

2015

FINANCIAL STATEMENTS OF THE
RATH AKTIENGESELLSCHAFT

2015 FINANCIAL STATEMENTS

OF THE RATH AKTIENGESELLSCHAFT

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Disclaimer

OWNER, EDITOR AND PUBLISHER:

RATH AKTIENGESELLSCHAFT, WALFISCHGASSE 14, A-1015 VIENNA

RESPONSIBLE PARTY FOR IR AND COMPLIANCE: ANDREAS PFNEISZL

WEB: WWW.RATH-GROUP.COM

MAIL: INFO@RATH-GROUP.COM

MISPRINTS AND PRINT ERRORS RESERVED

MANAGEMENT REPORT

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 subsidiary companies, as well as 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 3,833 KEUR (previous year: 3,736 KEUR) originate from intercompany pricing for services provided by Ressorts Marketing, R&D, Financing and Controlling, IT and Process Management. Other revenues of 856 KEUR (previous year: 0) originate from a recalculation of license fees from 2012 for the subsidiary companies, as a result of an audit carried out in the second half of 2015. Personnel costs of 1,794 KEUR (previous year: 1,641 KEUR) increased by 153 KEUR. The increase is attributable to an adjustment of the annual collective salaries or inflation adjustment, and also to the change in permanent staff. Expenses in the area of "other corporate expenses" were at 2,093 KEUR (previous year: 1,870 KEUR). These are basically costs resulting from further offsetting of services from the group's subsidiary companies to the Rath Aktiengesellschaft. The operating result (EBIT) improved to 715 KEUR (previous year: 130 KEUR). The reported improvement in profits is mainly due to the recalculation of the license costs for 2012. Without this, the underlying EBIT was -141 KEUR. For the 2015 financial year, dividends from the subsidiary companies in the amount of 1,250 KEUR (previous year: 1,200 KEUR) were paid to the parent company. The financial result without revenues from financial interests amounted to 2,397 KEUR (previous year: -178 KEUR). Due to the increased fair values, the attribution was made, pursuant to § 228(1) UGB, in the amount of 2,340 KEUR (previous year: 210 KEUR), and at the same time, 90 KEUR (previous year: 193 KEUR) were written off. The interest rate level, which decreased again, was reflected both in lower interest revenues as well as in the evaluation of the interest rate swap. The company closes the books at an annual surplus of 4,192 KEUR (previous year: 1,055 KEUR).

Assets and financial position

Total assets of Rath Aktiengesellschaft increased from 34,494 KEUR to 36,263 KEUR. At the same time, Rath Aktiengesellschaft accounts for an equity quota of 57.2% at the end of the year 2015 (previous year: 50.2%). The debt quota (net financial liabilities in proportion to equity capital) has decreased significantly from 79.5% to 56.9%. Due to the positive annual results of 4,192 KEUR, the Executive Board will announce at the Annual General Meeting a dividend of 0.50 EUR per share and the remainder to be carried forward onto new accounts (3,442 KEUR). The stock market price of the previous year increased from 9.185 EUR (31st Dec. 2014) to 13.76 KEUR on 30th Dec. 2015. The year-end market capitalization is therefore EUR 20.6 million. EUR 13.8 million).

MANAGEMENT REPORT

Supplementary report

There were no reportable events in 2016 which are of special importance to the development of the asset, financial and revenue situation.

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 2016.

The solid structure of the balance sheet and strong equity base of Rath Aktiengesellschaft and its subsidiary companies represents the necessary basis for further development, whether provided by the market, customers or products. Based on this, the Rath Group feels well prepared for the 2016 financial year, despite the likely lack of significant global economic growth in 2016, as economics experts suggest.

Regarding the expected overall economic parameters, no substantial changes compared to 2015 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 and interest rate levels, the Group is expecting a slight increase in Group revenues and an unchanged EBIT Group margin in 2016.

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

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

MANAGEMENT REPORT

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 2015 financial year. 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 financial year 2015, we had an average of 17 (previous year: 17) employees on our payroll. The percentage of employed women in Rath Aktiengesellschaft is around 56% (previous year: 56%) while the percentage of women in the Supervisory Board is 17% (previous year: 17%).

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

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.

