

To the General Meeting of
Bauwerk Boen AG, Wallisellen

Zurich, 17 April 2019

Report of the statutory auditor on the consolidated financial statements

As statutory auditor, we have audited the accompanying consolidated financial statements of Bauwerk Boen AG, which comprise the consolidated balance sheet, the consolidated statement of income, consolidated statement of changes in equity, consolidated statement of cash flows and notes to the consolidated financial statements, for the year ended 31 December 2018.



Board of Directors' responsibility

The Board of Directors is responsible for the preparation of the consolidated financial statements in accordance with Swiss GAAP FER and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.



Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the consolidated financial statements for the year ended 31 December 2018 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with Swiss GAAP FER and comply with Swiss law.



Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibility* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Valuation of inventory

Risk	The total balance of net inventories as of 31 December 2018 amounts to 93.327 million representing approximately 36% of the total assets of the consolidated financial statements of Bauwerk Boen AG. We focused on this position because the net inventories are material to the consolidated financial statements, involve a high level of judgment and are subject to uncertainty due to market demand changes and exchange rates.
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See the "Valuation guidelines/valuation principles" on page 14 and Note 11 "Inventories" in the notes to the consolidated financial statements on page 23.

Our audit response	We assessed the process, methods and assumptions used to identify slow moving, excess or obsolete items and to calculate the related allowance. We compared the assumptions used to determine the allowance with historical data from the past. We tested the reliability of the underlying data used by management to calculate the inventory allowance, including re-performing the aging calculation driven by the system. We also tested the accuracy of the calculation. Furthermore, we compared the net realizable value with the carrying value for a sample of products to identify a need for impairment.
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Our audit procedures did not lead to any reservations regarding to the valuation of inventories.

Non-compliance with financial debt covenants

Risk	The Group's financial liabilities of CHF 139.961 million (aggregate of current and non-current) represent 54% of the consolidated financial statements of Bauwerk Boen AG as of 31 December 2018. The availability of adequate funding and the testing of whether the company can continue to meet its financial covenants are significant for the going concern assumption of the Company. The Company assessed to be in
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compliance with the applicable debt covenants as per 31 December 2018 and expects to continue to be compliant for the remaining period of the finance contracts.

See the Note 16 “Current/non-current financial liabilities” to the financial statements on page 27.

**Our audit
response**

We assessed the Company's debt covenant calculation and compliance with applicable debt covenants as per 31 December 2018 and evaluated the Company's assessment of continued covenant compliance.

Our audit procedures did not lead to any reservations regarding non-compliance with financial debt covenants.



Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a para. 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

Ernst & Young Ltd

Licensed audit expert
(Auditor in charge)

Licensed audit expert

Enclosures

- ▶ Consolidated financial statements (consolidated balance sheet, consolidated statement of income, consolidated statement of changes in equity, consolidated statement of cash flows and notes)

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Annual Report 2018

Company profile

Bauwerk Boen AG operates as the parent company of the Bauwerk Boen group and holds its parent undertaking, Bauwerk Parkett AG, St. Margrethen, a 100% investment.

The merger of the Swiss Bauwerk group and the Norwegian Boen group took place as of 22 May 2013. In the course of this merger, Bauwerk Parkett AG acquired all shares in Boen AS, Tveit (NO) which operates as the parent company of the Boen group.

On 7 December 2016, Bauwerk Boen Group purchased the Croatian companies from the German Haas Group consisting of a parquet and panel factory with its own sawmill in Durdevac. As per 1 January 2017 these companies were merged in Haas Dom d.o.o. (today Bauwerk Boen d.o.o.).

In addition to its operating activities, Bauwerk Parkett AG, St. Margrethen thus holds interests in the following companies:

- Bauwerk Parkett Vertriebs GmbH, Salzburg (A)
- Bauwerk Parkett GmbH, Bodelshausen (D)
- Bauwerk France Sarl, Viviers Du Lac (F)
- Bauwerk Boen Logistics GmbH, Bodelshausen (D)
- Bauwerk Boen Group Asia Ltd, Hong Kong (HK)
- Bauwerk Boen d.o.o., Durdevac (HR)
- Boen AS, Tveit (NO)

In turn, Boen AS, Tveit holds investments in:

- Boen Bruk AS, Tveit (NO)
- UAB Bauwerk Boen, Vilnius (LT)
- Boen Deutschland GmbH, Mölln (D)
- Boen Parkett Deutschland GmbH & Co, Mölln (D)
- Boen UK Ltd, Hartlebury (UK)
- Boen Hardwood Flooring Inc., Daytona Beach (US)
- AO Dominga Nik, Jasenskoe (RU)

The parent Bauwerk Parkett AG – based in St. Margrethen (Switzerland) – was founded in 1944. The company has been developing and producing massive parquet and two-layer parquet for full-area bonding for more than 70 years.

Boen AS based in Tveit (NO) was founded in 1641 and has been producing parquet since 1966. The main segment these days is three-layer-parquet which is sold all over the world.

The Bauwerk Boen group consists of two mostly independent trademark organisations – Bauwerk and Boen – and a shared and uniform supply chain and shared service organisation.

The BAUWERK trademark organisation focuses on the target group of floor layers, the two-layer parquet to be bonded over the entire surface and the classic mosaic parquet, while the BOEN trademark organisation focuses on the wholesale target group and the worldwide three-layer parquet business. Another mainstay of the BOEN trademark organisation is sports flooring made of wood. Both trademark organisations complement their line of merchandise by massive parquet and commercial products

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such as baseboards and other items for the installation of side products relevant for parquet flooring.

The Bauwerk Boen group focuses its production activities in three locations in Europe. Thus, it produces high-quality country style floorboards made of two-layer parquet in St. Margrethen/Switzerland and all other parquet flooring in Kietavsikes/Lithuania and in the factory in Durdevac/Croatia.

Together, the two trademark organisations sell approx. 9 million m² of parquet flooring per year. The markets - Switzerland, Norway, Germany, Austria, the United Kingdom, France, USA and Asia are worked by local subsidiaries. Some key group functions, such as Group Management, Controlling, Human Resources, IT, Research & Development, and Procurement & Logistics, are located at the group's administrative headquarters in Switzerland.

The Bauwerk Boen group has about 1,700 employees at the end of 2018.

These consolidated financial statements are a translation. The legally binding consolidated financial statements approved by the Board of Directors are in German.

Report to shareholders

Dear shareholders

The Bauwerk Boen Group is looking back on a challenging financial year 2018, during which the expectations set could not be fulfilled, either in terms of growth or in terms of achieving efficiency at the new production facility in Durdevac/Croatia.

Main reasons for the stagnation in volumes are declining sales volumes, particularly in the important markets of Norway and Germany. In the year under review, parquet consumption fell by -11% in Norway and by -6% in Germany. In this challenging environment, Bauwerk Boen Group with volume declines of -6% and -2.5%, respectively, succeeded in significantly increasing its market shares and thus expanding its market position. The Group will be able to benefit from this in future once market developments normalize.

