

# 2014

FINANCIAL STATEMENTS OF THE  
RATH AKTIENGESELLSCHAFT



# 2014 FINANCIAL STATEMENTS

OF THE RATH AKTIENGESELLSCHAFT

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### Disclaimer

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MISPRINTS AND PRINTING ERRORS RESERVED

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# MANAGEMENT REPORT

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## ECONOMIC REPORT

### Business and General Conditions

The Rath Aktiengesellschaft is a company quoted on the stock exchange in Vienna in standard market auctions. The Rath Aktiengesellschaft, which is a holding company of the Rath Group, provides central control of the reporting system of its separate daughter companies as well as a strategic development of our product portfolio, application solutions and our output markets. There are no branch offices or business premises.

## BUSINESS PERFORMANCE

### Sales trend and earnings situation

The listed revenues in the amount of 3,736 KEUR (previous year: 3,780 KEUR) originate from intercompany pricing for services by Ressorts Marketing, F & E, Financing and Controlling, IT as well as Process Management. Personnel costs of 1,641 KEUR (previous year: 2,435 KEUR) decreased by 794 KEUR. On one hand this reduction resulted from expired executive contracts leading to a significant change of personnel costs last year. On the other hand, the positive effects are mirrored in the optimization of central functions. Expenses in the area of "other corporate expenses" were at 1,870 KEUR (previous year: 1,822 KEUR). These are basically costs resulting from further offsetting of services from the group's daughter companies to the Rath Aktiengesellschaft. The operating result (EBIT) improved significantly to 130 KEUR (previous year: -573 KEUR). For the 2014 financial year, dividends in the amount of 1,200 KEUR (previous year: 500 KEUR) were paid to the parent company. The financial result without revenues from financial interests amounted to -178 KEUR (previous year: 144 KEUR). The interest rate level, which decreased again, dropped to lower interest revenues as well as in evaluation of the interest rate swap. The company closes the books at an annual surplus of 1,055 KEUR (previous year: 65 KEUR).

### Assets and financial position

Total assets of Rath Aktiengesellschaft increased from 33,819 KEUR to 34,494 KEUR. At the same time, Rath Aktiengesellschaft accounts for an equity quota of 50.2% at the end of the year 2014 (previous year: 48.1%)

The debt quota (net financial liabilities in proportion to equity capital) has decreased from 86.6% to 79.5%. Due to the positive annual results of 1,055 KEUR, the executive board will announce at the Annual General Meeting a dividend of 0.40 EUR per share plus a bonus dividend of 0.10 EUR per share to be paid and the remainder to be carried forward onto new accounts (305 KEUR). The stock market price of the previous year increased from 6.61 EUR (31st 12., 2013) to 9.185 KEUR on 30th 12. 2014. The year-end market capitalization is therefore EUR 13.8 million. (previous year: EUR 9.9 million).

### Supplementary report

There were no reportable events in 2015 which are of special importance to the development of the asset, financial and revenue situation.

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# MANAGEMENT REPORT

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## OUTLOOK REPORT

As a pure holding company, the performance of the company is solely reliable on revenues of its daughter companies and their billable services. The Rath Group will continue on its current path and is expecting a successful business year in 2015. The solid structure of the balance sheet and strong equity base of the Rath Aktiengesellschaft and its daughter companies presents the necessary basis for further developments, whether provided by the market, customer or products. The Rath Group feels well prepared for the 2015 financial year in that aspect, despite the likely lack of a significant global economic growth, as economics experts have suggested. While forecasts for Europe remain cautious, experts forecast a strong growth for the USA. Regarding the expected overall economic parameters, no substantial changes compared to 2014 are to be expected for the markets served by the Rath Group. Internally, the Rath Group will further push ahead the already successfully implemented process optimizations and measures for increases in efficiency, while keeping an eye on cost discipline. On this basis and under consideration of consistent foreign exchange rates as well as interest rate levels, the company group is expecting a slight increase in revenues as well as the group result for the financial year of 2015.

## RISK REPORT

The internal control system will be secured via an integral process management. Signature regulations based on a "four-eye-principle" as well as separations of critical functions in all business areas are stored therein. The risk management system ensures that risks are regularly analyzed and assessed. This is the only way to be sure that they can be detected at an early stage and countermeasures can be implemented quickly should a risk arise. Special risks can arise due to the financing functions of the holding company. For that reason, exchange rates and the development of interest rates are supervised. Further information pursuant to Section 243 (3) No. 5 UGB (Austrian Commercial Code) is explained in the Notes.

## RESEARCH REPORT

The Rath Aktiengesellschaft takes on a central function in the field of F & E. Here the separate projects are planned, coordinated and accompanied during implementation. The holding company also provides testing devices for group-wide activities.

## CORPORATE SOCIAL RESPONSIBILITY

The Supervisory Board and Management of the Rath Group place a high value on sustainable company leadership. Thus, strategic decision-making as well as operational leadership are influenced equally by ecological, economic and social factors. The most important cross-group strategies for sustainability include Rath brand and product development strategies, innovation and production procedures to optimize the economy and ecology during the production process as well as in the product. Entering of the most important basic data of the Group's companies had been continued in the 2014 financial year.