SHAREHOLDER'S STRUCTURE

AS OF 31ST MAR. 2016

| | |
|-----------------------------|-------|
| Rath Holding GmbH | 66.7% |
| Rath family members | 18.8% |
| Diversified holdings | 14.5% |

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 of 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.

THE EXECUTIVE BOARD

VIENNA, APRIL 6, 2016

Andreas Pfneiszl (personal signature)

Member of the Executive Board

DI Joerg Sitzenfrey (personal signature)

Member of the Executive Board

BALANCE SHEET

| | 31.12.2015 EUR | 31.12.2014 KEUR |
|---|-------------------|--------------------|
| ASSETS | | |
| A. Capital Assets | | |
| I. Intangible fixed assets | | |
| Industrial property rights and similar rights and advantages as well as licenses derived thereof | 40,798 | 53 |
| II. Tangible assets | | |
| 1) other assets, company and business equipment | 258,017 | 264 |
| 2. made down payments and shares in construction | 0 | 20 |
| | 258,017 | 284 |
| III. Financial assets | | |
| 1. shares of affiliated companies | 19,753,952 | 17,504 |
| 2. Asset exposures to affiliated companies | 8,411,041 | 11,084 |
| 3. Securities of capital assets | 446,456 | 446 |
| | 28,611,449 | 29,034 |
| B. Current assets | | |
| I. Receivables and other assets | | |
| 1. Receivables towards affiliated companies, thereof 1,250,00 EUR from dividends (previous year: 1,200 KEUR) | 6,701,620 | 4,706 |
| 2. Receivables towards a company with an ownership structure | 25,543 | 1 |
| 3. Other receivables and assets | 8,203 | 17 |
| | 6,735,365 | 4,724 |
| II. Bank balance, balance at financial institutions | | |
| | 490,188 | 286 |
| | 7,225,553 | 5,009 |
| C. Accruals and Deferrals | | |
| Other accruals and deferrals | 126,705 | 114 |
| | 36,262,523 | 34,494 |

BALANCE SHEET

| | 31.12.2015 EUR | 31.12.2014 KEUR |
|--|-------------------|--------------------|
| LIABILITIES AND EQUITY | | |
| A. Equity Capital | | |
| I. Capital Stock | 10,905,000 | 10,905 |
| II. Capital reserves | | |
| fixed | 1,118,067 | 1,118 |
| III. Retained earnings | | |
| other reserves (free reserves) | 2,972,839 | 2,973 |
| IV. Net profit | 5,759,409 | 2,317 |
| (retained earnings thereof 2,317,264 EUR; previous year: retained earnings 1,263 KEUR) | 20,755,315 | 17,313 |
| B. Provisions | | |
| 1. Provisions for severance payments | 15,002 | 13 |
| 2. Provisions for pensions | 1,851,110 | 1,867 |
| 3. Provisions for taxes | 116,993 | 93 |
| 4. Other reserves | 778,759 | 921 |
| | 2,761,865 | 2,894 |
| C. Liabilities | | |
| 1. Bank borrowings | 12,294,191 | 14,055 |
| 2. Liabilities from deliveries and services | 241,260 | 97 |
| 3. Liabilities to affiliated companies | 0 | 0 |
| (4) Other assets | 209,892 | 136 |
| thereof from taxes 123,298 EUR; previous year: 64 KEUR | | |
| thereof within the scope of social security 27,969 EUR; previous year: 27 KEUR | | |
| | 12,745,343 | 14,287 |
| | 36,262,523 | 34,494 |
| Contingent liabilities | 6,657,143 | 12,357 |

