2015

ANNUAL REPORT

top technology
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RATH

KEY FIGURES

	2015 *KEUR*	2014 *KEUR*	2013 *KEUR*	2012 *KEUR*
Turnover	**81,881**	77,441	79,410	86,671
Change in %	**5.7**	-2.5	-8.4	6.1
EBIT	**5,627**	4,612	1,353	223
EBIT margin in %	**6.9**	6.0	1.7	0.3
EBT	**6,499**	5,022	-248	818
Operating cash flow	**8,318**	5,313	1,377	-916
Equity ratio in %	**49.2**	46.9	43.1	42.5
Return on equity in %	**10.3**	7.9	-0.4	1.6
Working Capital in %	**38.3**	37.2	34.6	28.2
ROCE in %	**12.6**	11.0	2.0	4.1
WACC in %	**7.5**	8.1	6.9	6.5
Investments in tangible assets	**3,799**	2,805	1,388	2,928
Depreciation	**4,159**	3,905	3,779	3,862
Number of employees in annual average	**551**	549	611	614
Number of consolidated corporations	**9**	11	11	11

BUSINESS REPORT 2015

RATH GROUP

CONTENT

2015

READY FOR THE FUTURE - IMPROVED PROFITABILITY AND TECHNOLOGICAL DEVELOPMENT FOR GREATER STABILITY.

PREFACE BY THE EXECUTIVE BOARD

DI Jörg Sitzenfrey (COO), Andreas Pfneiszl (CFO, CSO)

DEAR SHAREHOLDERS,

The 2015 financial year was once again a successful one for the Rath Group. We are proud to inform you that our company has improved in all corporate key figures.

We increased our revenue significantly, improved profitability and launched and implemented strategic initiatives. This enabled us to significantly strengthen our competitiveness and create strong value for our shareholders. Both the operating result (EBITDA) – the best since 2004 – and the EBIT margin – the best since 2001 – have once again improved. Our strategic guiding principle, "Margin over Volume," continues to apply. This mission is top of mind for us. Whether in sales, production or in the back office, we focus on efficiency and on our strengths! The foundation for this transformation was established in the second half of 2013. In 2014, we achieved the first significant successes, and these have been impressively confirmed in the 2015 financial year. Our strategic priority continued to focus on organizational topics.

PREFACE BY THE EXECUTIVE BOARD

Besides the increased centralization of services and expertise, the central group sector of Research and Development for Product Management has been extended and boosted with more personnel in the past year. The goal was to continue to identify and implement market and customer demands more quickly.

In the 2015 financial year, for the first time, we were able to account for an entire year of sales of our new product line SiC products (silicium carbide; SICRATH®) and we have earned the right to be very proud of these achievements. We have succeeded in confirming orders with renowned installation companies in the field of municipal waste incineration plants in Italy, Germany and the Netherlands, which are currently keeping us very busy. As a result, we have once again been able to invest in machinery and additional resources during the course of the year.

We have also once again made big plans for the new financial year, and we are celebrating the 125th anniversary of RATH in the refractory industry. We established a new sales subsidiary, Rath Filtration GmbH, which will help us expand our activities in the field of hot gas filtration significantly. Rath is not only a competent and reliable refractory partner, but is now also an innovative partner for filter components and systems. Ceramic filtration will be a key pillar for Rath in the future. Our responsibility as a premium supplier of top technology for the refractory and filtration industry requires us to constantly develop and improve. You can count on that!

Due to the good business success in 2015, the Executive Board of the Annual General Meeting will propose a dividend distribution of € 0.50.

With this in mind, we want to thank all our employees for their exemplary efforts and great dedication in the past business year.

And to you, dear shareholders, we want to express our gratitude for your long-lasting trust in our company.

Your Board

Andreas Pfneiszl

DI Jörg Sitzenfrey

TECHNOLOGY LEADERS TAKE RESPONSIBILITY

ANDREAS PFNEISZL

EXECUTIVE BOARD RATH AG
CFO, CSO

"Customers all over the world rely on our technical solutions, appreciate the personal contact and take advantage of individual consulting. Our employees continuously work towards the best possible result. Customer satisfaction is what drives us."

TECHNOLOGY LEADERS TAKE RESPONSIBILITY

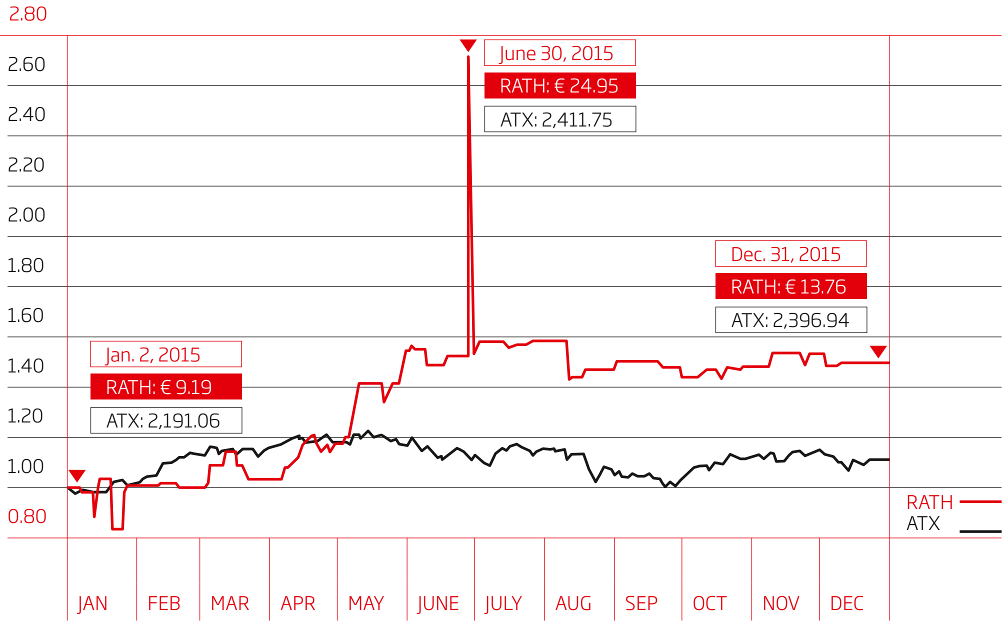
DI JÖRG SITZENFREY

EXECUTIVE BOARD RATH AG
COO

"With our commitment to the highest quality, we continually invest in our technological expertise and promote innovation and development. Our daily motivation is based on providing the best products."