The overcapacities in the European parquet industry and the resulting decline in sales volumes led to price developments in which Bauwerk Boen Group was unable to adequately pass on the production costs to the markets. This led to a deterioration in the gross margin, particularly in the second half of the year.

The efficiency goals set for the new plant in Durdevac/Croatia were not achieved due to a lack of supply of raw materials by the Croatian Forest Administration, insufficient quality of oak sawn timber due to weather conditions and a lack of availability of skilled personnel locally. This, despite the fact that qualified top personnel from other Group facilities provided extensive local support. By contrast, all installations were commissioned on schedule.

Consolidated net turnover of the Bauwerk Boen Group amounted to CHF 292.0 million in the year under review, an increase of 2.4% (previous year CHF 285.1 million). Adjusted for exchange rate differences when applying the previous year's exchange rates, sales growth amounted to 0.3%. Due to the negative effects mentioned above, the operating result EBITDA amounted to CHF 28.6 million, compared with CHF 32.6 million in the very good prior year. The resulting EBITDA margin was 9.8% (11.4% in the previous year). Adjusted for one-off effects, mainly costs in connection with the efficiency enhancement programs in Lithuania and Croatia, the plant extension in Croatia as well as negative currency effects of CHF 1.5 million, adjusted gross profit amounted to CHF 31.4 million, corresponding to an EBITDA margin of 10.8%. In the previous year, the adjusted EBITDA margin was 11.9%. Net income of CHF 9.7 million was also down on the previous year (CHF 11.5 million).

In regional terms, sales in Europe increased by 1.7% to CHF 266.9 million in the year under review. Sales in the demanding Swiss market increased by 2.1%. Turnover in Asia and the USA rose by 10.7% to CHF 25 million compared with 2017. Thus, export markets outside Europe contributed around 8.6% to total sales (previous year 8%).

Investments in 2018 focused mainly on the second stage of build-up and extension of the facility and infrastructure in Durdevac/Croatia. In the year under review, a total of CHF 5 million was spent on this. As a result, the first finished products could be

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produced on site as of June 2018, following the commissioning of a painting installation. Automation solutions to further increase productivity in Kietaviskes/Lithuania accounted to CHF 1.9 million in 2018.

The situation on the raw material markets remains tense, with global demand for oak wood and, in particular, the fine assortments of large-format parquet planks made from it, still exceeding supply. We therefore expect prices to increase again in the short to medium term.

We would like to thank our employees for their great commitment, dedication and professionalism. Our thanks also go to our business partners, whose great trust has enabled Bauwerk Boen Group to successfully sell our Group's parquet products in a market environment that remains challenging.

St. Margrethen, April 2019

Alexander Zschokke, President of the Board of Directors

Klaus Brammertz, CEO

Income statement 2018

(In CHF 1,000)	Note	2018	2017 (Restated*)
Gross turnover	1	310,393	303,599
Sales reductions	1	-18,395	-18,549
Net turnover	1	291,998	285,050
Other operating income	2	875	1,512
Inventory changes in finished and unfinished goods		-4,684	9,148
Cost of goods sold	11	-137,264	-141,750
Personnel expenses		-63,019	-66,057
Other operating expenses	3	-59,267	-55,292
Operating result before depreciation and amortisation (EBITDA)		28,639	32,611
Depreciation of tangible fixed assets	13	-10,663	-9,665
Amortisation of intangible assets	14	-1,015	-918
Operating result (EBIT)		16,961	22,028
Financial income	4	22	32
Financial expenses	5	-6,542	-6,258
Financial result		6,520	-6,226
Ordinary result		10,441	15,802
Extraordinary income	6	95	192
Extraordinary expenses	6	-1,534	-2,561
Earnings before taxes		9,002	13,433
Taxes	7	714	-1,892
Net income/loss		9,716	11,541
Result per share in CHF (undiluted and diluted)	23	0.13	0.15

*) See comments under „Valuation guidelines/valuation principles“ – Restatement offsetting goodwill directly with equity

Balance sheet as of 31 December 2018

(In CHF 1,000)	Note	<u>31/12/2018</u>	<u>31/12/2017 (Restated*)</u>
Assets			
Cash and cash equivalents	8	7,667	18,315
Accounts receivable	9	33,872	31,130
Provision for bad debts		-1,915	-2,291
Other receivables	10	4,787	5,850
Inventories	11	93,327	96,419
Prepayments and accrued income	12	2,006	821
Current assets		<u>139,744</u>	<u>150,244</u>
Tangible fixed assets	13	112,561	113,519
Intangible assets	14	4,605	3,153
Financial assets	15	2,698	1,518
Non-current assets		<u>119,865</u>	<u>118,191</u>
Total assets		<u><u>259,609</u></u>	<u><u>268,435</u></u>

*) See comments under „Valuation guidelines/valuation principles“ – Restatement offsetting goodwill directly with equity

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(In CHF 1,000)

	Note	31/12/2018	31/12/2017 (Restated*)
Equity and liabilities			
Current financial liabilities	16	9,811	125,049
Accounts payable	17	14,609	18,725
Other short-term liabilities	18	6,895	7,486
Short-term provisions	21	526	1,691
Accrued liabilities and deferred income	20	9,756	15,002
Current liabilities		41,597	167,953
Long-term financial liabilities	16	129,550	12,717
Other long-term liabilities	19	497	636
Long-term provisions	21	11,498	13,726
Non-current liabilities		141,545	27,079
Total liabilities		183,142	195,032
Share capital		76,394	76,394
Capital reserves		15,056	14,915
Own shares	22	-994	-102
Retained earnings incl. currency translation differences		-23,705	-29,345
Group profit/loss		9,716	11,541
Total equity		76,467	73,403
Total equity and liabilities		259,609	268,435

*) See comments under „Valuation guidelines/valuation principles“ – Restatement offsetting goodwill directly with equity

Cash flow statement

(In CHF 1,000)

	Note	2018	2017 (Restated*)
Group profit/loss		9'716	6,109
Depreciation/amortisation and impairment losses	13/14	11'677	16,015
Gain/losses from the disposal of non-current assets		-69	-260
Other non-cash changes		-2'902	5,511
Increase/release of long-term provisions	21	-2'228	-2,412
Cash flow from operating activities before change in net working capital		16'194	24,963
Changes in accounts receivable		-3'118	-3,022
Changes in other receivables	10	1'062	-1,082
Changes in inventories	11	3'092	-14,403
Changes in prepayments and accrued income	12	-1'185	429
Changes in accounts payable	17	-4'115	559
Changes in other current liabilities	18	-591	1,572
Changes in accrued liabilities and deferred income and short-term provisions	20/21	-6'411	5,546
Cash flow from operating activities		4'928	14,562
Investments in financial assets	15	-1'330	-40
Disinvestments in financial assets	15	150	166
Investments in tangible fixed assets	13	-12'668	20,123
Disinvestments in tangible fixed assets	13	300	9,755
Investments in intangible assets	14	-2'484	-1,282
Disinvestments in intangible assets	14	3	89
Cash flow from investing activities		-16'029	-11,435
Purchase/sale of own shares	22	-751	0
Increase in short-term financial liabilities	16	2,070	1,206
Repayment of current financial liabilities	16	-500	-500
Increase in non-current financial liabilities	16	25	289
Changes in other non-current liabilities	19	-139	31
Cash flow from financing activities		705	1,026
Total cash flow		10,396	4,153

