4,919	−3,846
Payments for the acquisition of shares in bonds issued	6,045	−12,691
Cash flow from financing activities	**38,432**	**8,463**
Change in cash and cash equivalents	**−5,598**	**−27,898**
Consolidation-related change in cash and cash equivalents	**−161**	**0**
Cash and cash equivalents at the beginning of the period	17,033	44,931
Cash and cash equivalents at the end of the period	**11,274**	**17,033**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Homann Holzwerkstoffe GmbH, Herzberg
for the period from January 1, 2014 to December 31, 2014

	Majority shareholder					
	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	Equity capital EUR
January 1, 2013	25,000,000	25,565	21,839	−6,999,500	14,390,715	32,438,619
Changes in the basis of consolidation	0	0	0	0	0	0
Exchange differences	0	0	0	−1,041,709	0	−1,041,709
Group result for the year	0	0	0	0	−7,581,125	−7,581,125
December 31, 2013/ January 1, 2014	25,000,000	25,565	21,839	−8,041,209	6,809,590	23,815,785
Changes in the basis of consolidation	0	0	0	−22,714	0	−22,714
Exchange differences	0	0	0	−1,091,742	0	−1,091,742
Group result for the year	0	0	0	0	−5,744,527	−5,744,527
December 31, 2014	25,000,000	25,565	21,839	−9,155,664	1,065,063	16,956,803

Minority shareholder				
Minority capital EUR	Group reserves (adjustment item from foreign currency translation) EUR	Consolidated unappropriated retained earnings (Group equity capital generated) EUR	Equity capital EUR	Group equity capital EUR
1,288	4,209	8,904	14,401	32,453,020
−1,288	−4,209	−8,904	−14,401	−14,401
0	0	0	0	−1,041,709
0	0	0	0	−7,581,125
0	0	0	0	23,815,785
0	0	0	0	−22,714
0	0	0	0	−1,091,742
0	0	0	0	−5,744,527
0	0	0	0	16,956,803

Homann Holzwerkstoffe GmbH
Herzberg am Harz

Explanatory notes to the consolidated financial statements for the period from January 1, 2014 to December 31, 2014

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR 2014

1. Preparation of the consolidated financial statements

The consolidated financial statements of Homann Holzwerkstoffe GmbH (HHW) for the year ended December 31, 2014 were drawn up in accordance with the requirements of the German Commercial Code (HGB). The financial statements of consolidated companies were generally drawn up in accordance with the requirements of the respective countries. For the purposes of the consolidated financial statements, the separate financial statements were converted pursuant to sections 300, para. 2, and 308 HGB to a 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).

2. Basis of consolidation

The following companies were included in the consolidated financial statements as of December 31, 2014:

No.	Company	Equity share	Held by	Equity Dec. 31, 2014 100%	Net profit/loss for the period as of Jan. 1, .2014 Dec. 31, 2014
		%	No.	kEUR	
1	Homann Holzwerkstoffe GmbH, Herzberg				
2	Homanit Holding GmbH, Losheim	100.00	1	53,673	+621
3	Homanit GmbH & Co. KG, Losheim	100.00	2	21,321	+1,791
4	Homanit Verwaltungsgesellschaft mbH, Losheim	100.00	3	31	+1
5	Homanit France SARL, Schiltigheim	100.00	3	21	+2
6	Homanit Polska Sp.z o.o., Spolka	99.99	3	42,082	+8,290
	Kommandytowa, Karlino	0.01	7		
7	Homanit Polska Sp.z o.o., Karlino	100.00	3	320	+26
8	Homatrans Sp.z o.o., Karlino	100.00	6	667	+214
9	HomaTrade GmbH, Herzberg	-	1	-	+187
10	Homanit Krosno Odranskie Sp.z o.o., Krosno	99.99	2	−5,260	−6,338
11	Homatech Polska Sp.z o.o., Karlino	100.00	6	147	+51

The shares in HomaTrade GmbH have been sold. Accordingly, HomaTrade GmbH was deconsolidated with effect from December 31, 2014 and its figures are no longer included in the consolidated balance sheet (in contrast to the consolidated income statement).