THE STOCK

› STOCK DEVELOPMENT



› STOCK MARKET INDICATORS

ISIN	AT0000767306
Securities abbreviation	RAT
Market segment	Standard Market Auction
Trading segment	Official trading
Class of shares	No-par value shares entitled to vote
Number of shares	1,500,000
Total number of stocks	1,500,000
Share price on 12/30/2015	€13.76
Market capitalization:	€20,640,000.00
Earnings/share	2.74

› CAPITAL MARKET CALENDAR 2015

June 1, 2016	Annual General Meeting
June 8, 2016	Ex-dividend day
June 10, 2016	Dividend distribution day
August 31, 2016	Half-year results 2016
November 11, 2016	Result 3rd Quarter Report 2016

THE STOCK

STOCK

Market development

2015 was a very eventful and exciting year on the capital markets, which was marked by the monetary policies of the central banks and geopolitical events in Ukraine and Syria. In addition, the debt crisis intensified, in particular in some emerging countries, such as Brazil, South Africa, Russia and Turkey, due to the strong US dollar and the sharp drop in commodity prices.

The Rath stock

After a price of € 9.19 at the beginning of 2015, the stock gradually increased until the end of the year. In mid-year (June 29, 2015), the price was at € 14.00, an increase of approx. 28%. During the rest of the year, the stock price remained stable and closed at € 13.76, up by 26% over the price of 31st Dec. 2014.

Investor Relations

The aim of the capital market communication by Rath AG is to inform the Financial Community about market-relevant developments promptly, extensively and regularly. We consider ourselves an intelligent contact for creating a fair and appropriate evaluation of the Rath stock. Our constant focus is to convey an image representing the company's actual situation according to the "true and fair view".

Investor Relations is not only an obligation to us to inform our shareholders about the company, but also a chance to win new investors domestically and abroad.

Investor Relations Officer
Marion Mörth
Email: ir@rath-group.com
Internet: www.rath-group.com

CORPORATE GOVERNANCE REPORT ACCORDING TO SECTION 243B UGB

With the Austrian Corporate Governance Code, Rath Group follows the regulatory framework of standards for a company's responsible management and leadership. It includes the internationally recognized standards of good company management (OECD guidelines, EU Transparency Directive), and also the significant regulations of the Austrian Stock Exchange Act (Boersegesetz, Company Law Reform Act 2013, Commercial Code Amendment Act 2008).

A high company transparency is being created for all stakeholders this way. The currently valid Austrian Code of Corporate Governance (ÖCGK) (version January 2015) can be retrieved from the Austrian Working Group for Corporate Governance's website (www.corporate-governance.at), and also at Rath Aktiengesellschaft's website (www.rath-group.com > Investor Relations >Corporate Governance > Corporate Governance Kodex).

In order to avoid insider trading, there has been a policy in place since 2002, which is based on the Regulation on Compliance for Issuers of the Austrian Financial Market Authority. The Code of Conduct updated in 2010 is intended for all employees, and includes all principles of conduct and offers information about the basic ethical and legal obligations of Rath employees.

Deviations

Rath Aktiengesellschaft almost completely complies with the regulations of the Austrian Corporate Governance Code, including the R Rules. In the 2015 financial year, there was a slight deviation with a C Rule of the total of 83 Code rules, which is explained and justified below in accordance with the principle of "comply or explain":

C Rule 62

Rath Aktiengesellschaft has its compliance with C Rule 62 of the Corporate Governance Code evaluated on regularly, at least every three years, by an external institution, which reports the results in the Corporate Governance Report. For the 2015 financial year, Rath Aktiengesellschaft did not have an evaluation performed by an external institution. The next external evaluation will take place withing the three-year period in accordance with the Corporate Governance Code.

The code includes three categories of rules:

1. Legal Requirement ("L") - mandatory legislation is included.
2. The "C" rules (Comply or Explain) must be observed; a deviation must be explained and justified in order to achieve a behavior that is compliant with the code.
3. Recommendation rules ("R") are to be recommended.

Rath uses the Code of Corporate Governance of January 2015, with the following detailed explanations:

Composition, term of office and responsibilities of the Executive Board (Section 16 ÖCGK)

The Executive Board consists of:

CORPORATE GOVERNANCE REPORT ACCORDING TO SECTION 243B UGB

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 for Distribution and Finances.

The Members of the Executive Board did not hold any Supervisory Board mandates or similar functions within domestic and foreign companies not incorporated in the consolidated accounts in the 2015 business year.

Both management contracts are valid until 31st December 2020.

Report on Executive Board Remuneration (Section 30/31 ÖCGK)
Remuneration of the Executive Board depends on the scope of functions, the responsibility and personal achievement by the Member as well as on the achievement of company goals, size and economic situation of the company. At Rath Aktiengesellschaft, remunerations dependent on success are not made via stock options but are dependent on varying success criteria. Part of this is a predefined target achievement regarding the business result of qualitative and quantitative goals.

Some parts of the total remuneration of the Executive Board in 2015 were fixed, others were dependent on success. The variable limit was set at a value of 50% of the basic salary.