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(In CHF 1,000)	2018	2017 (Restated*)
Cash and cash equivalents at the beginning of the year	18,315	13,594
Change in cash and cash equivalents	-10,396	4,153
Foreign currency effect	-252	568
Cash and cash equivalents at year-end **	7,667	18,315

*) See comments under „Valuation guidelines/valuation principles“ – Restatement offsetting goodwill directly with equity

***) Consisting of debit cash items, i.e. not containing current bank accounts with credit balances.

Statement of changes in equity

In CHF 1,000	Share capital	Capital reserves	Own shares	Goowill recognition	Retained earnings	Currency differences	Total
Equity as of 31/12/2017	76,394	14,915	-102	-54,299	49,983	-13,489	73,402
Purchase own shares	0	0	-994	0	0	0	-994
Sale own shares	0	141	102	0	0	0	243
Offset of goodwill from acquisitions**	0	0	0	-929	0	0	-929
Group profit/loss	0	0	0	0	9,716	0	9,716
Currency translation differences	0	0	0	0	0	-4,971	-4,971
As of 31/12/2018	76,394	15,056	-994	-55,228	59,699	-18,460	76,467

In CHF 1,000	Share capital	Capital reserves	Own shares	Goowill recognition	Retained earnings	Currency differences	Total
Equity as of 01/01/2017 (before restatement)	76,394	14,915	-102	0	13,740	-24,708	80,239
Adjustment accounting principles goodwill*	0	0	0	-54,387	24,702	0	-
Equity as of 01/01/2017 (after Restatement)	76,394	14,915	-102	-54,387	38,442	-24,708	50,554
Offset goodwill from acquisitions**	0	0	0	88	0	0	88
Group profit/loss	0	0	0	0	11,541	0	11,541
Currency translation differences	0	0	0	0	0	11,219	11,219
As of 31/12/2017	76,394	14,915	-102	-54,299	49,983	-13,489	73,402

*) See comments under „Valuation guidelines/valuation principles“ – Restatement offsetting goodwill directly with equity

**) see comments under note 24.7

The share capital of Bauwerk Boen AG as of 31 December 2018 is made up of 76,393,650 registered shares (previous year 76,393,650) of CHF 1.00 per share. The share capital is fully paid up.

The sum of non-distributable reserves contained in retained earnings is TCHF 326 (previous year TCHF 326). These are legal reserves formed in accordance with legal requirements.

Consolidation and valuation principles

Accounting principles

General

The consolidated financial statements of the Bauwerk Boen group and the accounting principles applied are in accordance with the full set of accounting and reporting recommendations of Swiss GAAP FER.

Due to rounding, the numbers presented throughout this document do not necessarily correspond exactly with the totals.

The consolidated financial statements were prepared based on the standalone financial statements of the subsidiaries which, in turn, comply with local accounting principles and were adjusted to the uniform group accounting policies for the purpose of consolidation. The uniform reporting date for all group companies is 31 December.

The general valuation principles are based on historical costs. Intercompany transactions, balances and unrealised gains and losses from transactions between group companies are eliminated in full.

Capital consolidation

The consolidated financial statements include the financial statements of Bauwerk Boen AG as well as of all subsidiaries in accordance with the following rules:

- Companies in which Bauwerk Boen AG owns the majority or assumes managerial responsibility are fully consolidated. The purchase method is used, i.e. the purchase price is offset against revalued net assets at the time of acquisition.
- Companies which carry out a commercial activity under the joint management of Bauwerk Boen AG and a partner within the framework of a contractual agreement (joint venture, voting rights capital right usually 50%) are proportionately consolidated. As of 31 December 2018, no such companies are included in the scope of consolidation.
- Companies in which Bauwerk Boen AG's investment is at least 20% but less than 50% are included using the equity method. In such cases, the share of equity is shown under the item "Investments in associated companies" and the share of profit or loss under the item "Share in profit or loss of associated companies" in the consolidated financial statements. As of 31 December 2018, no such companies are included in the scope of consolidation.

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Consolidation base

The table below shows all subsidiaries included in the consolidated financial statements.

Company		Capital	Share of capital and votes	
			31/12/18	31/12/17
Bauwerk Parkett AG, CH-St. Margrethen		19,259,811 CHF	100%	100%
Bauwerk Parkett Vertriebs GmbH, A-Salzburg		10,000 EUR	100%	100%
Bauwerk Parkett GmbH, D-Bodelshausen		51,000 EUR	100%	100%
Bauwerk France Sarl, F-Viviers Du Lac		7,500 EUR	100%	100%
Boen AS, NO-Tveit		15,436,600 NOK	100%	100%
Boen Bruk AS, NO-Tveit		60,000,000 NOK	100%	100%
UAB Bauwerk Boen, LT-Vilnius		6,903,991 EUR	100%	100%
Boen Deutschland GmbH, D-Mölln		26,000 EUR	100%	100%
Boen Parkett Deutschland GmbH & Co, D-Mölln		3,600,000 EUR	100%	100%
Boen UK Ltd, GB-Hartlebury		2 GBP	100%	100%
Boen Hardwood Flooring Inc., US-Daytona Beach		266,000 USD	100%	100%
AO Dominga Nik, RU-Jasenskoe	1)	189,696,000 RUB	96%	96%
Bauwerk Boen Group Asia Ltd, HK-Hong Kong		999 HKD	100%	100%
Bauwerk Boen Logistics GmbH, D-Bodelshausen		25,000 EUR	100%	100%
Bauwerk Boen d.o.o., HR-Durdevac		2,010,000 HRK	100%	100%

1) During 2018 the name of the company has been changed from ZAO Dominga Nik into AO Dominga Nik.

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Foreign currency translation

The financial statements of the individual group companies are measured in the currency of the economic environment, in which these companies primarily operate (functional currency). Transactions in foreign currencies are converted to the functional currency at the prevailing exchange rate on the transaction date. Balance sheet items in foreign currency are converted using the year-end exchange rate. Any resulting gains and losses are recorded in the income statement. Foreign exchange gains or losses from the conversion of equity like intercompany loans are reported in equity.

The consolidated financial statements are presented in the reporting currency Swiss Francs (CHF). The individual financial statements to be consolidated are translated into the Group currency at the effective date with the current rate method. This currency translation is carried out for the assets and liabilities at the year-end exchange rates, for equity at historical exchange rates and for the income statement and cash flow statement at average annual exchange rates. The translation differences are recognised in equity without affecting the income statement. In the event that a foreign entity is disposed, the cumulative translation differences recognized in equity, which are a result of the translation of the financial statements and intercompany loans, are reversed from the accounts and reported in the income statement as part of the gain or loss on the sale.