# MANAGEMENT REPORT

Our colleagues are the most important key for a positive, sustainable development of our company's success. Open, appreciative social interaction among colleagues in all sectors, beyond function level, is the foundation of our company. In the 2014 business year, we had an average of 17 (previous year: 21) employees on our payroll. The percentage of employed women in the Rath Aktiengesellschaft is around 56% (previous year: In the financial year 2014, we had an average of 17 (previous year: 17%).

## INFORMATION IN ACCORDANCE WITH SECTION 243A UGB (AUSTRIAN COMMERCIAL CODE)

### SHAREHOLDER'S STRUCTURE

31.12.2014

<b>Rath Holding GmbH</b>	66.7%
<b>Rath family members</b>	13.8%
<b>Pioneer Investments Austria GmbH</b>	4.8%
<b>Diversified holdings</b>	14.7%

Capital composition is explained in greater detail in the Notes. The Articles of Association do not include any restrictions regarding the exercise of the voting rights by Rath Aktiengesellschaft. The Company is unaware of any restrictions on the transfer of voting rights.

Rath Aktiengesellschaft does not operate an employee stock options scheme. Regarding the Supervisory Board, Executive Board and the company's Articles of Association there are no regulations that deviate from the law. The company does not own any of its shares as on the reporting date. There are no existing agreements that become effective in the event of control changing hands. In the event of a public takeover bid, there are no provisions for compensation.

VIENNA, APRIL 08, 2015

### THE EXECUTIVE BOARD

**Andreas Pfneiszl (personal signature)**

Member of the Executive Board

**DI Joerg Sitzenfrey (personal signature)**

Member of the Executive Board



## BALANCE SHEET

	31.12.2014 EUR	31.12.2013 KEUR
<b>ASSETS</b>		
<b>A. Capital Assets</b>		
<b>I. Intangible fixed assets</b>		
Industrial property rights and similar rights and advantages as well as licenses derived thereof	52,520	31
<b>II. Tangible assets</b>		
1. other assets, company and business equipment	263,999	322
2. made down payments and shares in construction	20,400	0
<b>III. Financial assets</b>		
1. Shares of affiliated companies	17,503,973	17,506
2. Asset exposures to affiliated companies	11,083,999	12,887
3. Securities of capital assets	446,456	433
	<b>29,034,428</b>	<b>30,825</b>
<b>B. Current assets</b>	29,371,347	31,178
<b>I. Receivables and other assets</b>		
1. Receivables towards affiliated companies, thereof 1,200,000 EUR from dividends (previous year: 500 KEUR)	4,705,988	2,338
2. Receivables towards a company with an ownership structure	543	1
3. Other receivables and assets	17,007	16
	<b>4,723,538</b>	<b>2,354</b>
<b>II. Bank balance, balance at financial institutions</b>	285,773	178
	<b>5,009,310</b>	<b>2,532</b>
<b>C. Accruals and Deferrals</b>		
Other accruals and deferrals	113,637	109
	<b>34,494,295</b>	<b>33,819</b>



## BALANCE SHEET

	31.12.2014 EUR	31.12.2013 KEUR
<b>LIABILITIES</b>		
<b>A. Equity Capital</b>		
<b>I. Capital Stock</b>	10,905,000	10,905
<b>II. Capital reserves</b>		
fixed	1,118,067	1,118
<b>III. Retained earnings</b>		
other reserves (free reserves)	2,972,839	2,973
<b>IV. Net profit</b>	2,317,264	1,263
(retained earnings thereof 1,262,520 EUR; previous year: retained earnings 1,197 KEUR)	17,313,170	16,258
<b>B. Provisions</b>		
1. Provisions for severance payments	13,023	12
2. Provisions for pensions	1,867,142	1,877
3. Provisions for taxes	93,000	0
4. Other reserves	920,747	1,199
	<b>2,893,912</b>	<b>3,087</b>
<b>C. Liabilities</b>		
1. Bank borrowings	14,054,701	14,185
2. Liabilities from deliveries and services	96,644	192
3. Liabilities to affiliated companies	0	0
(4) Other assets	135,868	96
from taxes 63,532 EUR; previous year: 61 KEUR		
from within the scope of social security 26,849 EUR; previous year: 29 KEUR		
	14,287,213	14,473
	<b>34,494,295</b>	<b>33,819</b>
Contingent liabilities	12,357,143	12,357