3. Consolidation principles

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 consolidated financial statements show no goodwill from capital consolidation. Negative goodwill is recognised in Group reserves. The purchase method (Neubewertungsmethode) was used for Group companies that were included in the 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 December 31, while income statements are generally translated at the average rate for the financial year. Rate differences from the translation of subscribed capital as well as profit carried forward from subsequent consolidation are recognised in Group reserves. The differences from translation of annual results at average rates are recognised in Group reserves 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 recognised in Group reserves 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.

Intangible assets are measured at cost of purchase, less scheduled straight-line depreciation.

Tangible fixed 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. 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 provisions. The straight-line method is applied where it leads to a higher rate of amortisation or depreciation than the declining balance method.

Financial assets are measured at cost of purchase. Required valuation adjustments are applied.

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 recognised at the exchange rate in effect on the transaction date or at lower rates in effect on the balance sheet date.

Liquid funds are stated at the nominal value. Funds in foreign currencies are translated at the spot exchange rate as of the reporting date.

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.

Advance payments of costs that concern the months after December 31 are recognised in **prepaid expenses**. Discounts do not form part of 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 the recognition of **provisions for pensions**, please see the remarks in the notes to the balance sheet.

Tax provisions and **other provisions** take into account all discernible risks and contingent liabilities pursuant to section 253, para. 1, sentence 2 HGB. Provisions with a term of more than one year are discounted at the average market interest rate over 15 years.

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.

6. Notes to the consolidated balance sheet

a) Fixed assets

Changes in consolidated fixed assets:

	Cost of purchase/manufacture						
	Date Jan. 1, 2014 EUR	Re-classifications EUR	Additions EUR	Changes in the basis of consolidation EUR	Disposals EUR	Foreign exchange differences EUR	Date Dec. 31, 2014 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	1,687,852.60	4,748.62	23,926.01	0.00	0.00	−22,089.03	1,694,438.20
2. Advance payments made	0.00	0.00	2,532,097.14	0.00	0.00	0.00	2,532,097.14
	1,687,852.60	4,748.62	2,556,023.15	0.00	0.00	−22,089.03	4,226,535.34
II. Tangible fixed assets							
1. Properties, rights equivalent to real property and structures including structures on third-party properties	45,656,788.53	1,324,525.07	959,306.70	0.00	−149,178.09	−641,370.43	47,150,071.78
2. Technical equipment and machinery	148,622,521.01	2,575,317.79	525,598.37	0.00	−1,266,056.41	−2,216,073.03	148,241,307.73
3. Other property, plant and equipment	10,913,106.65	9,771.88	1,223,430.80	−31,997.83	−835,874.44	−94,042.92	11,184,394.14
4. Advance payments made and work in progress	6,852,241.20	−3,914,363.36	56,359,512.93	0.00	−23,122.03	101,591.99	59,375,860.73
	212,044,657.39	−4,748.62	59,067,848.80	−31,997.83	−2,274,230.97	−2,849,894.39	265,951,634.38
III. Financial assets							
1. Shares in affiliated companies	36,657.24	0.00	0.00	0.00	−11,657.24	0.00	25,000.00
2. Loans to affiliated companies	29,341.20	0.00	0.00	0.00	−29,341.20	0.00	0.00
3. Equity investments	510,000.00	0.00	272,324.50	0.00	0.00	0.00	782,324.50
4. Other loans	2,000,000.00	0.00	0.00	0.00	0.00	0.00	2,000,000.00
	2,575,998.44	0.00	272,324.50	0.00	−40,998.44	0.00	2,807,324.50
	216,308,508.43	0.00	61,896,196.45	−31,997.83	−2,315,229.41	−2,871,983.42	272,985,494.22