In case of a function termination by the Executive Board, no claims or entitlements beyond the statutory requirements can be made or requested. The Rath Group's Management is covered by a valid liability insurance (D & O Versicherung [Insurance]). The entire Supervisory Board fulfills the tasks of the compensation committee. Knowledge and experience in the field of compensation politics are offered especially by Mr. Mag. Ehrlich-Adám.

REMUNERATIONS OF EXECUTIVE BOARD ‹

2014 *KEUR*	2015 *KEUR*		
159	162	fixed	**DI Jörg Sitzenfrey**
35	56	variable	
194	**217**		
162	164	fixed	**Andreas Pfneiszl**
35	56	variable	
197	**220**		
391	**437**		**Total sum**

CORPORATE GOVERNANCE REPORT ACCORDING TO SECTION 243B UGB

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.

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

Report of the Supervisory Board Remuneration (Section 50/51 ÖCGK)

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) distributed among the Members of the Supervisory Board as follows:

› SUPERVISORY BOARD MEMBERS	2015	2014
Mag. Stefan Ehrlich-Adám (Chairman)	16,100	10,400
WP Mag. Philipp Rath (Vice Chairman.)	14,600	9,100
MMag. Christian B. Maier	10,000	6,300
Dkfm. Paul Rath	9,600	6,000
Mag. Dieter Hermann	9,500	6,700
Roula Millauer	5,300	6,700

CORPORATE GOVERNANCE REPORT ACCORDING TO SECTION 243B UGB

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, while the second component consists of an attendance fee, which is determined by a fixed amount per meeting that a member participates in.

Independence of Supervisory Board (Section 53, 54 ÖCGK)
All Members of the Supervisory Board who are not in a business or personal relationship with the Rath Aktiengesellschaft or its Executive Board, that would justify a material conflict of interest, and, thus, be able to influence the Member's behavior, are regarded as "independent" in the sense of the general clause of regulation 53. Criteria of the Code of Corporate Governance Exhibit 1 are used as a benchmark. According to these criteria, two Members of the Rath Aktiengesellschaft's Supervisory Board are to be considered dependent. There is one Member of the Rath Aktiengesellschaft's Supervisory Board who is a shareholder with a share of over 10%.

Committees and functions of the Supervisory Board (Section 36, 39 ÖCGK)
The Rath Aktiengesellschaft's Supervisory Board is comprised of experts from various specialist fields, and conducts regular meetings dealing with strategic and balance sheet matters, among other things. Within this framework, the Rath Aktiengesellschaft's Supervisory Board is involved as an advising body in all basic decisions of the Executive Board.

Besides the audit and strategy committees, the Rath Aktiengesellschaft's Supervisory Board has not established any other committees. The following members of the Supervisory Board are part of the audit committee: Ms. Roula Millauer as Chairperson until September 2015, Mr. Mag. Stefan Ehrlich-Adám as Chairperson starting in September 2015, Mr. Mag. Philipp Rath, Mr. MMag. Christian B.Maier and Mr. Mag. Dieter Hermann. In 2015, the audit committee held two meetings in which the preparation and analysis of the annual accounts and the internal control, revision and risk systems were discussed. The annual auditor participated in both meetings.

The following members of the Supervisory Board are part of the strategy committee: Mr. Mag. Stefan Ehrlich-Adám, Mr. Mag. Philipp Rath, Mr.Dkfm. Paul Rath, Mr. Mag. Dieter Hermann. In 2015, the strategy committee held one meeting discussing new products and their sales markets.

In 2015, the Supervisory Board held six regular meetings (including a constituent Supervisory Board meeting). The attendance rate was at 96 %. The Supervisory Board's focus of activities for the financial year is shown in more detail in the Supervisory Board's report.

Actions for increasing the share of female employees in the Executive Board, Supervisory Board and leading positions
There are no women on the Executive Board of the Rath Aktiengesellschaft. One woman was a member of the Supervisory Board until September 2015, so that the percentage of women until September 2015 was around 17%. Women hold leading positions in numerous departments of the first and second

CORPORATE GOVERNANCE REPORT ACCORDING TO SECTION 243B UGB

reporting level. The share of female employees of the overall staff level as of December 31, 2015 was 17.9% (2014: 18.7 %). The Rath Group supports and promotes the hiring of women in all departments. Rath also takes measures and makes investments which promote the compatibility of career and family. Furthermore, the recruiting process is highly focused on a strict equal treatment of both genders.

Internal revision

A typical department for internal revision does not exist due to the company's size. The tasks of internal revision are performed by the Process Management department, which regularly notifies the Executive Board about important results .

Up-to-date information on the implementation of the Code and amendments as a result of statutory changes can be found on the Rath Group's website (www.rath-group.com).

Corresponding inquiries will be answered by the Executive Board member responsible for Investor Relations during the year or the Chairman of the Supervisory Board at the Annual General Meeting.

VIENNA, APRIL 6, 2016

The Executive Board

Andreas Pfneiszl

DI Jörg Sitzenfrey

DECLARATION BY THE LEGAL REPRESENTATIVES ACCORDING TO SECTION 82 (4) Z 3 BÖRSEGESETZ (AUSTRIAN STOCK EXCHANGE ACT)

We confirm to the best of our knowledge that the consolidated financial statements established according to the authoritative 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 representation 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 Thursday, December 31, 2015 are not necessarily indicative of future results.

The Executive Board

VIENNA, APRIL 6, 2016

Andreas Pfneiszl

DI Jörg Sitzenfrey

REPORT OF THE SUPERVISORY BOARD

Mag. Stefan Ehrlich-Adám, Chairman 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 wells 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. the constituent Supervisory Board's meeting) were held during the 2015 financial year. All members personally participated in all meetings. The meeting of Tuesday, 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 Tuesday, 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 Monday, June 1, 2015 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 dates for 2015/2016 were finalized. In the meeting held on Tuesday, September 8,

REPORT OF THE SUPERVISORY BOARD

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 Friday, 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 Tuesday, 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 Friday, 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 Monday, 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 Wednesday, 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.