## INCOME AND LOSS STATEMENT

	2014 EUR	2013 KEUR
1. Sales revenues	3,736,151	3,779
	<b>3,736,151</b>	<b>3,779</b>
2. Personnel expenses		
a) Salaries	-1,169,737	(1,939)
b) Expenses for processing and services to operational pension fund of employees	-18,945	(23)
c) Expenses for retirement provisions	-169,641	(110)
d) Expenses for statutory social contributions as well as taxes and statutory deductions depending on salary payment	-282,195	(364)
	-1,640,518	(2,435)
3. Depreciation		
on intangible assets of capital assets and tangible assets	-95,896	(96)
4. Other operating expenses		
Other	-1,869,870	(1,822)
<b>5. Sub total from Z 1 to 4 (operating results)</b>	<b>129,867</b>	<b>(573)</b>
6. Revenues from shares (thereof dividends of 1,200,00 EUR; previous year: 500 KEUR)	1,200,000	500
7. Revenues from loans of investment assets (from affiliated companies: 331,886.52 EUR (previous year: 416 KEUR)	331,887	416
8. Revenues from appreciation in value of financial assets (thereof revenues from affiliated companies 196,325.16 EUR; previous year: 5,565 KEUR)	210,224	5,571
9. Other interest income	29,914	50
10. Expenses from appreciation in value of financial assets (thereof revenues from affiliated companies 193,065.78 EUR; previous year: 5,565 KEUR)	-193,066	(5,579)
11. Interest and similar expenses	-557,083	(314)
<b>12. Subtotal from Z 6 to 11 (financial result)</b>	<b>1,021,876</b>	<b>644</b>
<b>13. Result from ordinary activities</b>	<b>1,151,744</b>	<b>71</b>
14. Taxes on income	-97,000	(5)
<b>15. Annual surplus</b>	<b>1,054,744</b>	<b>66</b>
16. Retained earnings from the previous year	1,262,520	1,197
<b>17. Net profit</b>	<b>2,317,264</b>	<b>1,263</b>

## GROUP RELATIONS

SHARES OF AFFILIATED COMPANIES OF THE CIRCLE OF FULLY CONSOLIDATED COMPANIES	SHARE %	CORPORATE EQUITY CAPITAL AS OF 31ST 12. 2014 EUR	CORPORATE DISCLAIMER ANNUAL RESULT 2014 EUR
Rath GmbH, Meißen, Germany	100.00	25,309,385	1,070,511
<i>PREVIOUS YEAR</i>	100.00	24,238,874	886,459
Rath Hungaria Kft., Budapest, Hungary	100.00	3,194,205	229,311
<i>PREVIOUS YEAR</i>	100.00	3,347,010	-18,000
Rath USA Inc. Newark, USA	100.00	1,763,342	1,059,607
<i>PREVIOUS YEAR</i>	100.00	1,274,282	-1,362,952
Chamottewaren- und Thonöfenfabrik Aug. Rath jun. GmbH, Krummnußbaum	99.98	3,588,257	1,490,927
<i>PREVIOUS YEAR</i>	99.98	2,097,330	44,000
Rath žárotechnika spol. s r.o., Dvůr Králové, Czech Republic	100.00	1,175,607	-11,521
<i>PREVIOUS YEAR</i>	100.00	1,200,376	81,025
Rath Polska Sp. z o.o., Dabrowa Gornicza, Poland	100.00	-58,156	-38,116
<i>PREVIOUS YEAR</i>	100.00	68,781	-21,000
Rath SAS, Gennevilliers, France	95.00	32,459	9,783
<i>PREVIOUS YEAR</i>	95.00	22,000	-43,000
Rath Ukrajina TOW, Donezk, Ukraine	100.00	132,897	50,870
<i>PREVIOUS YEAR</i>	100.00	157,518	40,000
Rath Group S. de R.L. de C.V., Monterrey, Mexico	100.00	-26,468	-47,409
<i>PREVIOUS YEAR</i>	100.00	20,070	-1,000
Rath Group S.R.L., Buenos Aires, Argentina	100.00	-377,843	-212,476
<i>PREVIOUS YEAR</i>	100.00	-179,434	-175,000
Rath Group Brazil Ltda., Vitória, Brazil	100.00	-105,140	-3,922
<i>PREVIOUS YEAR</i>	100.00	-100,519	-113,000

# ANNEX

## ACCOUNTING AND EVALUATION PRINCIPLES

### 1. GENERAL PRINCIPLES

The valid version of the annual accounts was created under consideration of the Commercial Code (UGB) and the principles of proper bookkeeping as well as the general standard of conveying a true image of the asset, financial and revenue situation of the company.

The company is to be classified as a large corporation according to Section 221 UGB. The principle of completeness was adhered to during creation of these annual accounts. The income and loss statement was created according to the total cost method. For the evaluation of individual assets and debts, the principle of individual assessment and a continuation of the company were assumed. Thus, the precautionary principle took into account that only revenues realized on the closing date were accounted. All foreseeable risks and looming losses were taken into consideration.

