

Report on the first three quarters



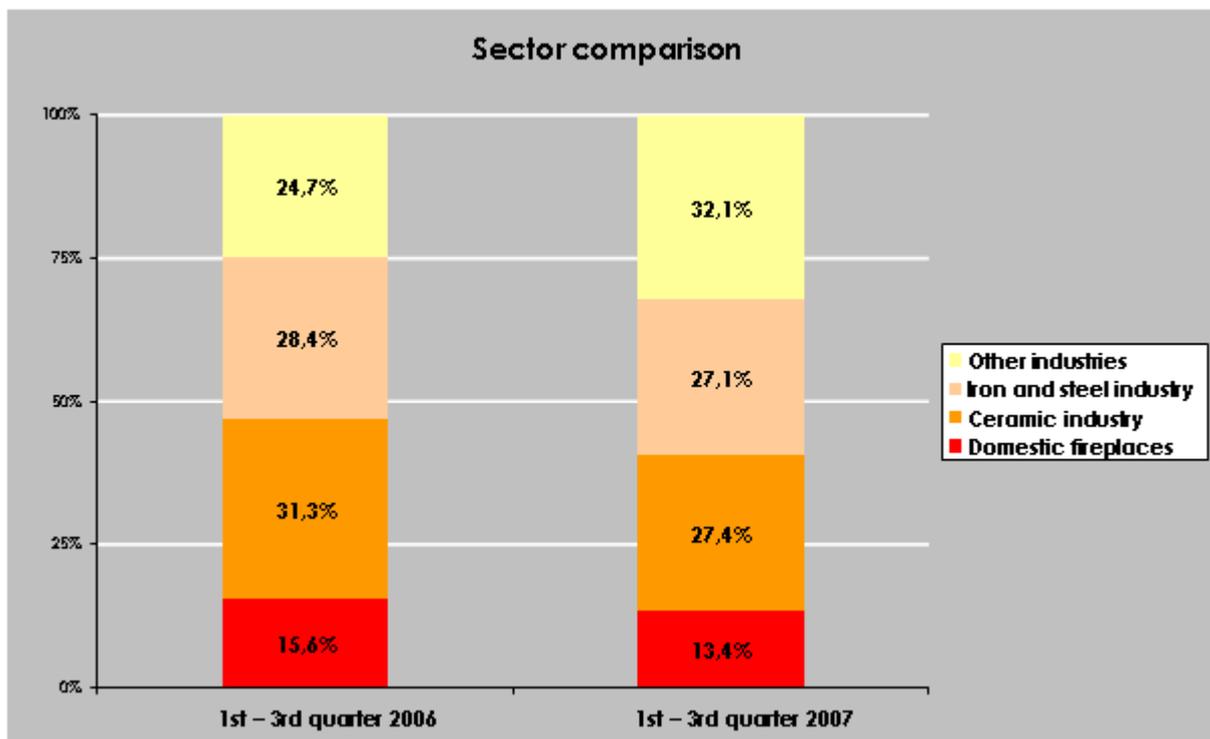
**RATH**

## Business environment

The business environment has remained unchanged compared with that of the semi-annual financial report. The sentiment in Europe continues to be positive; as yet, no negative effects on account of the fiscal developments are discernible for the refractory market.

## Business trends

The trend in the steel industry continues to remain positive and is a driving force behind our increases in this sector. After an initially good start in the ceramic industry, there was a significant decline in the 2<sup>nd</sup> quarter and, contrary to predictions, recovery has not yet taken place. Home fireplaces also suffered a decline as a result of the enormous price-related pressures on the commodity market. However, sales in other industrial sectors showed a marked increase. This nevertheless results in our not yet being quite able to fully recover the turnover ceded as of 31.12.2007 with the sale of the holloware.



The turnover in the first three quarters (EUR 63,245 thousand) consequently remained at roughly the same level as in the previous year (EUR – 528 thousand).

Due to the high strain on results caused by the newly constructed plant in Milledgeville and the plant which was taken over in Leoben, the 3<sup>rd</sup> quarter could also not deliver an improvement in the overall result. The EBIT therefore dropped to EUR 4,031 thousand. A significant reversal of the trend in this area cannot be expected as early as the fourth quarter.

## Outlook

We therefore expect sales to be on a similar level as in the previous year. The above-mentioned plants in Milledgeville and Leoben will continue to prevent a jump in profits for the Rath Group.

If the level of business activity remains favourably high for the overall economy as well as for our customers, then we can assume that the year 2007 will turn out similarly to 2006. The order books are well filled so we see no threats which could have an additional negative influence on the result.

Georg Rath e.h. Dr. Matthias Rath e.h.  
The Management Board

[thousand EUR]	1-9. 2005	1-9. 2006	1-9. 2007
Sales	55.715	63.773	63.245
Operative cash flow	6.598	7.870	7.086
EBIT	4.095	5.506	4.031
Employees	560	597	657
Share price	15,50	18,60	24,00

## Business calendar

<b>April 30, 2008</b>	Annual financial report 2007
<b>May 9, 2008</b>	First quarter report 2008
<b>June 27, 2008</b>	Annual Shareholder's Meeting
<b>August 29, 2008</b>	Semi-annual financial report 2008
<b>November 11, 2008</b>	Third quarter report 2008

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