VIENNA, APRIL 6, 2016

Mag. Stefan Ehrlich-Adám
Chairman of the Supervisory Board

CONSOLIDATED ANNUAL REPORT

CONSOLIDATED ANNUAL REPORT 2015

ECONOMIC ENVIRONMENT

Slower growth of the global economy.

The global economy grew in 2015 more slowly than in the previous year, which was expected by the International Monetary Fund (IMF) experts. In the wake of the economic slowdown in China, the global economy lost momentum and grew by only 3.1% instead of the 3.5% that was forecast.

The Chinese economy grew more slowly in 2015 than at any time in the past quarter century. The economic transition to a consumer and services-driven economy caused a further slowdown in growth. In the rest of Asia, the momentum also left something to be desired. An exception to this was India, where the economic recovery continued. Both consumer spending and industrial production there rose significantly.

The Gross Domestic Product (GDP) of the USA grew by 2.4 percent in 2015. Economic growth was thus at the same value as in 2014 and higher than in 2013 (1.5 percent). This growth was driven almost entirely by private consumption, a traditional mainstay of the US economy.
In Brazil and Russia, growth in 2015, in line with expectations, continued on its strongly negative path, which, together with low commodity prices, also joined domestic economic problems. By contrast, the Eastern European EU countries recorded healthy growth. The region benefited on the one hand from low oil prices and strong private consumption, and on the other hand from the continued recovery in Western Europe.

Healthy growth in the Eastern EU countries.

Western and Central Europe were thus an important pillar of the global economy, in addition to the USA. Growth in the euro zone was positive, mainly due to the solid development in Germany and the recovery in Southern Europe. In particular, decisive impulses resulted from private consumption. In investment decisions, companies continued to hold back due to global uncertainties.

Last year, the Austrian economy only grew moderately at 0.9% compared to the previous year, which has now occurred for the fourth year in a row. Economic activity barely accelerated as the year progressed. In the fourth quarter of 2015, the increase in economic output over the previous quarter was, just as in the two previous quarters, only at 0.3%. Although the investment in equipment in 2015 grew in comparison to the previous year, and foreign trade brought a strong impetus, private consumption did not show a sufficient increase. This was especially the result of continued high unemployment, modest income growth and the significant increases in the cost of rents and services.

INDUSTRY ENVIRONMENT

Position strengthened despite stagnant sales markets

In an industry environment with stagnant sales markets and global overcapacity, the Rath Group was able to not only maintain, but also grow and strengthen its position. The high-tech refractory products offered by the Rath Group are in greater demand than during the previous year, even though the European domestic market is still struggling with a reluctance to invest. The Middle East regions have

CONSOLIDATED ANNUAL REPORT 2015

developed positively, based on the simplification of business collaboration, as well as the North and Central American economic area.

The Rath Group is globally active in the most important industries for refractory products and solutions.

METALS

The metals business line holds the most significant share of the steel industry, in particular the so-called "second" heat. In this marketing area, we were able to achieve a slight increase of 1%. The share of total sales of the Rath Group is now 34% (previous year: 33%). The main products that are used in this business line are high temperature wool, rolls, mats, combination modules, refractory bricks, dense bricks and concrete. The stagnant growth in the metals business line reflects the weak development in the steel industry. It should be mentioned here that there was a significant overcapacity in the steel industry in 2015 and this situation will not change significantly in 2016. In this area, the Rath Group has positioned itself as a partner for technically complex and innovative comprehensive solutions. Our expectations for the metals business line is positive and we anticipate that we will keep our share or it will only decrease slightly.

F. C. & ENERGY

In the 2015 financial year, we were able to maintain our stable sales in the fuels, chemicals & energy business line. This business line accounted for 20% of total sales (previous year: 20%). As before, our customers' end products are under strong pressure worldwide. This means that willingness to make new investments and major repairs continues. For this business line, we offer high-quality dense bricks, as well as high-quality refractory bricks, combination modules and vacuum moldings. Our customers are primarily located in the USA and Asia. In this business segment, the Rath Group is regarded as the market supplier with the highest reliability and above-average service life.

Due to the sharp drop in oil prices in the world market, sales of our products in the field of biomass plants is decreasing. For 2016, we have already received a number of prospective orders, which we anticipate will allow us to grow slightly in this business line.

CERAMIC

After the strong demand last year, especially from manufacturers of ceramic products, in the 2015 sales year, we experienced a decrease to 15% of total sales (previous year: 18%). In the ceramic business line, the manufacturers of ceramic exhaust filters for the automotive industry are making up the lion's share.

There were shifts in placements of orders in 2016, which we anticipate will mean that we can expect another increase in the coming year. Essentially, the products we offer our customers include high-quality dense bricks, high-quality refractory bricks, combination modules and vacuum molding, as well as concrete.

CONSOLIDATED ANNUAL REPORT 2015

SECTOR SHARES OVERALL YEAR 2015

- 34 % Metals
- 20 % F. C. & Energy
- 16 % Special Furnaces
- 15 % Ceramics
- 10 % Domestic Fireplaces
- 5 % Glass

SECTOR SHARES OVERALL YEAR 2014

- 33 % Metals
- 20 % F. C. & Energy
- 18 % Ceramics
- 15 % Special Furnaces
- 11 % Domestic Fireplaces
- 3 % Glass

GLASS

The sales contribution from the glass business line to total sales increased in 2015 to 5% (previous year: 3%). The primary sales markets are North America and East Asia and are essentially highly project-based. In the glass field, we primarily rely on dense brick and concrete products, as well as concrete moldings. The expectation in the glass business line is more restrained. Achieving the same level of sales percentage this year would constitute a good result.