INCOME AND LOSS STATEMENT

| | 2015 EUR | 2014 KEUR |
|---|------------------|--------------|
| 1. Sales revenues | 3,833,188 | 3,736 |
| 2. Other liabilities | 856,104 | 0 |
| | 4,689,292 | 3,736 |
| 3. Personnel expenses | | |
| a) Salaries | -1,297,379 | (1,170) |
| b) Expenses for processing and services to operational pension fund of employees | -22,075 | (19) |
| c) Expenses for retirement provisions | -163,434 | (170) |
| d) Expenses for statutory social contributions as well as taxes and statutory deductions depending on salary payment | -310,735 | (282) |
| | -1,793,623 | (1,641) |
| 4. Depreciation | | |
| on intangible assets of capital assets and tangible assets | -88,388 | (96) |
| (5) Other operating expenses | | |
| Other | -2,092,511 | (1,870) |
| 6. Sub total from Z 1 to 5 (operating results) | 714,769 | 130 |
| 7. Revenues from shares (thereof dividends of 1,250,000 EUR; previous year: 1,200 KEUR) | 1,250,000 | 1,200 |
| 8. Revenues from loans of investment assets (from affiliated companies: 296,621 EUR (previous year: 332 KEUR) | 296,621 | 332 |
| 9. Revenues from appreciation in value of financial assets (thereof revenues from affiliated companies 2,430,719 EUR; previous year: 196 KEUR) | 2,430,719 | 210 |
| 10. Revenues from appreciation in value of financial assets (thereof revenues from affiliated companies 109,476 EUR; previous year: 0.00 KEUR) | 109,476 | 0 |
| 11. Other interest income | 163,032 | 30 |
| 12. Revenues from appreciation in value of financial assets (thereof revenues from affiliated companies 90,190 EUR; previous year: 193 KEUR) | -90,190 | (193) |
| 13. Interest and similar expenses | -512,288 | (557) |
| 14. Subtotal from Z 7 to 13 (financial result) | 3,647,369 | 1,022 |
| 15. Result from ordinary activities | 4,362,138 | 1,152 |
| 16. Taxes on income | -169,993 | (97) |
| 17. Annual surplus | 4,192,145 | 1,055 |
| 18. Retained earnings from the previous year | 2,317,264 | 1,263 |
| 19. Dividend Distribution | -750,000 | 0 |
| 20. Net profit | 5,759,409 | 2,317 |

GROUP RELATIONSHIPS

| SHARES OF AFFILIATED COMPANIES OF THE FULL CONSOLIDATION | SHARE % | CORPORATE EQUITY CAPITAL AS OF 31.12.2015 EUR | CORPORATE DISCLAIMER ANNUAL RESULT 2015 EUR |
|---|------------|--|--|
| Rath GmbH, Meissen, Germany | 100.00 | 25,332,451 | 1,223,066 |
| PREVIOUS YEAR | 100.00 | 25,309,385 | 1,070,511 |
| Rath Hungaria Kft., Budapest, Hungary | 100.00 | 3,750,512 | 571,580 |
| PREVIOUS YEAR | 100.00 | 3,194,205 | 229,311 |
| Rath USA Inc. Newark, USA | 100.00 | 2,198,589 | 227,784 |
| PREVIOUS YEAR | 100.00 | 1,763,342 | 1,059,607 |
| Chamottewaren- und Thonöfenfabrik Aug. Rath jun. GmbH, Krummnußbaum | 99.98 | 5,297,757 | 1,709,022 |
| PREVIOUS YEAR | 99.98 | 3,588,257 | 1,490,927 |
| Rath žárotechnika spol. s r.o., Dvůr Králové, Czech Republic | 100.00 | 1,159,204 | 115,357 |
| PREVIOUS YEAR | 100.00 | 1,175,607 | -11,521 |
| Rath Polska Sp. z o.o., Dabrowa Gornicza, Poland | 100.00 | -65,678 | -7,537 |
| PREVIOUS YEAR | 100.00 | -58,156 | -38,116 |
| Rath SAS, Gennevilliers, France | 95.00 | 20,004 | -11,456 |
| PREVIOUS YEAR | 95.00 | 32,459 | 9,783 |
| Rath Ukrajina TOW, Donezk, Ukraine | 100.00 | 76,421 | -22,609 |
| PREVIOUS YEAR | 100.00 | 132,897 | 50,870 |
| Rath Group S. de R.L. de C.V., Monterrey, Mexico | 100.00 | -34,285 | -9,966 |
| PREVIOUS YEAR | 100.00 | -26,468 | -47,409 |
| Rath Group S.R.L., Buenos Aires, Argentina | 0.00 | 0 | 0 |
| PREVIOUS YEAR | 100.00 | -377,843 | -212,476 |
| Rath Group Brazil Ltda., Vitória, Brazil | 0.00 | 0 | 0 |
| PREVIOUS YEAR | 100.00 | -105,140 | -3,922 |

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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. FIXED 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:

Software and licenses 3–4 years

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 |
|---|------|------|
| Buildings | 3 % | 10 % |
| technical installations and machines | 10 % | 20 % |
| other assets, company and business equipment | 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.