The main currency exchange rates used are as follows:

Currency	2018	2017
EUR, Current rate of exchange	1.1260	1.1695
EUR, Average rate of exchange	1.1545	1.1120
NOK, Current rate of exchange	0.1135	0.1185
NOK, Average rate of exchange	0.1200	0.1190
GBP, Current rate of exchange	1.2530	1.3170
GBP, Average rate of exchange	1.3050	1.2685
USD, Current rate of exchange	0.9840	0.9760
USD, Average rate of exchange	0.9780	0.9845
RUB, Current rate of exchange	0.0140	0.0170
RUB, Average rate of exchange	0.0155	0.0165
HRK, Current rate of exchange	0.1520	0.1575
HRK, Average rate of exchange	0.1555	0.1490

Cash flow statement

“Cash and cash equivalents”, consisting of debit cash items, i.e. containing no current bank accounts with credit balances, form the basis for presentation in the cash flow statement.

Valuation guidelines/valuation principles

General

The consolidated financial statements are prepared based on going concern principle, substance over form, accrual principle, matching of cost and revenue, prudence and gross principle in accordance with Swiss GAAP FER.

Restatement offsetting goodwill directly with equity

In financial year 2018, EGS Beteiligungen AG became the majority shareholder of the Bauwerk Boen Group. In order to align the goodwill accounting to its new majority shareholder, the Bauwerk Boen Group has decided to offset the acquired goodwill against equity instead of capitalising and amortizing it.

The presentation of the previous year's figures has been adjusted for the purposes of comparability.

Note 24.7 of the annual report shows the effect of a theoretical capitalisation and amortization of goodwill acquired and the impact of the new accounting method on equity and EBIT.

Cash and cash equivalents

Cash and cash equivalents are valued at nominal value.

Receivables

Receivables are valued at nominal value less allowances for bad debts. Individual valuation allowances are recognised for receivables exceeding CHF 1,000. The following value corrections are based on experience and estimates. For receivables of less than CHF 1,000, general valuation allowances are calculated using the following lump-sum rates:

Overdue period	Valuation allowance
15 – 60 days	25%
61 – 90 days	50%
91 days and more	100%

Inventories

Inventories are measured at the lower of acquisition or production cost and fair value less cost to sell. The acquisition or production costs comprise all direct and indirect costs of purchase, handling and processing as well as all other costs of bringing inventories to their current location or to its current condition. Supplier cash discounts and supplier bonuses are deducted from the corresponding acquisition values. Risks arising from non-marketable inventories, obsolete inventories or other impairments (damage, etc.) are included by individual value corrections. These individual value corrections are based on experience and estimates. Interim profits from intragroup deliveries are eliminated.

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Tangible fixed assets

Tangible fixed assets are valued at acquisition or production cost less accumulated depreciation and impairment, if any. Borrowing costs arising in connection with the acquisition or the production of tangible fixed assets are not capitalised.

Depreciation is recognised using the straight-line method and usually takes into account the following useful lives:

Useful life	Years
Land and buildings	
Land	-
Office buildings	40-50
Production/storage buildings	20-25
Technical plant + machinery	
Technical plant	10-15
Machinery	10
Other tangible fixed assets	
Tools + equipment	4-10
Office equipment	5-10
IT hardware	3-5
Vehicles (cars)	5-7
Vehicles (forklift trucks)	5-10
Leasehold improvements	max. 10

Useful life is assessed each year and adjusted if necessary. In the reporting year no adjustment of the useful lives has been made.

Intangible assets

Intangible assets are valued at no more than acquisition cost (for acquired intangible assets). If the carrying amount of the asset exceeds its recoverable amount, the carrying amount is to be reduced to the recoverable amount. Internally generated intangible assets as well as expenditures for research and development are not capitalised. Amortisation is recognised on a straight-line basis over the useful life of intangible assets, generally 3 to 5 years. If contractual limitations are placed on making use of these values, the asset is amortised over the contract period.

Goodwill

Goodwill consists of the excess purchase price over the fair value of the identifiable net assets acquired in acquisitions. The goodwill resulting from acquisitions is offset directly with equity at the time of acquisition. The effects of a theoretical capitalisation and amortization of goodwill are disclosed in the notes to the consolidated financial statements. In the event that shares of Group or associated companies are disposed, the difference between the proceeds from the sale and the proportional book value of the net assets, including historical goodwill, is recognised as a gain or loss in the income statement. For the determination of goodwill from acquisitions, parts of the purchase price contingent on future performance are estimated best possible at the

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date of acquisition. Accordingly, goodwill offset with equity is modified for adjustments resulting later from the final purchase price determination. Goodwill may also arise upon investments in associates, being the excess of the cost of investment over the Group's share of the fair value of the net assets recognised.

Financial assets

Financial assets are recognised at acquisition cost less impairment, if any.

Impairment

The recoverability of non-current assets is assessed at each balance sheet date. If there are indications of a sustained impairment, the recoverable amount is calculated (impairment test). If the carrying amount exceeds the recoverable amount, an impairment loss is recognised.

Pension benefit obligations

Pension benefit obligations of group companies are recognised in the consolidated financial statements according to legal regulations and local rules of the respective countries. The actual economic impact of pension schemes for a group company is calculated as at balance sheet date. An economic benefit is recorded if it will be used for future pension contributions made by the company. An economic obligation is recognised if the requirements to record a provision are met (refer to the following explanations about provisions). Unrestricted employer contribution reserves are capitalised as an asset.

The Swiss subsidiaries of the group have their own legally independent pension schemes financed by employer and employee contributions (primacy of contributions). The economic impact of a funding surplus or deficit of pension schemes for the group, the change in employer contribution reserves and the contributions accrued for the period are recorded in the income statement as personnel expenses. The calculation of a funding surplus or deficit is made based on the annual financial statements of the respective pension schemes prepared in accordance with Swiss GAAP FER 26.

Defined contribution pension plans of a Norwegian financial institution provides insurance for the employees of the Boen companies in Norway.

There are no other significant pension schemes in foreign countries. Certain foreign subsidiaries have unfunded pension schemes and recognise the respective benefit obligation as a provision directly in the balance sheet. Such pension liabilities are calculated using methods accepted in the respective countries with changes charged to income as personnel expenses. In addition, in certain countries there is comprehensive coverage with insurance companies where the paid insurance premiums are recorded as an expense.

Liabilities

Liabilities are recorded at nominal value.

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Provisions

Provisions are formed:

- if the group has a current legal or factual obligation due to past events,
- if it is likely that an outflow of resources would be necessary in order to fulfil the obligation, and
- if a reliable estimation is possible for the amount of the obligation.

Existing provisions are reviewed at each balance sheet date. Based on this review the provisions are increased, remain unchanged or are released. Provisions are classified as current or non-current based on the point in time of the expected outflow of resources.

Taxes/deferred taxes

The tax on income to be paid on the taxable profit of individual companies is accrued.