SPECIAL FURNACES

The customers of our business line customers Special Furnaces are mainly manufacturers of special ovens for industry and for the laboratory and dentistry sector. The business line also includes manufacturers of analysis and measuring devices that require a specific insulation due to high temperatures. In this business line, the Rath Group is one of the top 5 suppliers worldwide.

The good sales contribution to total sales of 16% (previous year: 15%) was slightly expanded. Essentially, these consist of ceramic molding products based on high temperature wool. These are personalized solutions, which can be installed expeditiously and easily by the customer. Based on our innovative engineering and production team, we can continue to anticipate a slight increase in 2016 with promising products.

DOMESTIC FIREPLACES

The Rath Group is the unchallenged number one producer of heat storage ovens (standard heating stove, classical tiled stove) in the core market. In Austria, for example, Rath still has a market presence of over 50%, in Hungary, Slovakia and Poland around 30%, and in Germany around 25%. In general, the industry in Europe once again experienced declines in 2015 of more than 10%, even though there had already been a drop in sales in 2014 of more than 10%. In the field of standard heating stoves, we rely on the traditional firebrick and fireclay plate.

Unfortunately, the negative trend continues. The standard heating stove is a premium product that enhances a property and also provides warmth. The cannibalization by so-called wooden fireplace stoves or heater insert manufacturers is still very strong. Additional reasons include, for example, great insecurities among Europeans regarding their jobs or the change of statutory general conditions for emission limits for private fireplaces – with the focus here on dust particulates. The Rath Group has, however, to this date, again in 2015, managed to keep revenues solid, despite this general European trend. The most traditional business line generated revenues of 10% (previous year: 11%) and the prospects are neutral. We anticipate not having to accept any more revenue losses.

BUSINESS PERFORMANCE IN 2015

The Rath Group not only confirmed the very good business results of 2015, but also achieved even stronger results in all key performance indicators. This positive development is shown in the review of the last four quarters of the 2015 financial year:

CONSOLIDATED ANNUAL REPORT 2015

2014	WHOLE YEAR	4TH QUARTER	3RD QUARTER	2ND QUARTER	1ST QUARTER	KEY FIGURES ‹
77,441	81,881	20,975	23,571	20,407	16,928	Revenues in KEUR
8,517	9,785	2,904	2,852	2,607	1,422	EBITDA in KEUR
11.00 %	**11.95 %**	**13.85 %**	**12.10 %**	**12.78 %**	**8.40 %**	**EBITDA margin**
4,612	5,627	1,758	1,844	1,580	445	EBIT in KEUR
5.96 %	**6.87 %**	**8.38 %**	**7.82 %**	**7.74 %**	**2.63 %**	**EBIT margin**
549	551	554	544	544	541	Employees in the Ø
9.19	13.76	13.76	13.60	24.95	9.50	Stock price in EUR

Sales development

After we had to report decreases in sales at this point last year, we can now report positive development for the 2015 financial year. Despite weak economic growth in Europe and challenging economic conditions in the US, we were able to expand sales in the Rath Group.

Revenues increased compared to the same period of the previous year by 5.7% to 81,881 KEUR (previous year: 77,441 KEUR). We can report a significant increase in project business. We were able to confirm significantly more projects than even the year before. In the reporting year we increased the project sales by 24.6% to 21,202 KEUR (previous year: 17,023 KEUR).

Sales rose by 5.7% to 81,881 KEUR

The separate companies developed differently. The Austrian company Aug. Rath jun. GmbH, Krummnussbaum, increased its sales by 6.3% to 27,773 KEUR (previous year: 26,115 KEUR). The significant sales growth resulted from the project business, but also from the new product range of SiC plates for municipal waste incinerator plants.

Our German company, Rath GmbH, Meissen, with three locations (Meissen, Bennewitz and Moenchengladbach) also showed revenue growth in the project business. Here, the increase totaled 4.8% to 26,199 KEUR (previous year: 24,989 KEUR). The Rath Hungaria Kft., Budapest, also reported an increase in revenues to 8,645 KEUR (previous year: 8,206 KEUR). The US subsidiary company Rath USA Inc., Newark, with two locations (Newark, Delaware, and Milledgeville, Georgia) significantly exceeded expected revenues and closed the business year with revenues of 13,146 KEUR (previous year: 11,640 KEUR). Our sales companies in Europe and Mexico didn't show quite as positive results. Sales decreased to 6,118 KEUR (previous year: 6,491 KEUR). Further details can be found in the segment report.

Earnings development

The gross profits remained stable compared to the previous year at 57.8% (previous year: 57.9%). The uninterrupted intense focus on profitability, in keeping with our slogan of "margin over volume," allowed us to achieve, in earnings before interest, taxes and depreciation (EBITDA), an increase of 1,268 KEUR to 9,785 KEUR (previous year: 8,517 KEUR).

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EBIT up by 22% over the previous year to 5,627 KEUR .

Earnings before interest and taxes (EBIT) also improved for the second consecutive year and increased by 1,015 KEUR to 5,627 KEUR (previous year: 4,612 KEUR). This corresponds to a value increase of 22.0 % compared to the 2014 EBIT.

Personnel expenses in relation to sales improved to 30.5% (previous year: 31.0%). Absolute personnel costs rose by 4.0% to 24,992 KEUR (previous year: 24,038 KEUR). Other operating expenses rose slightly to 13,231 KEUR (previous year: 12,896 KEUR).

The financial result improved significantly by 463 KEUR to 873 KEUR compared to the same period of 2014 (previous year: 410 KEUR). Due to the exchange rate of the USD/EUR, there continued to be strong positive changes in the valuation. Currency profits amount to 1,767 KEUR (previous year: 1,435 KEUR), thus being 332 KEUR more than in the same period of the previous year; 1,663 KEUR are excluded from the valuation (previous year: 1,442 KEUR). The interest rate swap had a positive effect on the financial result with 158 KEUR (previous year: 20 KEUR).