### 2. CAPITAL ASSETS

#### a) Intangible assets

Intangible assets acquired will be measured at acquisition costs less depreciation. The orderly depreciation takes place linearly. The following operational life will be taken as a basis for the orderly depreciation:

Computer software and licenses 3-4years

#### b) Tangible assets

Tangible assets will be measured at acquisition costs less depreciation. Orderly depreciation will be performed on the basis of the following depreciation rates:

#### > TANGIBLE ASSETS

	FROM	TO
<b>Buildings</b>	3%	10%
<b>technical installations and machines</b>	10%	20%
<b>other assets, company and business equipment</b>	10%	25%

Accruals of the first half of the financial year will be depreciated at the full annual depreciation rate, accruals of the second half will be depreciated at half the annual depreciation rate. Low-value assets (individual purchases of up to 400 EUR) will be fully depreciated in the acquisition year. In the development of capital assets they are represented as turnover.

Non-scheduled depreciations take place if value reductions are expected to be permanent. No non-scheduled depreciations took place during the financial year. Investment allowances are depreciated directly from acquisition and production costs.

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## ANNEX

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**c) Financial assets**

Shares of affiliated companies will always be measured at costs, possibly less depreciation in consideration of value reductions. Asset exposures and securities of capital assets are measured at acquisition costs. Non-scheduled depreciations take place if value reductions took place or if the value on the balance sheet date is lower than their carrying value.

Non-scheduled depreciations of 193 KEUR took place in the financial year (previous year: 5,579 KEUR). Depreciations affect the Rath Polska Sp. z o.o as well as the Rath Group S. de R.L. Investments to the Feal GmbH were adjusted by 100 % in the reporting year.

Appreciation values of 210 KEUR were made (previous year: 5,571 KEUR). An amount of 196 KEUR thereof accounts for shares of affiliated companies (Rath Hungaria Kft.)

**3. RECEIVABLES AND OTHER ASSETS**

Receivables and other assets are named as nominal value if, in case of foreseeable individual risks, the lower applicable value is not recognized.

**4. PROVISIONS****a) Provisions for claims of services**

Provisions for services are calculated according to principles of financial mathematics including the interest rate of 2.5 % (previous year: 3 %) and the legal pension age according to the pension reform's transitional agreement.

**b) Pension reserves**

Reserves for pensions are calculated according to recognized actuarial principles of the part-value method, based on an actuarial interest rate of 2.5 % (previous year: 3 %) under consideration of the expert assessment KFS-RL3 of the Board of Experts for Trade Law and Auditing (Fachsenat für Handelsrecht und Revision) in the version of 5th. 5., 2004.

**c) Anniversary bonus provisions**

Anniversary bonus provisions are calculated according to principles of financial mathematics including the interest rate of 2.5 % (previous year: 3 %), legal pension age according to the pension reform's transitional agreement and fluctuation of 5 %.

**d) Other provisions**

All foreseeable risks and uncertain liabilities were taken into account according to the precautionary principle in the amount of other provisions that are required according to reasonable entrepreneurial judgment.

# ANNEX

## 5. LIABILITIES

Liabilities are measured at the amount repayable, taking into account the precautionary principle. For reasons of comparison, adjustments of the previous year have been made.

This affects both short and long term liabilities.

## 6. CURRENCY CONVERSION IN INDIVIDUAL FINANCIAL STATEMENT

Receivables and liabilities in foreign currencies, including those towards financial institutions, are measured at the valid reference price of the European Central Bank on the reporting date.

## B. NOTES ON BALANCE SHEET AND INCOME AND LOSS STATEMENT OF RATH AG

### NOTES ABOUT BALANCE SHEET

#### 1 Capital assets

The development of individual capital asset items is shown on the asset analysis (Exhibit 1).

#### 2. Receivables and other assets

All receivables and other assets are given a remaining term of up to one year, as in the previous year.

#### 3. CAPITAL

Capital stock amounts to 10,905,000 EUR and is comprised of 1,500,000 no-par-value stock.

#### 4. Other provisions

The remaining provisions basically include the provision for looming losses from an interest rate swap derivative in the amount of 654,708 EUR (previous year: 675 KEUR).

> OTHER PROVISIONS	31.12.14 EUR	31.12.13 EUR
<b>Unused leave</b>	53,583	44,617
<b>Other</b>	867,164	1,153,925
	<b>920,747</b>	<b>1,198,542</b>

#### 5. Liabilities

We refer to annex 2 regarding the maturities analysis. Other liabilities basically include salary-dependent taxes that only become cash-effective after the reporting date.

## ANNEX

**6. Contingent liabilities, liabilities from using tangible assets****a) Contingent liabilities**

The company has submitted a letter of comfort in the name of Rath USA Inc., Newark, USA, to GE Capital Public Finance, Inc. For Aug. Rath jun. GmbH, letters of comfort were submitted in the amount of 7,700,000.00 EUR (previous year: 7,700 KEUR) and for Erste Bank AG in the amount of 1,000,000.00 EUR (previous year: 1,00 KEUR) For Rath Hungaria Kft., a letter of comfort was submitted in the amount of 3,657,143 EUR (previous year: 3,657 KEUR) in favor of UniCredit Bank Hungary Zrt.