Depreciation/impairments							Book value	
Date Jan. 1, 2014	Additions	Changes in the basis of consolidation	Disposals	Re-classifications	Foreign exchange differences	Date Dec. 31, 2014	Date Dec. 31, 2014	Date Jan. 1, 2014
EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
1,628,177.06	24,771.37	0.00	0.00	0.00	−21,507.06	1,631,441.37	62,996.83	59,675.54
0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,532,097.14	0.00
1,628,177.06	24,771.37	0.00	0.00	0.00	−21,507.06	1,631,441.37	2,595,093.97	59,675.54
20,299,029.94	2,008,797.63	0.00	−94,212.07	133.00	−556,585.80	21,657,162.70	25,492,909.08	25,357,758.59
76,293,179.17	7,608,722.65	0.00	−1,714,380.14	−133.00	−307,979.97	81,879,408.71	66,361,899.02	72,329,341.84
7,462,177.81	849,942.84	−8,929.83	−410,601.83	0.00	−47,526.79	7,845,062.20	3,339,331.94	3,450,928.84
0.00	0.00	0.00	0.00	0.00	0.00	0.00	59,375,860.73	6,852,241.20
104,054,386.92	10,467,463.12	−8,929.83	−2,219,194.04	0.00	−912,092.56	111,381,633.61	154,570,000.77	107,990,270.47
0.00	0.00	0.00	0.00	0.00	0.00	0.00	25,000.00	36,657.24
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	29,341.20
0.00	0.00	0.00	0.00	0.00	0.00	0.00	782,324.50	510,000.00
480,000.00	1,520,000.00	0.00	0.00	0.00	0.00	2,000,000.00	0.00	1,520,000.00
480,000.00	1,520,000.00	0.00	0.00	0.00	0.00	2,000,000.00	807,324.50	2,095,998.44
106,162,563.98	12,012,234.49	−8,929.83	−2,219,194.04	0.00	−933,599.62	115,013,074.98	157,972,419.24	110,145,944.45

b) Financial assets

As of December 31, 2014, the shares in HBG Holzbaustoff Beteiligungs-GmbH, Munich, were recognised as shares in affiliated companies. In the previous year, the Group additionally held the shares in Homanit Poznan sp.z.o.o. These companies are currently not consolidated as they are of minor importance. The loans to affiliated companies in the previous year related to Homanit Poznan. 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 (one third respectively as of December 31, 2013). These companies are also not consolidated as they are of minor importance.

Other loans relate to silent partnership. This partnership has been firmly agreed until December 31, 2019, taking into account an interest rate of at least 4 % (maximum kEUR 80). The silent partnership is subject to a declaration of subordination / loan maintenance agreement. Due to further contractual restrictions and the financial situation of the company, the write-down was adjusted to 100 % compared to the previous year.

c) Receivables, other assets, prepaid expenses

Receivables from shareholders involve the interest-bearing clearing accounts with VVS GmbH and Fritz Homann GmbH. Significant items recognised in other assets are tax refund claims amounting to kEUR 8,172 (previous year: kEUR 4,961) as well as receivables from a factoring company amounting to kEUR 2,970 (previous year: kEUR 2,716). Receivables and other assets in the amount of kEUR 13,030 (previous year: kEUR 8,325) have a remaining term of more than one year. Accrued items primarily include insurance contributions for the time after December 31, 2014.

d) Other securities

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

	Dec. 31, 2014 kEUR	Dec. 31, 2013 kEUR
Corporate bonds	6,145	15,317
Poland government bond	99	104
Starhedge S.A. (formerly: Global Energy S.A.)	11	34
Other fund shares	52	678
	6,307	16,133

Of the corporate bonds, an amount of kEUR 6,045 (previous year: kEUR 12,691) relates to an investment in the bond issued by the company.

e) Deferred tax assets

Deferred tax assets totalling kEUR 229 (previous year: kEUR 218) are the result of differing valuation approaches used for the commercial balance sheet and the tax balance sheet. Deferred tax liabilities of kEUR 53 (previous year: kEUR 52) were deducted from these. Additional deferred tax assets of kEUR 2,339 (previous year: kEUR 2,439) were calculated on losses carried forward. The tax payable was determined in accordance with the respective legal form. Tax rates of between 13 % and 26.25 % were used.

Consolidation measures resulted in additional deferred tax assets totalling kEUR 191 (previous year: kEUR 247). The parent company’s tax rate of 26.25 % was applied to the consolidation measures.

f) Equity

Subscribed capital, reserves and consolidated unappropriated retained earnings are recognised as **equity**. Pursuant to commercial register entries, the following shareholder relationships existed as of December 31, 2014:

	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).