The Group's result was at 4,109 KEUR (previous year: 2,869 KEUR).

Based on the very good Group net profit in 2015 and the continued ongoing positive development of the Group, the Executive Board will propose a dividend distribution of EUR 0.50 per share during the upcoming Annual General Meeting.

Development of the asset and financial situation

Total assets increased to 81,102 KEUR.

The asset and financial situation of the Rath Group looks as follows at the end of the 2015 business year: Long-term assets on the asset side decreased by 304 KEUR to 38,624 KEUR. The change can basically be attributed to the increase in fixed assets. Investments made in 2015 amounted to 3,838 KEUR (previous year: 2,871 KEUR).

Concurrently, short term assets, especially in the area of receivables, incl. other receivables, increased by 3,095 KEUR to 42,478 KEUR. The balance sheet total now increased by around 3,400 KEUR; at the end of the 2015 reporting year, the value was at 81,102 KEUR (previous year: 77,702 KEUR).

Equity capital increased to 49.2%.

By the reporting date of 12/31/2015, the company group shows equity capital of 39,879 KEUR (previous year: 36,481 KEUR). The equity quota increased despite a dividend distribution of 750 KEUR in June 2015 due to the positive annual result compared to the year-end result for the previous year by 2.3 percentage points to 49.2% (previous year: 46.9%). The amount of borrowed capital as of 12/31/2015 was 50.8% (previous year: 53.1%), of which 26.3% (previous year: 17.4%) is attributed to the long-term borrowed capital and 73.7% (previous year: 82.6%) to the short-term borrowed capital.

The debt quota (net financial liabilities in proportion to equity capital) decreased significantly to 57.8 % (previous year: 66.5 %).

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Long-lasting financing strategy

For years the Group's financing has been following the principles of preserving a secured liquidity as well as a capital base as high as possible.

Net debt decreased.

The increase in the equity quota to 49.2% (previous year: 46.9%) can be attributed to the strong annual result in the reporting year. A significant goal of the company is to maintain the equity quota at over 40%.

The Group's net debt (the balance of interest-bearing liabilities less monies and financial assets/ securities) decreased in the current business year by 1,197 KEUR to 23,067 KEUR (previous year: 24,263 KEUR).

Net cash flow

Due to the solid Group result, cash flow of the operational business activity was able be improved to 8,318 KEUR (previous year: 5,313 KEUR). Cash outflow from investment activity increased by 765 KEUR to 3,551 KEUR (previous year: 2,787 KEUR) and can basically be attributed to investments in tangible assets (3,517 KEUR; previous year: 2,805 KEUR).

Operative cash flow increased to 8,318 KEUR.

The repayment of financial debts of 2,802 KEUR (previous year: 923 KEUR) can be seen in the cash outflow of financing.

Free cash flow increased compared to the previous year by 388 KEUR to 1,215 KEUR (previous year: 1,603 KEUR). Liquid assets amounted to 3,450 KEUR on 12/31/2015, down by 10.7 % compared to the previous year.

Employees

For the Rath Group, staff members resemble the central factor of success. On the one hand, success is due to the dedication to innovative refractory solutions which we implement in our products and technologies. On the other hand, it is due to the huge commitment and solidarity of our employees. From the developer to process engineers to production staff and technicians, from the supervisor to employees in the back office and service departments, as well as the sales team, people with technical and commercial training find areas of responsibility in the most versatile fields of activity with us. Rath has a "Lean Management" structure, which allows direct, personal communication.

As of 12/31/2015, the Rath Group employed a total of 505 people on an "FTE" basis ("full-time equivalent") (previous year: 500).

Number of employees stable.

The Rath Group does not have a stock option program. Management, supervisors and other key personnel are involved in locally varying bonus models. Tasks of personnel management are observed according to central guidelines by the parent company and then transferred to the daughter companies. Strategic tasks in the sector of Human Resources are carried out by the CFO.

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In 2015, the Rath Group spent a total of 129 KEUR on employee training (previous year: 130 KEUR).

Our staff members stand out due to their qualifications, commitment, responsibility, discipline, loyalty and mutual appreciation in a familiar work environment.

The Executive Board hereby thanks all Rath colleagues for their accomplishments in further developing our company Group, which are only possible due to the above-average commitment of our Rath employees.

Sustainability (Corporate Social Responsibility)

Part of the corporate strategy.

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.

Since January 1, 2005, the Rath Group has been part of the European Emissions Trading Scheme. Under this scheme, the companies involved (currently Aug.Rath jun.GmbH, Austria) receive emissions certificates that must be returned to the relevant authority within four months at the end of the calendar year in respect of that year's actual emissions. If actual yearly emissions exceed those allocated on the certificates, the required number of additional certificates must be purchased. The Rath Group has a sufficient number of free certificates.

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.

Research & Development

R&D as a strategic focus.

The Rath Group is organized by a central Research and Development department with a focus on Product Development and Management, Product Engineering and Materials Science. Intensive and sustainable research and development are important components of our strategy as a premium supplier. With innovative and continuous development of products, processes and materials, we are reinforcing our claim as "being the best for the customer."

Multiple R&D projects were implemented in 2015. Of particular note is the start of our extensive investment in the field of hot gas filter elements and systems, as well as product portfolio optimization of our refractory concretes.