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

ANNEX

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 90 KEUR took place in the financial year (previous year: 193 KEUR). Depreciations affect the Rath Polska Sp. z o.o as well as the Rath S.A.S. Appreciation values of 2,340 KEUR were made (previous year: 210 KEUR). An amount of 2,332 KEUR thereof accounts for shares of affiliated companies (Aug. Rath jun. GmbH).

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. ACCRUALS

a) Provisions for claims of services

Provisions for services are calculated according to principles of financial mathematics including the interest rate of 2 % (previous year: 2.5 %) 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 % (previous year: 2.5 %) 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 May 5, 2004.

c) Anniversary bonus provisions

Provisions for services are calculated according to principles of financial mathematics including the interest rate of 2 % (previous year: 2.5 %), 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.

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.

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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

Development

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 shares..

4. Other provisions

The remaining provisions basically include the provision for looming losses from an interest rate swap derivative in the amount of 496,361 EUR (previous year: 655 KEUR).

| | 31.12.15 EUR | 31.12.14 EUR |
|--------------------|-----------------|-----------------|
| > OTHER PROVISIONS | | |
| Unused leave | 46,625 | 53,583 |
| Other | 732,134 | 867,164 |
| | 778,759 | 920,747 |

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.

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 issued in favor of Bank Austria AG in the amount of 1,000,000 EUR and for Raiffeisenlandesbank of Lower Austria-Vienna AG in the amount of 2,000.000 EUR. For Rath Hungaria Kft., a letter of comfort was submitted in the amount of 3,657,143 EUR in favor of UniCredit Bank Hungary Zrt.

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b) Liabilities from using assets not listed in the balance sheet.

| OF THE FOLLOWING FIVE BUSINESS YEARS IN EUR | OF THE FOLLOWING BUSINESS YEAR IN EUR | LIABILITIES < |
|--|--|---|
| 684,807 (previous year: 1,048 KEUR) | 261,227 (previous year: 247 KEUR) | Liabilities from rental and leasing agreements |

7. Explanatory notes for financial instruments**Interest rate hedging**

For hedging of the interest security risk, a derivative financial instrument in the form of an interest rate swap (4.35% fixed interest rate) with a nominal value of 4.5 million EUR and a term until June 2018 has been concluded. The negative market value as of 31st Dec. 2015 is at 496,361 EUR (previous year: 655 KEUR).

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

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

2. Other income

Other income concerns a recalculation of the Group allocation for 2012 due to an external audit pursuant to Section 150 BAO [Federal Fiscal Code].

3. Personnel expenses

In the financial year 2015, we had an average of 17 (previous year: 17) employees on our payroll. The expenses for services include payments to operational employee pension funds in the amount of 20,096 EUR (previous year: 17,693 KEUR).

4. 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 132,639 EUR (previous year: 126 KEUR) was not reported.

5. Other information

All legal and economic relations to affiliated companies as of the reporting date can be obtained from Appendix 3. All expenses for the annual auditor KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft (auditing and tax consultation company) allocated to the financial year

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amount to 27,500 EUR (previous year: 28 KEUR), with 5,500 EUR thereof (previous year: 6 KEUR) being allocated to the year-end audit and 22,000 EUR (previous year: 22 KEUR) to other confirmation services.

C. ORGANS OF THE CORPORATION

DI Joerg Sitzenfrey, born 1976, has been, as of 1st Jan. 2013 (initial order), a member of the Executive Board, responsible for Production and Research & Development.

Andreas Pfneiszl, born 1969, has been, as of 10th June 2013 (initial order), a member of the Executive Board, responsible for Distribution and Finances.