For deductible temporary differences, tax loss carryforwards and tax credits, deferred tax assets are recorded, if it is likely that they can be deducted from the future taxable profits. The provision for deferred taxes is made using the applicable – or if tax rate changes are expected – using the expected tax rate according to the applicable local tax law.

Revenue recognition

Revenues are deemed realised upon delivery of goods or rendering of services.

Notes to the financial statements

Unless indicated otherwise, all figures are shown in CHF 1,000.

1. Net turnover

The disclosure of segment information has been omitted, since such details involve a significant risk of competitive disadvantages. The main markets of the two brands, Bauwerk and Boen are exposed to strong competition. This may have serious conclusions about the success and the group's strategy in these individual markets.

Therefore, the Bauwerk Boen group manages a single business segment only which consists of manufacturing and distribution of parquet and parquet-accessories. The net turnover of the Bauwerk Boen Group breaks down by region as follows:

	2018	2017
GSA countries (Germany, Switzerland, Austria)	165,681	161,718
Scandinavia	31,850	33,306
Rest of Europe	69,391	67,372
Rest of the world	25,076	22,654
Total	291,998	285,050

Sales reductions consist of the following:

	2018	2017
Gross turnover	310,393	303,599
Less: Sales reductions		
Cash discounts	-4,685	-4,696
Customer bonuses and commission	-13,489	-13,541
Losses from bad debts	-221	-312
Total	291,998	285,050

2. Other operating income

	2018	2017
Own work capitalised	263	115
Income from the sale of fixed assets	69	413
Income from services and rental	312	267
Other income	231	717
Total	875	1,512

In previous year, the former owner of Bauwerk Boen d.o.o. made a compensation payment for operating expenses related to the preparation of the production structures of Bauwerk Boen d.o.o., in the amount of TCHF 442. The compensation payment was included in other income.

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3. Other operating expenses

	2018	2017
Licenses	-2,646	-3,313
Freight, distribution and warehousing costs	-14,510	-13,503
Operating materials	-2,112	-841
Energy and fuel	-6,940	-6,260
Repair and maintenance	-9,621	-8,799
Insurances and fees	-1,576	-1,664
Rental and leasing	-4,916	-4,663
Office and administration	-4,962	-4,329
Marketing, business travel and representation costs	-8,444	-8,996
Others	-3,540	-2,924
Total	-59,267	-55,292

"Others" includes expenses in the amount of TCHF 2,260 (previous year TCHF 1,881) for external support in operationally necessary projects and adjustments, costs for warranties and debtor including any changes in provisions of TCHF 1,153 (previous year net amount TCHF 917) as well as capital taxes of TCHF 127 (previous year TCHF 126).

The expenses for operationally necessary projects and adjustments contain costs for extensive efficiency enhancement programs in the production plants in the amount of TCHF 959 (previous year TCHF 814). In addition, consulting services in the amount of TCHF 501 (previous year TCHF 544) are included for the development and introduction of group-wide improvements in various areas, such as: transfer pricing, sustainability and also cross-company business.

4. Financial income

	2018	2017
Interest income from third parties	16	25
Interest income from related parties	6	7
Total	22	32

The interest income from affiliated companies is made up exclusively of interest income from shareholder loans granted (also refer to note 15).

5. Financial expenses

	2018	2017
Interest expenses, bank charges and fees	-4,729	-5,906
Exchange rate effects	-1,813	-352
Total	-6,542	-6,258

Interest expenses include TCHF 1,213 (previous year TCHF 1,229) for shareholder loans at an interest rate of 3.25% (previous year 3.25%).

In 2018 as well as in the previous year, currency differences on the translation of equity loans were recorded in equity (also refer to the statement of changes in equity). In the reporting year, the Russian subsidiary repaid the equity loan and therefore the cumulative translation differences recognised in equity have been

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transferred to the income statement resulting in an income from exchange rate effects of TCHF 528.

6. Extraordinary income and expenses

	2018	2017
Liquidation dividend Aug. Lachappelle's Parketfabrieken	0	165
Insurance benefits restoration of the property in Tveit (NO) after the flooding	95	0
Other	0	27
Total extraordinary income	95	192

In the previous year the closing of the bankruptcy of the former subsidiary Aug. Lachappelle's Parketfabrieken has led to an extraordinary income of TCHF 165. In previous year the site in Tveit/Norway was badly hit by a catastrophic flooding. In the current year insurance payments led to an income of TCHF 95 (previous year TCHF 0).

	2018	2017
Costs for restructuring and adjustment of the sales organisation	-65	-310
Costs for relocating the semi-finished-goods production of St. Margrethen to Croatia	-20	-330
Costs for reorganization of Shared Services + Supply Chain	0	-405
Costs for acquisition projects	0	-64
Restoration costs of the property of St. Margrethen sold in 2017	0	-994
Restoration costs of the property Tveit (NO) after a flooding	0	-191
Synergybonus	-1,354	0
Other	-92	-267
Total extraordinary expenses	-1'534	-2,561

In the previous year, adjustments to the sales organizations in Germany and Austria led to one-time expenses of TCHF 310. In the year under review, further adjustments to the sales organizations in Germany, Austria and Switzerland resulted in one-time expenses of TCHF 65.

The relocation of part of the semi-finished-goods production from St. Margrethen to Croatia resulted in extraordinary costs of TCHF 20 (previous year TCHF 330). The adjustments to the Shared Services and Supply Chain divisions resulted in further one-time charges of TCHF 405 in this respect in the previous year.

The acquisition of the investment in Croatia made in 2016 resulted in extraordinary costs of TCHF 64 in the previous year.

Due to the relocation of a part of the production from St. Margrethen to Croatia, a part of the property no longer in use has been sold. The extraordinary expenses for the sale and restoration of the property amounted to TCHF 994 in previous year.

In the previous year the site in Tveit/Norway was badly affected by a catastrophic flood. The extraordinary costs for the restoration of the property to be borne by the Group amounted to TCHF 191 in the previous year.

The former co-owner Patrimonium P.E. sold all its shares in the Bauwerk-Boen-Group (30.9%) to EGS Beteiligungen AG. In this context, the one-time bonus for the merger

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of the two groups Bauwerk and Boen in May 2013 of TCHF 1,354 was paid out retroactively to the long-standing management.

7. Taxes

Tax expenses mainly include the tax on income to be paid on the net profit as well as the change of deferred taxes. Due to the uncertainty regarding the future realizability of loss carryforwards, no deferred taxes on loss carryforwards are capitalised. There are tax loss carryforwards (not capitalised) in the amount of TCHF 8,397 in group companies (previous year TCHF 10,939) whose utilisation is dependent on future economic development.

The total tax loss carryforwards account for gross deferred tax assets of TCHF 1,641 (previous year TCHF 2,198), therefrom net TCHF 0 (previous year TCHF 0) were capitalised.

To calculate deferred taxes on temporary differences between the values of balance sheet positions determined according to Swiss GAAP FER principles and those determined according to tax law, the respective current tax rates of the individual group companies are used. The change of provisions for deferred taxes is recognised through tax expense/income.