Group reserves consist of the following:

	Dec. 31, 2014 kEUR	Dec. 31, 2013 kEUR
Exchange differences	−9,238	−8,145
Negative goodwill arising from capital consolidation	+82	+104
	−9,156	−8,041

The negative goodwill resulting from initial consolidation relates to Homatrans (kEUR 80) and Homanit Verwaltungs GmbH (kEUR 2). In the event of the sale of the shares in these companies, the negative goodwill will be released through profit. As a result of the deconsolidation of Homatrade GmbH with effect from December 31, 2014, negative goodwill was reduced by kEUR 22.

As of December 31, 2014, the **consolidated unappropriated retained earnings** amounted to kEUR 1,065. The reconciliation arises from the income statement.

g) Provisions

The projected unit credit method based on the "2005 G" tables of Prof. Klaus Heubeck was applied as the actuarial calculation method. The calculation was based on the following assumptions:

	Dec. 31, 2014 kEUR
Interest rate (pursuant to simplification rule of section 253 para. 2 sentence 2 HGB)	4.53 %
Anticipated wage and salary increases p.a.	0.00 %
Expected pension increases p.a.	1.50 %
Staff turnover p.a.	3.30 %

As of December 31, 2014 an amount of kEUR 66 from the first-time adoption of the German BilMoG Act had not yet been recognised in pension provisions.

The **tax provisions** include settlement arrears from trade and corporate tax payment obligations from previous years primarily as a result of tax audits.

Other provisions primarily involve obligations to employees and the expenses arising from the restructuring of the plant in Losheim.

The liabilities resulting from domestic early retirement arrangements are backed by securities. These securities are offset against the underlying liabilities. As of December 31, 2014, a negative difference in the amount of kEUR 927 arose which was recognised in other provisions. The provisions amounted to kEUR 2,310, and the plan assets offset against the latter at fair value amounted to kEUR 1,383. In the income statement, there was a corresponding offsetting of the expenses from compounding against the interest income from the investment of the plan assets.

h) Liabilities

Liabilities have the following maturity structure:

December 31, 2013	up to 1 year	1 to 5 years	more than 5 years	total
1. Bonds	0.00	75,000,000.00	0.00	75,000,000.00
2. Silent partnership	5,084,689.11	5,084,689.10	0.00	10,169,378.21
3. Liabilities to financial institutions	28,010,099.01	25,383,375.34	0.00	53,393,474.35
4. Trade liabilities	21,734,580.75	0.00	0.00	21,734,580.75
5. Liabilities to affiliated companies	21,979.30	0.00	0.00	21,979.30
6. Liabilities to shareholders	381,498.00	0.00	0.00	381,498.00
7. Other liabilities	7,958,138.59	2,400,000.00	0.00	10,358,138.59
	63,190,984.76	107,868,064.44	0.00	171,059,049.20

December 31, 2014	up to 1 year	1 to 5 years	more than 5 years	total
1. Bonds	0.00	100,000,000.00	0.00	100,000,000.00
2. Silent partnership	1,250,000.00	0.00	4,000,000.00	5,250,000.00
3. Liabilities to financial institutions	40,055,191.27	24,407,955.39	1,237,500.00	65,700,646.66
4. Trade liabilities	19,579,149.04	0.00	0.00	19,579,149.04
5. Liabilities to affiliated companies	55,076.05	0.00	0.00	55,076.05
6. Liabilities to shareholders	0.00	0.00	0.00	0.00
7. Other liabilities	16,173,070.78	1,400,000.00	0.00	17,573,070.78
	77,112,487.14	125,807,955.39	5,237,500.00	208,157,942.53

On 14 December 2012, the company issued a 5-year corporate bond in the amount of EUR 50 million at the Frankfurt/Main stock exchange. The bond was increased by EUR 25 million each in July 2013 and in May 2014. Interest is payable in arrears on December 14 of each year. The interest rate is 7.0 % p.a. The bond is unsecured and unsubordinated. Interest was recognised on an accrual basis as of December 31, 2014.