<b>OF THE FOLLOWING FIVE BUSINESS YEARS</b> <i>IN EUR</i>	<b>OF THE FOLLOWING BUSINESS YEAR</b> <i>IN EUR</i>	<b>LIABILITIES &lt;</b>
1,048,474 thousand EUR (previous year: 1,057 KEUR)	246,914 thousand EUR (previous year: 253 KEUR)	<b>Liabilities from rental and leasing agreements</b>

**b) Liabilities from using assets not listed in the balance sheet.****7. Explanatory notes for financial instruments****a) Interest rate hedging**

For hedging the interest security risk, a derivative financial instrument in the shape of an interest rate swap (4.35 % fixed interest rate) with a nominal value of 4.5m EUR and a term until June 2018 has been concluded. The negative market value of 31st 12., 2014 is at 654,708 EUR (previous year: 675 KEUR).

**NOTES ABOUT INCOME AND LOSS STATEMENT****1. Sales revenues**

For the most part, revenues consist of off-settings of Group charges

**2. Personnel expenses**

In the financial year 2014, we had an average of 17 (previous year: 21) employees on our payroll. The expenses for services include payments to operational employee pension funds in the amount of 18,945 EUR (previous year: 23 KEUR).

**3. Taxes on income**

The company is a parent company that is required to be consolidated according to Section 244 UGB. A tax allocation contract in accordance with Section 9 paragraph 8 KStG (Corporation Tax Law) 1988 (Group parent Rath Aktiengesellschaft - Group member Aug. Rath jun. GmbH) was signed for Group taxation purposes. The financial year's tax expenses result from tax allocations.

The active deferred tax amount of 126,118 EUR (previous year: 121 KEUR) was not reported.

## ANNEX

### 4. Other information

All legal and economic relations to affiliated companies as of the reporting date can be obtained from annex 3. All expenses for the annual auditor KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft (auditing and tax consultation company) allocated to the financial year amount to 27,500 EUR (previous year: PWC Wirtschaftsprüfung GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft 32 KEUR), of which 5,500 EUR (previous year: 11 KEUR) were allocated to the year-end audit and 22,000 EUR (previous year 22 KEUR) to other confirmation services.

### ORGANS OF THE CORPORATION

Joerg Sitzenfrey, born 1976, has been, as of 1st.1, 2013 (initial order), a member of the Executive Board responsible for Department Production, Research & Development, SAP and Information Technology as well as Process Management.

Andreas Pfneiszl, born 1969, has been, as of 10th 6., 2013 (initial order), a member of the Executive Board for Distribution and Finances. Both management contracts, which are valid until 31st 12., 2015, have been extended until 31st 12., 2020. In the following, the total remuneration of the Executive Board is shown with its respective fixed and variable shares:

Former members received pension payments of 179 KEUR (previous year: 179 KEUR).

> EXECUTIVE BOARD REMUNERATIONS		2014 KEUR	2013 KEUR
<b>DI Jörg Sitzenfrey</b>	fixed	159	157
	variable	35	19
		<b>194</b>	<b>176</b>
<b>Andreas Pfneiszl</b>	fixed	162	80
	variable	35	5
		<b>197</b>	<b>85</b>
<b>Mag. Georg Rath</b>	fixed	0	139
	variable	0	35
		<b>0</b>	<b>174</b>
<b>DI Dr. Matthias Rath</b>	fixed	0	163
	variable	0	29
		<b>0</b>	<b>192</b>
<b>Total sum</b>		<b>391</b>	<b>627</b>



## ANNEX

**Structure of the Supervisory Board:**

The Supervisory Board currently consists of six selected members of the shareholder's meeting, who are characterized by strong business economic and legal expertise, personal qualifications and long-standing experience. All members are Austrian citizens.

<b>END OF CURRENT TERM OF OFFICE</b>	<b>INITIAL ORDER</b>	<b>AR MANDATES OR SIMILAR POSITIONS</b>	<b>YEAR BORN</b>	<b>MEMBERS OF THE SUPERVISORY BOARD &lt;</b>
in 2018	25.6.2013	Managing Director EVVA Sicherheitstechnologie GmbH	1964	<b>Mag. Stefan Ehrlich-Adám</b> (Chairman) › <i>independent</i>
in 2018	17.7.2003	Auditor and partner at Grant Thornton Unitreu GmbH	1966	<b>WP Mag. Philipp Rath</b> (Vice Chairman) › <i>dependent</i>
in 2018	14.9.1989	Managing Director of Rath Holding GmbH	1934	<b>Dkfm. Paul Rath</b> › <i>dependent</i>
in 2018	27.6.2008	Financial Director of Porr Aktiengesellschaft	1966	<b>MMag. Christian B. Maier</b> › <i>independent</i>
in 2018	25.6.2013	Roula Millauer Consulting	1964	<b>Roula Millauer</b> › <i>independent</i>
in 2018	25.6.2013	Supervisory Board Silgan Holdings Austria GmbH	1966	<b>Mag. Dieter Hermann</b> › <i>independent</i>