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REPORTING ABOUT ESSENTIAL FEATURES OF THE INTERNAL CONTROL SYSTEM REGARDING THE ACCOUNTING PROCEDURE

The internal control system (IKS) defines all processes for securing economic efficiency and correctness of accounting. It reduces the error rate of transactions, protects assets from losses by damages and fraud and guarantees conformity of business procedures regarding statutes, Group guidelines and current legislation (Compliance). The control environment of the accounting process is characterized by a clear organizational and operational structure, with people specifically assigned to individual functions (e.g.in Financial Accounting and Controlling). Staff involved in the accounting process fulfill the professional requirements. Mostly standard software is used in accounting.

The Rath Group's guidelines are based on the Rath management handbook, the Compliance guidelines as well as internal regulations and signature rules for the company's management and leading employees of all Rath Group companies. These terms will be revised according to the Compliance terms, if necessary, and verifiably given to the respective Management. Local management is responsible for adhering to the guidelines of the respective Rath subsidiary company. Internal regulations refer to i.a. the mandatory compliance with the terms of the management handbook and defines a list of business cases which require Group management's approval. The Rath Group's management handbook contains i.a. information and terms necessary for the accounting process as well as the consolidation handbook (reporting guidelines, accounting and valuation rules) or IT guidelines. Every quarter group results are consolidated according to UGB regulations and reported to the Supervisory Board and shareholders, or every six months according to IFRS regulations.

The consolidated accounts will be extensively reviewed by a Group auditor in close cooperation with the Supervisory Board and the Audit Committee.The Group auditor guarantees consistent audit standards due to his international network. A standardized monthly management reporting system includes all consolidated individual companies of the Rath Group. The Rath Aktiengesellschaft's Supervisory Board regularly informs itself about the internal control system during its meetings. The Audit Committee's task is to supervise the control system's efficiency.

Risk Management

The Rath Group is exposed to various opportunities and risks in its global entrepreneurial trade. The constant identification, evaluation and management of risks is an essential part of the management, planning and controlling process. Risk Management resorts to organizational, reporting and management structures available in the Group.

Continuous evaluation of processes.

These processes are continually evaluated by the central Processing Management team. The contents are about documenting all processes within the company as well as the documented behavior in case of deviations in order to learn from mistakes and make constant improvements. This way of thinking about processes is anchored in ISO 9001:2008.

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The risk management system ensures that risks are regularly analyzed and assessed. This is the only way to be sure that they can be anticipated and detected at an early stage, so that countermeasures can be implemented quickly should a risk arise.

Essential risks

Risks that might have negative affects on the Rath Group's asset, financial or profit situation, are basically unchanged compared to previous time periods and are as follows:

Acquisition

The main topic regarding acquisition is avoidance of being dependent on individual suppliers. Our central Purchasing department counteracts this and creates requirements for a balanced portfolio of suppliers in consideration of reasonable purchase volumes and prices.

In order to receive better prices for our suppliers, it is often necessary to place bulk orders. However, this brings along the disadvantage of capital commitment.

Production

The essential value-added levels of the Rath Group lie within the manufacturing of our products. A possible risk of a business interruption with direct impact on the company's result is covered by our business interruption insurance across the entire Group. The Group proactively counteracts this in a preventive way via constant analyses of individual assets and precautionary maintenance. Nonetheless, risks arising from product liabilities cannot be fully excluded. In case of quality flaws, they will be corrected according to the customer. Costs arising from this are covered by our product liability insurance across the entire group. Reputation damage resulting from this, however, is always a risk for the company Group.

Sales

The global product or project sale also harbors risks. Our overall solutions are nowadays going to countries that are not always economically and politically stable. Information about our sales directors is constantly retrieved from the respective sales markets and countries, helping us recognize possible defaults of receivables and initiate counteractive measures. Outside the European Union and the USA, the Rath Group mostly relies on credit operations in regard to payment conditions. Thus, it is guaranteed that our sales are secured by an international bank.

For those sales not secured with letters of credit, we have set up an internal Receivables Management with credit limits. The Receivables Management evaluates the resulting credit risk with the help of external information from credit agencies and our experience with the respective customer or the customer's country. On the basis of information collected a credit limit is set. The Rath Group has no credit loss insurance. The defaults of receivables in the 2015 business year amounted to 203 TEUR within the Rath Group, which represents 0.25 % of all sales revenues.

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Liquidity

The stipulation of credit limits and the amount of refinancing costs at financial institutes are dependent on their evaluation of the Rath Group's future prospects. Therefore, bank contacts are well maintained to ensure that our bank partners always have a clear and current idea of the economic situation of our Group.

Foreign currencies and interest

For the most part, the Rath Group provides deliveries to its customers in the respective currency of the company. Due to the ongoing assessment of the currency pairs USD/EUR or HUF/EUR, positive as well as negative changes can take place in the financial result of the individual companies, therefore in the Group as well.

The Rath Group currently has an interest rate swap contract valid until 2018. Due to the currently prevailing low interest level, hedging has been assessed negatively.

Total risk

The Rath Group's risks are supervised with the described means and measures in the best possible way. The continued existence of the company is not at risk from the vantage point at present.

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

The capital stock is comprised of 1,500,000 no-par-value stocks (previous year: 1,500,000 no-par-value stocks), with each no-par-value stock having an equal share of the capital stock.

The Executive Board is not aware of any limits regarding voting rights or transfers of stocks. The Rath Aktiengesellschaft does not own any of its own stocks. Diversified holdings are with Austrian and international investors. The stock is quoted at the "Standard Market Auction" of the Vienna Stock Exchange under the ISI number AT0000767306.

No significant investments from Rath Group employees are known. As is within each shareholder's discretion to exercise their voting rights in General Meetings, this is also granted to employees holding stocks.

There are no terms not immediately derived from the law regarding the naming and dismissal of Executive Board and Supervisory Board Members as well as the change of the company's statutes.

The Executive Board is not aware of any significant agreements the company is involved in and that take effect at a change of control in the company following a takeover bid.

There are also no compensation agreements in place between the company and their Executive Board and Supervisory Board Members or employees in the case of a public takeover bid.