	2018	2017
Current tax on income	-1,400	-3,120
Deferred taxes	674	1,312
Other taxes	1,440	-83
Total	714	-1,892

Other taxes include TCHF 1,473 from the reversal of provisions in connection with withholding taxes on licenses receivable (see Note 21).

The expected tax rate of the Bauwerk Boen Group is calculated as weighted average from the tax rates from all relevant tax authorities. Therefore the effective tax rate of the group can be analysed as followed:

	2018	2017
	In %	In %
Expected weighted average tax rate	19.9	20.1
Utilization of unrecognized loss carryforwards from prior years	-4.5	-9.5
Effects of non-tax-deductible income / expenses	-3.4	-0.3
Effects of changes in taxes from previous years	1.7	-0.9
Other new assessments of temporary differences	-9.3	0.1
Effect from unrecognized losses from the current financial year	3.6	5.7
Other effects	0.1	-2.0
Effective tax rate	8.1	13.5

The effective tax rate based on the earnings before taxes (goodwill amortisation adjusted) in the reporting year was 8.1% (previous year 13.5%).

8. Cash and cash equivalents

The company can freely dispose of all reported cash and cash equivalents. In addition, net credit lines of TCHF 14,671 in total (previous year TCHF 16,661) are available (net,

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i.e. after deducting bank guarantees and sureties provided which therefore have to be covered).

Tenant security deposits and other investments with limited availability are shown within financial assets according to their maturity (see note 15).

9. Accounts receivable

	31/12/18	31/12/17
Receivables, third parties	33,869	31,129
Receivables, related parties	3	1
Total	33,872	31,130

The receivables from related parties were receivables from shareholders.

10. Other receivables

	31/12/18	31/12/17
Social security	336	458
VAT	1,795	1,814
Security deposits, other deposits	458	381
Prepayments to suppliers	1,912	1,581
Related parties	0	1,261
Other	286	355
Total	4,787	5,850

Security deposits and other deposits include a security deposit paid to the Swiss Federal Customs Administration (“eidgenössische Oberzolldirektion”) for the processing of export transactions in the amount of TCHF 300 (previous year TCHF 300).

Prepayments to suppliers were made in particular to suppliers of materials, especially suppliers of raw materials. These prepayments may fluctuate significantly for business-related reasons.

In previous year other receivables from related parties comprise an interest receivable in the amount of TCHF 7 originating from shareholder loans as well as other receivables against shareholders in the amount of TCHF 929 as well as loans to shareholders in the amount of TCHF 325 which were due in the previous year.

Moreover, the item “Other” is mainly made up of vendors with a debit balance, open current accounts and advances for expenses.

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11. Inventories

	31/12/18	31/12/17
Raw materials	46,098	44,880
Semi-finished goods	18,713	18,881
Finished goods	28,208	33,233
Trading goods	2,090	2,103
Inventories, gross	95,110	99,097
Less: Value adjustments	-1,783	-2,678
Total	93,327	96,419

12. Prepayments and accrued income

	31/12/18	31/12/17
Current tax on income and capital tax	180	0
Outstanding offsetting, refunds, etc.	55	36
Insurances and fees	112	131
Rental	68	8
Administration	167	317
Marketing and distribution	190	135
Financing commission	809	80
Other	426	114
Total	2,006	821

Commission in the amount of TCHF 1,200 incurred as of 21 May 2013 for the issuance of corporate bonds has been accrued and was released over the duration of the bond (previous year TCHF 80). The commissions for the issue of the corporate bond as of 22 May 2018 have also been accrued and will now be released over the term of the bond. As of 31 December 2018, the accrual amounts to TCHF 809.

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13. Development of tangible fixed assets

	Undevel oped land	Land + Buildings	Plant + machinery	Other tangible fixed assets	Tangible fixed assets under constr.	Total 2018
Acquisition costs						
opening balance	1,352	120,923	106,961	21,647	7,713	258,596
Acquisitions	0	3,206	4,517	1,564	3,376	12,663
Disposals	0	-418	-1,343	-3,256	-1,350	-6,368
Reclassifications	0	1,591	4,504	16	-6,109	0
Exchange differences	0	-2,480	-3,254	-480	-188	-6,401
As of 31/12/2018	1,352	122,821	111,384	19,491	3,441	258,490
Cum depreciation						
opening balance	0	-51,700	-75,564	-16,470	-1,343	-145,077
Acquisitions	0	-3,764	-5,255	-1,643	0	-10,662
Disposals	0	427	1,210	3,181	1,325	6,142
Reclassifications	0	-1	0	0	1	0
Exchange differences	0	1,220	2,103	329	17	3,668
As of 31/12/2018	0	-53,820	-77,506	-14,602	-1	-145,929
Tangible fixed assets as of 31/12/2018 (net)	1,352	69,002	33,878	4,888	3,440	112,561
	Undevel oped land	Land + Buildings	Plant + machinery	Other tangible fixed assets	Tangible fixed assets under constr.	Total 2017
Acquisition costs						
opening balance	1,352	120,285	96,306	20,447	5,224	243,614
Acquisitions	0	1,473	2,575	1,698	14,377	20,123
Disposals	0	-8,810	-5,557	-1,262	-1,325	-16,954
Reclassifications	0	3,206	8,206	-355	-11,057	0
Exchange differences	0	4,769	5,431	1,119	494	11,813
As of 31/12/2017	1,352	120,923	106,961	21,647	7,713	258,596
Cum depreciation						
opening balance	0	-46,411	-73,741	-15,618	-416	-136,186
Acquisitions	0	-3,397	-4,511	-1,757	0	-9,665
Disposals	0	208	5,374	1,134	743	7,459
Reclassifications	0	0	993	583	-1,576	0
Exchange differences	0	-2,100	-3,679	-812	-94	-6,685
As of 31/12/2017	0	-51,700	-75,564	-16,470	-1,343	-145,077
Tangible fixed assets as of 31/12/2017 (net)	1,352	69,223	31,397	5,178	6,369	113,519

The following additional information is provided:

- Tangible fixed assets include leased assets in the amount of TCHF 423 (previous year TCHF 554).

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- No interest was capitalised during the business year.
- In the reporting year, impairment losses in the amount of TCHF 18 (previous year TCHF 78) were recognised on Plant and machinery, Land and Buildings as well as Other tangible fixed assets.