## ANNEX

The Supervisory Board remuneration (including attendance fees) for the financial year 2014, conditioned on the approval of the shareholder's meeting, amounts to a total of 45 KEUR (2013: 50 KEUR) and is distributed among the individual Members of the Supervisory Board as follows:

### MEMBERS OF THE SUPERVISORY BOARD

### REMUNERATION IN EUROS (INCL. ATTENDANCE FEES)

<b>Mag. Stefan Ehrlich-Adám</b> Chairman of the Supervisory Board	10,400
<b>WP Mag. Philipp Rath</b> Vice Chairman of Supervisory Board	9,100
<b>Mag. Dieter Hermann</b>	6,700
<b>Roula Millauer</b>	6,700
<b>MMag. Christian B. Maier</b>	6,300
<b>Dkfm. Paul Rath</b>	6,000

The remuneration for Members of the Supervisory Board are made up of fixed and attendance-dependent components. The fixed component consists of a total amount, which is to be distributed so that the chairman of the Supervisory Board receives twice the amount and the Vice Chairman receives one and a half times the amount a normal member receives. The second component consists of an attendance fee which is determined by a fixed amount per meeting a member participates in.

VIENNA, APRIL 08, 2015

### THE EXECUTIVE BOARD

**Andreas Pfneiszl, (personal signature)**

**DI Joerg Sitzenfrey (personal signature)**

ASSETS ANALYSIS  
LIABILITIES ANALYSIS

## ASSETS ANALYSIS

	ACQUISITION/ PRODUCTION COSTS 1ST 1. 2014 EUR	ADDITIONS EUR	DISPOSALS EUR
<b>I. Intangible fixed assets</b>			
Industrial property rights and similar rights and advantages as well as licenses derived thereof	492,458.36	44,958.92	0.00
	<b>492,458.36</b>	<b>44,958.92</b>	<b>0.00</b>
<b>II. Tangible assets</b>			
1. other assets, company and business equipment*	675,818.38	15,412.25	4,533.57
2. made down payments and shares in construction	0.00	20,400.00	0.00
	<b>675,818.38</b>	<b>35,812.25</b>	<b>4,533.57</b>
<b>III. Financial assets</b>			
1. shares of affiliated companies	30,615,329.81	0.00	5,000.00
2. Asset exposures to affiliated companies	13,641,955.28	982,140.52	2,784,757.02
3. Securities of capital assets	446,455.71	0.00	0.00
	<b>44,703,740.80</b>	<b>982,140.52</b>	<b>2,789,757.02</b>
	<b>45,872,017.54</b>	<b>1,062,911.69</b>	<b>2,794,290.59</b>
* low-value assets thereof		3,386.67	3,386.67

## LIABILITIES ANALYSIS

	BALANCE SHEET VALUE EUR	PREVIOUS YEAR'S FIGURE EUR	REMAINING TERM UP TO 1 YEAR EUR
Bank borrowings	14,054,701	14,184,639	12,749,159
Liabilities from deliveries and services	96,644	192,268	96,644
Liabilities towards affiliated companies	0	0	0
Other liabilities	135,868	95,947	135,868
<b>Total</b>	<b>14,287,213</b>	<b>14,472,854</b>	<b>12,981,671</b>

## ASSETS ANALYSIS

ACQUISITION PRODUCTION COSTS 31ST 12. 2014 EUR	ACCUMULATED DEPRECIATIONS EUR	BOOK VALUE 31.12. 2014 EUR	BOOK VALUE 31.12. 2013 EUR	DEPRECIATIONS OF THE CURRENT BUSINESS YEAR EUR	APPRECIATIONS OF THE CURRENT BUSINESS YEAR EUR
537,417.28	484,897.28	52,520.00	30,665.00	23,103.92	0.00
<b>537,417.28</b>	<b>484,897.28</b>	<b>52,520.00</b>	<b>30,665.00</b>	<b>23,103.92</b>	<b>0.00</b>
686,697.06	422,698.06	263,999.00	322,345.00	72,792.25	0.00
20,400.00	0.00	20,400.00	0.00	0.00	0.00
<b>707,097.06</b>	<b>422,698.06</b>	<b>284,399.00</b>	<b>322,345.00</b>	<b>72,792.25</b>	<b>0.00</b>
30,610,329.81	13,106,356.54	17,503,973.27	17,505,713.89	193,065.78	196,325.16
11,839,338.78	755,340.09	11,083,998.69	12,886,615.19	0.00	0.00
446,455.71	0.00	446,455.71	432,556.97	0.00	13,898.74
<b>42,896,124.30</b>	<b>13,861,696.63</b>	<b>29,034,427.67</b>	<b>30,824,886.05</b>	<b>193,065.78</b>	<b>210,223.90</b>
<b>44,140,638.64</b>	<b>14,769,291.97</b>	<b>29,371,346.67</b>	<b>31,177,896.05</b>	<b>288,961.95</b>	<b>210,223.90</b>
				3,386.67	