Both management contracts are valid until 31st December 2020. In the following, the total remuneration of the Executive Board is shown with the respective fixed and variable shares:

| » EXECUTIVE BOARD REMUNERATIONS | | | 2015 KEUR | 2014 KEUR |
|---------------------------------|----------|--|--------------|--------------|
| DI Jörg Sitzenfrey | fixed | | 162 | 159 |
| | variable | | 56 | 35 |
| | | | 217 | 194 |
| Andreas Pfneiszl | fixed | | 164 | 162 |
| | variable | | 56 | 35 |
| | | | 220 | 197 |
| Total sum | | | 437 | 391 |

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

Structure of the Supervisory Board:

The Supervisory Board currently consists of five 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.

Ms. Roula Millauer resigned her position as a Supervisory Board member on September 1, 2015 and received the payment of her proportionate Supervisory Board remuneration in the current fiscal year.

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| END OF CURRENT TERM OF OFFICE | INITIAL ORDER | AR MANDATES OR SIMILAR POSITIONS | ACCTG. YEAR | MEMBERS OF THE SUPERVISORY BOARD ◀ |
|----------------------------------|------------------|---|----------------|--|
| in 2018 | 25.6.2013 | Managing Director EVVA Sicherheitstechnologie GmbH, Vice President of the Bureau of ASI - Austrian Standards Institute (ASI) | 1964 | Mag. Stefan Ehrlich-Adám (Chairman) › independent |
| in 2018 | 17.7.2003 | Auditor and partner at Grant Thornton Unitreu GmbH | 1966 | WP Mag. Philipp Rath (Vice Chairman.) › dependent |
| in 2018 | 14.9.1989 | Managing Director of Rath Holding GmbH | 1934 | Dkfm. Paul Rath › dependent |
| in 2018 | 25.6.2013 | Supervisory Board Silgan Holdings Austria GmbH | 1966 | Mag. Dieter Hermann › independent |
| in 2018 | 27.6.2008 | CFO Porr Aktiengesellschaft, AR Mandate UBM Development AG, Austria | 1966 | MMag. Christian B. Maier › independent |
| in 2018 | 25.6.2013 | Roula Millauer Consulting | 1964 | Roula Millauer › independent |

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The Supervisory Board remuneration (including attendance fees) for the financial year 2015, conditioned on the approval of the shareholder's meeting, amounts to a total of 65 KEUR (2014: 45 KEUR) and is distributed among the individual Members of the Supervisory Board as follows:

› SUPERVISORY BOARD MEMBERS

REMUNERATION IN EUROS (INCL. ATTENDANCE FEES)

| | |
|--|--------|
| Mag. Stefan Ehrlich-Adám Chairman of the Supervisory Board | 16,100 |
| WP Mag. Philipp Rath Vice Chairman of Supervisory Board | 14,600 |
| MMag. Christian B. Maier | 10,000 |
| Dkfm. Paul Rath | 9,600 |
| Mag. Dieter Hermann | 9,500 |
| Roula Millauer | 5,300 |

The remuneration for Members of the Supervisory Board consists of fixed and attendance-dependent components. The fixed component consists of a total sum. The second component consists of an attendance fee which is determined by a fixed amount per meeting a member participates in.

VIENNA, APRIL 6, 2016

THE EXECUTIVE BOARD

Andreas Pfneiszl (personal signature)
DI Joerg Sitzenfrey (personal signature)

CURRENT ASSETS & LIABILITIES

CURRENT ASSETS

| | ACQUISITION / PRODUCTION COSTS 1.1.2015 EUR | ADDITIONS EUR | DISPOSALS EUR | TRANSFERS EUR |
|--|--|-------------------|---------------------|------------------|
| I. Intangible fixed assets | | | | |
| Industrial property rights and similar rights and advantages as well as licenses derived thereof | 537,417.28 | 13,209.00 | 0 | 0 |
| | 537,417.28 | 13,209.00 | 0 | 0 |
| II. Tangible assets | | | | |
| 1) other assets, company and business equipment* | 686,697.06 | 37,463.36 | 7,759.08 | 20,400.00 |
| 2. made down payments and shares in construction | 20,400.00 | 0 | 0 | -20,400.00 |
| | 707,097.06 | 37,463.36 | 7,759.08 | 0 |
| III. Financial assets | | | | |
| 1. shares of affiliated companies | 30,610,329.81 | 0 | 91,927.24 | 0 |
| 2. Asset exposures to affiliated companies | 11,839,338.78 | 139,825.52 | 3,568,123.10 | 0 |
| 3. Securities of capital assets | 446,455.71 | 0 | 0 | 0 |
| | 42,896,124.30 | 139,825.52 | 3,660,050.34 | 0 |
| | 44,140,638.64 | 190,497.88 | 3,667,809.42 | 0 |
| * low-value assets thereof | | 1,971.78 | 1,971.78 | |