The silent partnership relates to two contracts with a Saarland-based bank. The first contract relates to a partnership of originally kEUR 2,500, of which an amount of kEUR 1,250 was repaid as of December 30, 2014. The remaining amount is due on December 30, 2015. A compensation of 3.5 % is paid during loss-making periods. An additional profit-related compensation will become effective only if and when the result determined according to tax regulations is positive.

The second contract relates to a silent partnership in the original amount of DM 15.0 million (kEUR 7,669). This partial partnership will be continued until September 30, 2022 at an amount of kEUR 4,000. Of the original amount, an amount of kEUR 3,600 is granted as an eight-year loan, and kEUR 69 were repaid on September 30, 2014.

Liabilities to financial institutions are secured by land charges (Grundschulden) on corporate properties and by security assignments relating to purchased machinery and inventories. The remaining liabilities are unsecured.

A customer loan amounting to kEUR 2,425 (previous year: kEUR 3,436) was recognised in other liabilities. The customer participates in the financing of investments in technical facilities. This item also includes, in particular, liabilities from plant orders of kEUR 11,095 (previous year: kEUR 4,012) and outstanding wages of kEUR 1,135 (previous year: kEUR 1,049) as well as accrued interest under the bond issue in the amount of kEUR 311 (previous year: kEUR 233). Taxes accounted for kEUR 1,030 (previous year: kEUR 289) and social insurance contributions for kEUR 784 (previous year: kEUR 566).

7. Notes to the income statement

a) Revenues

The Group generates its revenues in the following markets:

	2014 kEUR	2013 kEUR
Germany	51,108	53,266
European Union	140,569	123,214
Rest	11,295	10,516
	202,972	186,996

The table below shows a breakdown of revenues by business segments:

	2014 kEUR	2013 kEUR
HDF/MDF boards	193,992	177,854
Homatrade laminated panels	8,664	8,966
Logistics / technical service	316	176
	202,972	186,996

b) Other operating income

The main item recognised in other operating income were non-cash exchange gains of kEUR 3,952 (previous year: kEUR 3,496). The 2014 figure also includes income from the sale/deconsolidation of an investment in the amount of kEUR 2,382 as well as income from the release of provisions of kEUR 513. Material items included in the prior year figure were income unrelated to the accounting period of kEUR 1,195 as well as income from derivatives of kEUR 1,156.

c) Expenses for personnel

Expenses for personnel in the amount of kEUR 31,217 (previous year: kEUR 30,125) include expenses for old-age provisions of kEUR 217 (previous year: kEUR 220).

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

	2014	2013
Salaried workers	303	272
Hourly workers	1,033	879
Total	1,336	1,151

d) Other operating expenses

Other operating expenses primarily include freight and sales costs in the amount of kEUR 13.335 (previous year: kEUR 12,720), repair and maintenance costs in the amount of kEUR 6,304 (previous year: kEUR 5,983), administrative costs of kEUR 7,077 (previous year: kEUR 5,912) and non-cash currency losses of kEUR 5,174 (previous year: kEUR 4,562). This item also includes other tax expenses of kEUR 1,485 (previous year: kEUR 790) as well as costs related to the corporate bond issue of kEUR 982 (previous year: kEUR 453).

e) Financial result

Income from investments relates to profit share credited by non-consolidated DHN Transportmittel GmbH & Co. KG as per a shareholders' resolution. Income from other securities and loans classified as financial assets as well as interest income result, among other things, from the settlement accounts with the shareholders of the silent partnership in an enterprise as well as from securities and deposits. Write-downs of financial investments of kEUR 1,520 relate to a silent partnership. Investments classified as current assets were written down by kEUR 554.

Interest expenses primarily include interest paid on the bond as well as interest on loans granted by the lending banks.