## LIABILITIES ANALYSIS

PREVIOUS YEAR'S FIGURE EUR	REMAINING TERM OF 1 TO 5 YEARS EUR	PREVIOUS YEAR'S FIGURE EUR	REMAINING TERM OF MORE THAN 5 YEARS EUR	PREVIOUS YEAR'S FIGURE EUR
11,996,161	1,305,542	2,188,478	0	0
192,269	0	0	0	0
0	0	0	0	0
95,947	0	0	0	0
<b>12,284,376</b>	<b>1,305,542</b>	<b>2,188,478</b>	<b>0</b>	<b>0</b>

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## AUDITOR'S CERTIFICATE

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### **Report on the Consolidated Financial Statements**

We have audited the enclosed consolidated financial statements of Rath Aktiengesellschaft, Vienna, for the business year from January 1 to December 31, 2014, taking into account Accounting. This annual report includes the balance sheets up to December 31, 2014, the income and loss statements for the business year ending on December 31, 2014 as well as annexes.

### **Responsibility of the Legal Representatives for the Consolidated Financial Statements and Accounting**

The Company's management is responsible for the Group accounting and for creating a consolidated financial statement representing a true and fair picture of the asset, financial and revenues situation of the company according to the Austrian Commercial Law regulations. This responsibility includes: designing, implementing and maintaining of an internal control system, as far as it is relevant to the preparation of consolidated financial statements and conveying a true and fair picture of the asset, financial and revenues situation of the company, so that they are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting and evaluation methods; making accounting estimates that are reasonable under the given circumstances.

### **Auditor's Responsibility and Description of Type and Scope of the Statutory Audit**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We have conducted our audit with regard to the current Austrian statutory regulations and policies of proper audits. Those standards mandate compliance with ethical and professional requirements and planning and performance of the audit in such a manner that we can form an opinion with reasonable certainty as to whether the consolidated financial statements are free of any material misrepresentation.

An audit involves application of auditing procedures to obtain audit evidence with regard to the amounts and other disclosures in the consolidated financial statements. The selection of the auditing procedures is at the professional discretion of the auditor, taking into account their assessment of the risk of material misrepresentation, whether intentional or not. In making those risk assessments, the auditor considers the internal control system as far as relevant to the preparation of the consolidated financial statements and the presentation of a true and fair view of the asset, financial and revenues situation of the Group in order to define auditing procedures that are appropriate under the given circumstances, but not to deliver an opinion on the effectiveness of the internal controls of the Group. The audit also includes an evaluation of the appropriateness of the accounting and evaluation methods applied by the legal representatives and of the material estimates made by the legal representatives, as well as an appraisal of the essence of the consolidated financial statements.

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## AUDITOR'S CERTIFICATE

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We believe that we have obtained sufficient and appropriate audit evidence for our audit to provide a reasonable basis for our opinion.

### Opinion

Our audit has not led to any objections. Due to the findings gained during the audit, the annual report meets the statutory regulations and conveys a true and fair image of the asset, financial situation of the company as of December 31, 2014, as well as the earnings situation of the company for the business year of January 1, 2014 until December 31, 2014 in compliance with the Austrian guidelines of proper Accounting.

### Comments on the consolidated management report

The consolidated management report shall be audited based on the statutory provisions as to whether it is consistent with the consolidated financial statements and as to whether other disclosures in the status report do not suggest an incorrect idea of Group's situation. The auditor's certificate shall also comprise a statement as to whether the status report is consistent with the annual report and whether the disclosures comply with Section 243a UGB. The consolidated management report is, in our opinion, consistent with the annual report. The disclosures pursuant to § 243a of the Austrian Commercial Code (UGB) are correct.

VIENNA, APRIL 08, 2015

**KPMG AUSTRIA GMBH**  
WIRTSCHAFTSPRÜFUNGS- (AUDIT)  
UND STEUERBERATUNGSGESELLSCHAFT (AND TAX CONSULTANCY FIRM)

**Mag Yann-Georg Hansa**  
Auditor

**pp. Samuel Marinus Van den Bos**  
Self-employed accountant

The publication or disclosure of this annual report with our audit certificate may only be done after our approval. This audit certificate is only valid for the complete annual report in the German language, including the status report. For differing versions, the regulations of Sec. 281 paragraph 2 UGB apply.

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## REPORT OF THE SUPERVISORY BOARD

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### DEAR SHAREHOLDERS,

In the 2014 business year, the Executive Board and the Supervisory Board exchanged information during six meetings (five regular meetings, one inaugural meeting), consulting on the economic situation and the strategic development of our company Group as well as on important events, investments and actions.

During all meetings, the Supervisory Board has been, in the course of regular reporting, informed about the most important matters of the management, the course of business and the economic situation of the company. Thus, the Supervisory Board was given great opportunity to comply with its obligation to inform and supervise. We have thereby fulfilled our legal obligations and those laid out in our Articles of Association. We have advised the Executive Board regarding the management of the company and supervised the activities of its Directors. In 2014, we carried out an evaluation of the Supervisory Board's activities during the previous year, revealing no anomalies. There were no grounds for objecting to the economic activity of the Executive Board.