LIABILITIES

| | BALANCE SHEET VALUE EUR | PREVIOUS YEAR'S FIGURE EUR | REMAINING TERM UP TO 1 YEAR EUR |
|--|----------------------------|----------------------------------|---------------------------------------|
| Bank borrowings | 12,294,191 | 14,054,701 | 10,094,191 |
| Liabilities from deliveries and services | 241,260 | 96,644 | 241,260 |
| Liabilities towards affiliated companies | 0 | 0 | 0 |
| Other liabilities | 209,892 | 135,868 | 209,892 |
| Total | 12,745,343 | 14,287,213 | 10,545,343 |

CURRENT ASSETS

| ACQUISITION PRODUCTION COSTS 31.12.2015 EUR | ACCUMULATED DEPRECIATIONS EUR | BOOK VALUE 31.12.2015 EUR | BOOK VALUE 31.12.2014 EUR | DEPRECIATIONS OF THE CURRENT BUSINESS YEAR EUR | APPRECIATIONS OF THE CURRENT BUSINESS YEAR EUR |
|--|-------------------------------------|---------------------------------|---------------------------------|---|---|
| 550,626.28 | 509,828.28 | 40,798.00 | 52,520.00 | 24,931.00 | 0 |
| 550,626.28 | 509,828.28 | 40,798.00 | 52,520.00 | 24,931.00 | 0 |
| 736,801.34 | 478,784.34 | 258,017.00 | 263,999.00 | 63,457.36 | 0 |
| 0 | 0 | 0 | 20,400.00 | 0 | 0 |
| 736,801.34 | 478,784.34 | 258,017.00 | 284,399.00 | 63,457.36 | 0 |
| 30,518,402.57 | 10,764,450.18 | 19,753,952.39 | 17,503,973.27 | 90,190.41 | 2,340,169.53 |
| 8,411,041.20 | 0 | 8,411,041.20 | 11,083,998.69 | 0 | 0 |
| 446,455.71 | 0 | 446,455.71 | 446,455.71 | 0 | 0 |
| 39,375,899.48 | 10,764,450.18 | 28,611,449.30 | 29,034,427.67 | 90,190.41 | 2,340,169.53 |
| 40,663,327.10 | 11,753,062.80 | 28,910,264.30 | 29,371,346.67 | 178,578.77 | 2,340,169.53 |

LIABILITIES

| 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 |
|-------------------------------|--|-------------------------------|---|-------------------------------|
| 12,749,159 | 2,200,000 | 1,305,542 | 0 | 0 |
| 96,644 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 |
| 135,868 | 0 | 0 | 0 | 0 |
| 12,981,671 | 2,200,000 | 1,305,542 | 0 | 0 |

AUDITOR'S CERTIFICATE

Report on the Consolidated Financial Statements

We have audited the attached consolidated financial statements of Rath Aktiengesellschaft, Vienna, consisting of the balance sheet as of December 31, 2015, the profit and loss statement for the fiscal year ending on that date, and the notes.

Responsibility of the Legal Representatives for the Consolidated Financial Statements

The Legal Representatives of the Company are responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Austrian generally accepted accounting principles and for the internal controls deemed necessary by the Legal Representatives in order to enable the preparation of the consolidated financial statements, which are free of material intentional or unintentional misstatements.

Auditor's responsibility

Our mission is to express an opinion regarding these consolidated financial statements on the basis of our audit. We have conducted our audit in accordance with the Austrian generally accepted auditing standards.

These standards require the application of the International Standards on Auditing (ISA). According to these standards, we must comply with the ethical requirements and plan and implement the audit so that reasonable assurance can be obtained regarding whether the consolidated financial statements are free of material misstatements.