14. Development of intangible assets

	IT software	Total 2018
Acquisition costs opening balance	9,184	9,184
Acquisitions	2,484	2,484
Disposals	-139	-139
Exchange differences	-48	-48
As of 31/12/2018	11,481	11,481
Cum. amortisation opening balance	6,031	6,031
Acquisitions	-1,015	-1,015
Disposals	136	136
Exchange differences	34	34
As of 31/12/2018	-6,876	-6,876
Intangible assets as of 31/12/2018 (net)	4,605	4,605

	IT software	Total 2017 (Restated*)
Acquisition costs opening balance	7,894	7,894
Acquisitions	1,282	1,282
Disposals	-39	-39
Exchange differences	47	47
As of 31/12/2017	9,184	9,184
Cum. amortisation opening balance	-5,116	-5,116
Acquisitions	-918	-918
Disposals	38	38
Exchange differences	-35	-35
As of 31/12/2017	-6,031	-6,031
Intangible assets as of 31/12/2017 (net)	3,153	3,153

*) See comments under „Valuation guidelines/valuation principles“ – Restatement offsetting goodwill directly with equity

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The following additional information is provided:

- No interest was capitalised during the business year.
- No impairment losses have been recognised in the reporting year (previous year TCHF 0).
- The goodwill resulting from acquisitions is offset against the Group equity at the time of acquisition. The theoretical period of amortization is 5 - 10 years and is linear. The effects on the annual financial statements of a theoretical capitalisation and amortization of goodwill can be found in the tables under note 24.7.

15. Development of financial assets

	31/12/18	31/12/17
Opening balance	1,518	1,969
Acquisitions	1,330	276
Disposals	-150	-402
Reclassification into other receivables	0	-325
Total	2,698	1,518

Financial assets are made up of the following:

	31/12/18	31/12/17
Loans to third parties	21	27
Loans to related parties	775	0
Rent deposit	236	215
Other	1,665	1,276
Total	2,698	1,518

Loans to related parties consist of loans to shareholders in the amount of TCHF 775 (previous year TCHF 0). The interest on these loans was 1.25% (previous year: 0%).

"Rent deposits" includes tenant security deposits (blocked accounts) for lease contracts concluded in Switzerland for a period of more than 12 months.

The item "Other" includes deferred tax assets in the amount of TCHF 1,231 (previous year TCHF 1,176).

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16. Current/non-current financial liabilities

With the acquisition of the Boen companies as of 22 May 2013, the group was refinanced. The existing bank financing was replaced by:

- a corporate bond placed as of 21 May 2013 by Bauwerk Parkett AG in the amount of TCHF 80,000 (interest rate 4.125%, duration 5 years). This corporate bond, which expired in the year under review, was replaced by a new corporate bond in the amount of TCHF 80,000 (interest rate 1,875%, duration 5 years), which was placed by Bauwerk Boen AG.
- mortgage financing on the company property of Bauwerk Parkett AG in St. Margrethen in the amount of TCHF 15,000 (interest rate 2.27%). The mortgage is to be paid back in instalments of TCHF 250 every six months, whereby a corresponding instalment was paid for the first time as of 31 December 2013.

Current accounts with banks, bank loans and other credits and loans with maturities of less than 12 months as well as the bond maturing in May 2018 are shown under current financial liabilities. This item is made up of the following:

	31/12/18	31/12/17
Mortgage loans/bank loans	500	500
Financial liabilities from finance lease	169	224
Bank overdraft	9,142	7,017
Bond (21 May 2013 – 21 May 2018)	0	80,000
Shareholder loans	0	37,308
Total current financial liabilities	9,811	125,049

In the reporting year, the scheduled repayments on the mortgage loan amounting to TCHF 500 (previous year TCHF 500) were made.

In the current business year, the financial liabilities from lease agreements were reduced by TCHF 55 (previous year increase of TCHF 85).

Non-current financial liabilities are made up of the following:

	31/12/18	31/12/17
Mortgage loans/bank loans	11,750	12,250
Bond (22 May 2018 – 22 May 2023)	80,000	0
Shareholder loans	37,308	0
Financial liabilities from finance lease	492	467
Total non-current financial liabilities	129,550	12,717

The final maturity of the existing shareholder loans was extended until May 2023.

The remaining long-term bank loans are due as following:

	31/12/18	31/12/17
Up to 12 months (2019)	0	500
12 – 24 months (2020)	11,750	11,750
Total long-term bank loans	11,750	12,250

Interest is charged on shareholder loans at a rate of 3.25% (previous year 3.25%), and is due as of 31 December.

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17. Accounts payable

	31/12/18	31/12/17
Accounts payable, third parties	14,609	18,725
Total	14,609	18,725

18. Other current liabilities

Other current liabilities are made up of the following:

	31/12/18	31/12/17
Social security	1,551	1,895
VAT/import tax	1,487	1,418
Prepayments from customers	586	900
Related parties	1,312	1,353
Other	1,959	1,920
Total	6,895	7,486

Liabilities to related parties are mainly the interest on shareholder loans calculated as of 31 December 2018 in the amount of TCHF 1,213 (previous year TCHF 1,216) as well as the open settlements of remunerations for the Board of Directors in the amount of TCHF 99 (previous year TCHF 137).

The item "Other" consists mainly of debtors with a credit balance, open current accounts and tax settlements.

19. Other non-current liabilities

Other non-current liabilities are made up of the following:

	31/12/18	31/12/17
Liabilities from grants and subsidies	497	636
Total	497	636

The item includes long-term liabilities accrued from investment grants and investment subsidies.

20. Accrued liabilities and deferred income

	31/12/18	31/12/17
Current tax on income	1,161	2,472
Sales reductions	1,985	2,684
Personnel	3,925	5,421
Interest	932	2,026
Other		
- Energy	28	156
- Insurance and fees	133	122
- Rental and ancillary rental costs	151	119
- Administration	419	569
- Marketing and advertisement	266	235
- Other expenses	756	1,198
Total	9,756	15,002

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Sales reductions include accrued liabilities for open cash discounts, customer bonuses as well as commissions.

The item "Personnel" includes accruals for holidays, overtime, bonuses and gratuities, commissions and other personnel expenses.

The accruals reported under item "Other" mainly comprise other expenses not yet cleared as of year-end. These items can fluctuate considerably depending on the settlement. This includes, among others, State subsidies in Croatia amounting to TCHF 315 (previous year: TCHF 0), license fees that are no longer billed (previous year TCHF 561) and costs for restoration of the property in Tveit/Norway due to the flooding in the amount of TCHF 70 (previous year TCHF 315).

21. Development of provisions

Provisions have developed as follows:

	Guarantees	Pension obligations	Deferred taxes	Other	Total 2018
Opening balance	674	43	9,972	4,729	15,417
Creation	9	27	238	73	347
Utilisation	-7	0	-14	-1,210	-1,230
Release	-50	0	-874	-1,578	2,502
Reclassifications	0	0	0	0	0
Exchange differences	-5	-2	3	-7	-11
As of 31/12/2018	622	68	9,325	2,008	12,022
Thereof, current	259	0	176	90	525
Thereof, non-current	363	68	9,149	1,918	11,497

	Guarantees	Pension obligations	Deferred taxes	Other	Total 2017
Opening balance	901	32	11,468	4,187	16,588
Creation	7	8	-294	753	474
Utilisation	-201	0	-96	-165	-463
Release	-50	0	-1,099	-200	-1,349
Reclassifications	0	0	0	0	0
Exchange differences	17	3	-7	154	167
As of 31/12/2017	674	43	9,972	4,729	15,417
Thereof, current	282	0	20	1,389	1,691
Thereof, non-current	392	43	9,951	3,340	13,726

Provisions for guarantees are provisions for risks arising from guarantees and claims to be remedied.