In December 2014, both Executive Board mandates of Mr. Jörg Sitzenfrey (COO) and Mr. Andreas Pfneiszl (CFO/CSO) were extended by the highest possible duration of 5 years until December 31, 2020.

#### **Supervisory Board Meetings**

During the year under review, the Supervisory Board and Executive Board extensively discussed all relevant issues affecting the development of the business, including risk and risk management within both the company itself and its subsidiaries. The Executive Board has kept the Supervisory Board informed in the course of reports generated on an ongoing basis by the reporting system, and on the basis of a detailed report on the business and financial position of the group, the personnel situation and the investment and acquisition projects. Special events were reported separately. Supervisory Board committees reported on their activities at the Board's meetings. Six General Meetings (incl. inaugural Supervisory Board's meetings) were held during the 2014 financial year. All but a few members personally participated in all meetings. The meeting of March 3, 2014, dealt with reports of the last business year. The area of activity about the Regulation on Compliance for Issuers has been noted.

At the meeting on April 28, 2014, the 2013 financial statements and management report as well as the 2013 consolidated financial statements and management report were reviewed, the 2013 financial statements were assessed as recommended by the Audit Committee and the proposal for the distribution of profits from the 2013 financial year was approved.

Furthermore, the suggestion of voting an annual auditor was agreed upon, the Annual General Meeting was prepared and the current state of business was reported on. The meeting on Monday, June 23, 2014 was mainly used for the preliminary discussion regarding the Annual General Meeting. During the inaugural meeting, which took place on the same day after the Annual General Meeting, the meeting



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## REPORT OF THE SUPERVISORY BOARD

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dates for 2014/2015 were finalized.

In the meeting held on September 08, 2014, the half-yearly financial report was discussed and deliberations were also held on the current business situation. In the final meeting of the year on December 12, 2014, the 2015 budget, incl. investments, was approved.

### Committees

The Supervisory Board has set up two committees. The Audit Committee met twice in 2014. On April 22, 2014, the Audit Committee has carried out the final meeting for the 2013 economic year in the presence of the annual auditor. The annual financial statements and management report as well as the consolidated financial statements and management report were reviewed and the Supervisory Board was recommended to approve the financial statements and the selection of the financial auditor. In the meeting on December 12, 2014, the auditors reported on the status of the preliminary audit of the financial statements and consolidated financial statements.

The Strategy Committee met once in 2014. The main focus of the meeting of December 11, 2014 was an overview of the Rath Group's strategy as well as a detailed overview of the sales and production strategy.

### Financial statements

The annual accounts of the Rath Aktiengesellschaft as of December 31, 2014 and the status report of the Executive Board as well as the consolidated financial report as of December 31, 2014 according to IFRS, and the consolidated status report of the Executive Board were audited with regard to accounting and provided with an unqualified audit certificate by KPMG Austria GmbH, Wirtschaftsprüfungs- und Steuerberatungsgesellschaft (auditing and tax consultancy firm), Vienna. This company was chosen by the General Meeting of June 23, 2014. The Audit Committee of the Supervisory Board analyzed the findings of the audit in cooperation with the auditors during the meeting on March 31, 2015, and recommended the approval of the financial statements and consolidated financial statements to the Supervisory Board.

The Supervisory Board has reviewed the documents according to Section 96 AktG (Stock Corporation Act) as well as the Corporate Governance report, and approved the annual accounts which are therefore determined according to Section 96 no.4 AktG. The Supervisory Board has also reviewed and approved the proposed distribution of profits given by the Executive Board. The audits gave no grounds for objections after their final result.

VIENNA, APRIL 08, 2015

**Mag. Stefan Ehrlich-Adám**  
Chairman of the Supervisory Board

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## DECLARATION BY ALL LEGAL REPRESENTATIVES IN ACCORDANCE WITH SECTION 82 (4) Z 3 BÖRSEG [STOCK EXCHANGE ACT]

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We confirm to the best of our knowledge that the consolidated financial statements established according to the authoritative IFRS accounting standards give as accurate a representation as possible of the Group's assets, finances and income, and that the consolidated management report presents the activities, results and position of the Group so as to give as accurate a presentation as possible of the Group's assets, finances and income, and that the consolidated management report describes the main risks and uncertainties faced by the Group.

We confirm to the best of our knowledge that the parent company's financial statements, established according to the appropriate accounting standards, give as accurate a representation as possible of the company's assets, finances and income, and that the management report presents the activities, results and position of the Group so as to give as accurate a representation as possible of the Group's assets, finances and income, and that the management report describes the main risks and uncertainties faced by the company.

The results of the financial year ending on Wednesday, December 31, 2014 are not necessarily indicative of future results.

VIENNA, APRIL 08, 2015

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**Andreas Pfneiszl**

Member of the Executive Board

**DI Joerg Sitzenfrey**

Member of the Executive Board