An audit involves the performance of auditing procedures to obtain audit evidence regarding the amounts and other disclosures in the consolidated financial statements. The selection of these auditing procedures is at the due discretion of the auditors. This includes the assessment of the risks of intentional or unintentional misstatements in the consolidated financial statements.

In the assessment of these risks, the auditor considers the Company's internal control system used for the preparation and fair presentation of the consolidated financial statements in order to plan audit procedures that are appropriate under the circumstances, but not with the aim of expressing an opinion on the effectiveness of the internal control system used by the Company.

An audit also includes the assessment of the appropriateness of the accounting policies used and the reasonableness of the estimated values determined by the Legal Representatives in the Company's accounting and the assessment of 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

Our audit has not led to any objections. In our opinion, the consolidated financial statements comply with the legal requirements and give a true and fair view of the assets and financial position of the Company as

AUDITOR'S CERTIFICATE

of December 31, 2015, and the results of Company operations for the fiscal year ending on that date, in accordance with Austrian generally accepted accounting principles.

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 consolidated management report may provide an incorrect idea of the Group's situation. The auditor's certificate shall also comprise a statement as to whether the consolidated management report is consistent with the consolidated financial statements and whether the disclosures comply with Section 243a UGB.

The consolidated management report is, in our opinion, consistent with the consolidated financial statements. The disclosures pursuant to § 243a of the Austrian Commercial Code (UGB) are correct.

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

VIENNA, APRIL 6, 2016

Mag. Yann-Georg Hansa
Auditor

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.

REPORT OF THE SUPERVISORY BOARD

DEAR SHAREHOLDERS,

The Supervisory Board of Rath AG has performed the work of the Board assigned to it during the 2015 financial year in compliance with the laws and Company articles of association. The Supervisory Board focused on the status and development of the Company. The Supervisory Board was informed by the Executive Board through verbal reports at meetings, supplemented by documents on the agenda items discussed, as well as through regular written reports.

The Supervisory Board was involved in all decisions of major importance. In the 2015 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 2015, we carried out an evaluation of the Supervisory Board's activities during the previous year, which revealed no anomalies.

There were no grounds for objecting to the activities of the Executive Board.

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 and in all meetings 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 2015 financial year. All members personally participated in all meetings. The meeting of February 24, 2015, 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 21, 2015, the 2014 financial statements and the management report, as well as the 2014 consolidated financial statements and consolidated management report were reviewed. The 2014 financial statements were assessed as recommended by the Audit Committee and the proposal for the distribution of profits from the 2014 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 June 1, 2015 was mainly used for the preliminary discussion regarding the Annual General Meeting. During the inaugural meeting,

REPORT OF THE SUPERVISORY BOARD

which took place on the same day after the Annual General Meeting, the meeting dates for 2015/2016 were finalized. In the meeting held on September 8, 2015, 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 November 27, 2015, the 2016 budget, incl. investments, was approved, as was the medium-term plan until 2020.

Committees

The Supervisory Board has set up two committees. The Audit Committee met twice in 2015. On March 31, 2015, the Audit Committee has carried out the final meeting for the 2014 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 November 27, 2015, the auditors reported on the status of the preliminary audit of the financial statements and consolidated financial statements. The Strategy Committee met once in 2015. The focus of the meeting on July 7, 2015 was an overview of the market potential of hot gas filtration and possible options available to the Rath Group to get involved in this segment. The groundwork was laid for the establishment of Rath Filtration GmbH, with its headquarters in Vienna, and the start of the implementation of a production line at Rath GmbH in Meissen.

Financial statements

The financial statements of Rath Aktiengesellschaft as of December 31, 2015 and the management report of the Executive Board as well as the consolidated financial statements as of December 31, 2015 according to IFRS, and the consolidated management 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 1, 2015. The Audit Committee of the Supervisory Board analyzed the findings of the audit in cooperation with the auditors during the meeting on April 6, 2016, 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 financial statements, 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.

Mag. Stefan Ehrlich-Adám
Chairman of the Supervisory Board

VIENNA, APRIL 6, 2016

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

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 December 31, 2015 are not necessarily indicative of future results.

VIENNA, APRIL 6, 2016

Andreas Pfneiszl

Member of the Executive Board

DI Joerg Sitzenfrey (personal signature)

Member of the Executive Board