The loan granted to Homanit Krosno stems from the proceeds of the bond and serves to finance investments. Interest relating to the construction phase in the amount of kEUR 3,442 was therefore capitalised in the financial year 2014.

f) Extraordinary expenses

As in the previous year, extraordinary expenses relate to the expenses for the restructuring process in Losheim (kEUR 1,226) as well as the adjustment of the pension provisions to the German BilMoG Act, which was recognised as an expense (kEUR 7).

g) Income taxes

This item breaks down as follows:

	2014	2013
Deferred taxes on losses carried forward	−58	1.988
Deferred taxes from consolidation	47	283
Deferred taxes resulting from differences between amounts recognised in the commercial balance sheet and amounts recognised in the tax balance sheet	9	177
Corporate income tax and trade tax from previous years	−400	−1.057
Corporate income tax and trade tax in the financial year	−175	−44
	−577	1.347

Deferred tax assets were recognised for losses carried forward only where corresponding income is projected to be generated.

8. Contingent liabilities and other financial commitments

Homann Holzwerkstoffe GmbH has provided Nord LB with a loan maintenance agreement. This relates to the silent partnership and the deferred payment claims. As of December 31, 2014 the assets subject to the maintenance agreement were recognised in the consolidated balance sheet at kEUR 2,000.

As of the balance sheet date, other financial commitments amounted to kEUR 5,294 (previous year: kEUR 5,269). These commitments involve rental and leasing agreements. There is also a liability from plant orders amounting to kEUR 5,325 (previous year: kEUR 9,113). Agreements are in place with three financial institutions for financing instruments designed to hedge interest rate and exchange rate risks. Based on the negative market value, a corresponding provision of kEUR 46 (previous year: kEUR 398) was established as of the balance sheet date.

9. Other information

The parent company of Homann Holzwerkstoffe GmbH is Fritz Homann GmbH, Herzberg.

Mr Fritz Homann, Commercial Manager, Munich, is responsible for the conduct of business. Mr Jan-Peter Nissen, Commercial Manager, Osnabrück, was a member of the management from May 8, 2014 to December 31, 2014.

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.

The fee recognised as an expense in the financial year 2014 pursuant to section 314 para. 1 No. 9 HGB comprises audit services in the amount of kEUR 185 (previous year: kEUR 175), tax advice services in the amount of kEUR 234 (previous year: kEUR 197) as well as other services in the amount of kEUR 17 (previous year: kEUR 41).

Herzberg, April 13, 2015

Fritz Homann

AUDITOR'S REPORT:

We have audited the consolidated financial statements drawn up by Homann Holzwerkstoffe GmbH, Herzberg, comprising the balance sheet, income statement, notes, statement of cash flows, statement of changes in equity, and the Group management report for the financial year from January 1, 2014 to December 31, 2014. The preparation of the consolidated financial statements and the Group management report in accordance with the provisions of German commercial and company law is the responsibility of the company's legal representatives. Our remit is to express an opinion on the consolidated financial statements and the Group management report on the basis of our audit.

We conducted our audit of the consolidated financial statements pursuant to section 317 of the German Commercial Code (Handelsgesetzbuch – HGB) and the generally accepted standards for auditing financial statements promulgated by the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer in Deutschland e.V. – IDW), which require us to plan and perform the audit in such a way that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements, prepared in accordance with the German principles of proper accounting, and in the Group management report, are detected with reasonable certainty. Knowledge of the Group's business activities, economic and legal circumstances and expectations concerning possible errors are taken into account when determining the audit activities. The effectiveness of the internal auditing system and the accuracy of the evidence supporting the information contained in the consolidated financial statements and the Group management report are predominantly tested on the basis of random sampling. The audit includes an evaluation of the annual financial statements of those entities included in consolidation, of the determination of entities to be included in consolidation, of the accounting and consolidation principles applied and the principal estimates made by the legal representatives, as well as an appraisal of the overall view conveyed by the consolidated financial statements and the Group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements for the financial year from January 1, 2014 to December 31, 2014 comply with prevailing legal requirements and convey an accurate and fair view of the Group's net assets, financial position and results of operations in keeping with generally accepted accounting principles. Furthermore, the consolidated management report is in conformity with the consolidated financial statements, provides an accurate description of the Group's overall position and accurately sets out the risks and opportunities inherent in future developments.

Viersen, April 21, 2015

Warth & Klein Grant Thornton AG
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