The reversal of other provisions includes TCHF 1,473 for provisions no longer required in connection with the withholding tax on receivables from licenses.

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Other provisions are made up of the following:

	31/12/18	31/12/17
Severance pay, bonuses, length of service and anniversaries	925	2,232
Repair / restoration of leased premises	475	495
Tax effect on receivable from licenses not accepted for tax purposes	0	1,454
Repair / restoration property St. Margrethen	478	500
Other	130	48
Total	2,008	4,729

TCHF 478 (previous year: TCHF 500) was included in the provisions for the outstanding costs related to the demolition and restoration obligations of the portion of the St. Margrethen property sold in December 2017.

22. Own shares

Own shares / value (in TCHF)

	2018	2017
1 January	102	102
Repurchases	4,147	0
Sales	-3,255	0
31 December	994	102

Own shares / number

	2018	2017
1 January	105,942	105,942
Repurchases	1,429,980	0
Sales	-1,193,040	0
31 December	342,882	105,942

As of 31 December 2018, the Company holds 342,882 own registered shares with a nominal value of CHF 1.00 each (previous year: 105,942 own registered shares). The total acquisition costs amount to TCHF 994 (previous year TCHF 102) and are shown separately in equity.

During the reporting year 1'193'040 own registered shares were sold at an average transaction price of CHF 2.30 per share and 1'429'980 own registered shares were acquired at an average transaction price of CHF 2.90.

23. Result per share in CHF

	31/12/18	31/12/17 (Restated*)
Net income – Bauwerk Boen AG in TCHF	9,716	11,541
Result per share in CHF	0.13	0.15
Average number of shares outstanding **)	76,067,727	76,287,708

*) See comments under „Valuation guidelines/valuation principles“ – Restatement offsetting goodwill directly with equity

**) undiluted and diluted

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24. Further information

24.1. Pledged assets

To collateralise the mortgage loan (see note 16) in the amount of TCHF 12,250 (previous year TCHF 12,750), real estate with a book value of TCHF 37,483 (previous year TCHF 38,067) is pledged as of year-end 2018.

24.2. Lease liabilities (operating leases)

The maturity structure for operating lease liabilities (rental for exhibitions, vehicles, etc.) is shown below:

	31/12/18	31/12/17
Up to 12 months (2019)	3,050	2,933
12 – 24 months (2020)	2,685	2,696
25 – 36 months (2021)	2,219	2,201
37 – 48 months (2022)	714	1,791
Later	689	869
Total	9,357	10,489

24.3. Contingent assets and contingent liabilities

The following contingent liabilities exist as of the balance sheet date:

	31/12/18	31/12/17
Other guarantees	683	131
Total	683	131

For the most part, these are guarantees granted to lessors for long-term lease contracts for exhibitions, warehouse space, etc.

This also includes a bank guarantee for state subsidies for high-tech investments deposited with the Croatian subsidiary in the amount of TCHF 564 (previous year TCHF 0).

24.4. Investment commitments and other obligations not to be shown on the balance sheet

	31/12/18	31/12/17
Investment commitments from contracts already concluded	p.m.	p.m.
Cooperation agreements with suppliers/customers	p.m.	p.m.
Agreement to take with strategic partner	0	9,374

The purchase agreement with a strategic partner as of December 31, 2018 has expired and has not been renewed.

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24.5. Pension funds of Swiss companies

All persons entitled to payments from the pension fund of Bauwerk (HIAG Pensionskasse) are employees of Bauwerk Parkett AG, St. Margrethen. This is a defined contribution pension plan. The coverage ratio in accordance with Art. 44(1) of the BVV2 was 130.3% (previous year 132.8%) as of the balance sheet date.

	31/12/18	31/12/17
Liabilities due to social security instruments	395	211
Actuarial excessive cover	9,273	10,346
Current economic benefit/economic obligation	0	0

Pension costs from pension funds are made up of the following:

	2018	2017
Costs of employer contributions	1,286	1,393
Pension expenses in personnel expenses	1,286	1,393

24.6. Pension funds of Norwegian companies

As of 1 July 2015, the defined benefit plans for all active and retired employees were discontinued and transferred to the defined contribution plans. Nine former employees of Boen Broek AS who are disabled remain in the old pension plan until they leave, although there are no economic obligations for the old pension plan as at 31 December 2018.

24.7. Effects of a theoretical activation of goodwill

Theoretical assets register - Goodwill

	2018	2017
Theoretical net book value of goodwill at the beginning of the financial year	24,165	29,685
Acquisition value		
Status at the beginning of the financial year	54,299	54,387
Acquisitions	0	0
Disposals	0	0
Adjustments	929	-88
Status at the end of the financial year	55,228	54,299
Cum. amortisation		
Status at the beginning of the financial year	-30,134	-24,702
Acquisitions	-5,432	-5,432
Disposals	0	0
Adjustments	0	0
Status at the end of the financial year	-35,566	-30,134
Theoretical net book value of goodwill at the end of the financial year	19,662	24,165

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As part of the agreements for pending risks made with the sellers in the Boen acquisition, the purchase price was adjusted in the previous year by TCHF 88. The consideration of this reduction in the purchase price was made as an adjustment directly in goodwill. There were no longer any pending risks at the end of the reporting year. This resulted in an adjustment of goodwill in the amount of TCHF 929.

Effect on equity

	2018	2017
Reported equity according to balance sheet	76,467	73,403
Theoretical capitalisation Net book value Goodwill	19,662	24,164
Theoretical equity incl. revaluated Goodwill	96,129	97,567
Theoretical self-financing level	34.42%	33.34%

Impact on operating profit (EBIT)

	2018	2017
Operating profit (EBIT) according to income statement	16,961	22,028
Theoretical amortization goodwill	-5,432	-5,432
Operating profit (EBIT) incl. theoretical amortization goodwill	11,529	16,596

24.8. Minority interests

4% of the shares of the group company AO Dominga Nik are held by third parties. Since both the company's equity as well as the company's current revenue are negative, the company refrained from showing the minority interests in group equity and group profit/loss.

24.9. Events after the balance sheet date

On 25 January 2019 a new company Bauwerk Parquet Aftersales S.r.l. has been founded. The company is not allowed to sell parquet, it only handles the after-sales activities for Italian customers. In addition, Bauwerk Parkett AG acquired the company Scandinavian Room Boen AB from Atrome AB on 13 March 2019. Scandinavian Room Boen AB has already acted as the exclusive agent for the Boen Brand in Sweden in recent years.

Until the approval of the consolidated financial statement by the Board of Directors on 17 April 2019, no significant events occurred that could affect the informative value of the 2018 financial statements or that would need to be disclosed here.

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All Bauwerk Boen Annual Report content is available in German and English and can also be accessed on our website www.bauwerk-parkett.com
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