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OUTLOOK

Successful 2015 business year expected.

The Rath Group expects a successful 2016 business year, despite a continued weak global economic market.

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. The Rath Group feels well prepared for the 2016 financial year in that aspect, despite the likely lack of significant global economic growth, as economics experts suggest. While forecasts for Europe remain cautious, experts forecast strong growth for the USA.

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 as well as interest rate levels, the company Group is expecting a slight increase in revenues as well as for the Group result for the financial year of 2016.

There were no reportable events after the reporting date.

SHAREHOLDER'S STRUCTURE
MARCH 31, 2016

- 66.7 % Rath Holding GmbH
- 18,8 % Rath family members
- 14,5 % Diversified holdings

FINANCIAL STATEMENTS
RATH GROUP 2015

CONSOLIDATED BALANCE SHEET

	NOTES	31.12.15 KEUR	31.12.14 KEUR
Method of payment and payment equivalents	(7)	3,450	3,864
Trade receivables	(5)	15,742	12,763
Other receivables and accruals and deferrals	(6)	2,355	1,840
Inventory	(4)	20,930	20,906
Receivables from income tax		0	9
Short-term assets		**42,478**	**39,382**
Financial assets	(3)	702	698
Intangible assets	(2)	426	488
Tangible assets	(1)	35,053	34,189
Deferred tax assets	(12)	2,442	2,945
Long-term assets		**38,624**	**38,319**
TOTAL ASSETS		**81,102**	**77,702**
Short-term financial liabilities	(10)	21,002	25,169
Liabilities from deliveries and services	(13)	5,346	4,833
Other short-term liabilities	(14)	3,056	2,996
Current accruals and provisions	(11)	833	614
Short-term income tax debts	(12)	153	449
Current liabilities		**30,390**	**34,062**
Long-term financial liabilities and bonds	(10)	4,713	2,203
Liabilities from leasing obligations	(10)	1,504	1,453
Employee benefits	(9)	3,117	3,075
Other long-term financial liabilities	(14)	180	180
Other long-term liabilities and deferred income	(14)	208	230
Deferred tax liabilities	(12)	1,110	19
Non-current liabilities		**10,832**	**7,159**
Nominal capital		10,905	10,905
Capital reserves		1,118	1,118
Net profit and free reserves		30,084	26,719
Reserves from currency conversion		-1,723	-1,895
Other reserves		-507	-374
Non-controlling interest		2	8
TOTAL EQUITY CAPITAL	(8)	**39,879**	**36,481**
TOTAL LIABILITIES		**81,102**	**77,702**

GROUP'S INCOME AND LOSS STATEMENT

	NOTES	2015 *KEUR*	2014 *KEUR*
Sales revenue	(16)	81,881	77,441
Other operating income	(19)	642	625
		82,523	**78,066**
Cost of materials and purchased services	(17)	-34,515	-32,614
Personnel costs, including social security benefits and taxes	(18)	-24,992	-24,038
Other operating expenses	(20)	-13,231	-12,896
EBITDA		**9,785**	**8,517**
Depreciations on intangible assets	(2)	-112	-118
Depreciations on tangible assets	(1)	-4,046	-3,788
EBIT		**5,627**	**4,612**
Interest income	(21)	21	49
Interest expenses:	(21)	-936	-1,029
Other financial income	(21)	3,488	3,179
Other financial expenses	(21)	-1,700	-1,788
Earnings before tax (EBT)		**6,499**	**5,022**
Taxes on income	(12)	-2,391	-2,153
Consolidated result		**4,109**	**2,869**
Attributable to shareholders of parent company		4,116	2,862
Non-controlling interest		4	7
Consolidated result		**4,109**	**2,869**
Basic (undiluted) result per stock (in EUR)	4.6	2.74	1.91
Diluted result per stock (in EUR)	4.6	2.74	1.91

GROUP'S STATEMENT OF COMPREHENSIVE INCOME

	2015 KEUR	2014 KEUR
Consolidated result after income tax	4,109	2,869
Other results		
Items that will not be reclassified in the income and loss statement afterwards:		
Reevaluation of longterm liabilities towards employees according to IAS 19	-181	2
Apportionable to tax	45	-1
	-136	**2**
Items that will be reclassified in the income and loss statement afterwards:		
Valuation of financial assets "available for sale" in accordance with IAS 39	4	36
Apportionable to tax	-1	-9
Foreign currency exchange differences	173	-79
	176	**-52**
Total other comprehensive income	**40**	**-51**
Total result attributable to the stockholders of the parent company	40	-51
Non-controlling interests	0	0
Consolidated revenues after tax	**4,149**	**2,819**
Total result attributable to the stockholders of the parent company	4,144	2,811
Non-controlling interests	4	8
Consolidated revenues	**4,149**	**2,819**
Basic (undiluted) result per stock (in EUR)	**2.74**	**1.91**
Diluted result per stock (in EUR)	**2.74**	**1.91**

CHANGES IN CONSOLIDATED STOCKHOLDERS' EQUITY

	NOMINAL CAPITAL KEUR	CAPITAL RESERVES KEUR	CURRENCY CURRENCY CONVERSION KEUR	OTHER RESERVES KEUR	NET PROFIT AND FREE RESERVES KEUR	TOTAL KEUR	NON-CONTROLLING SHARES KEUR	TOTAL EQUITY CAPITAL KEUR
As of 1st Jan. 2014	**10,905**	**1,118**	**-1,816**	**-403**	**23,857**	**33,661**	**1**	**33,663**
Group earnings 2014	0	0	0	0	2,862	2,862	7	2,869
Other comprehensive income 2014	0	0	-79	29	0	-51	0	-51
Consolidated revenues	0	0	-79	29	2,862	2,812	7	2,819
As of 31st Dec. 2014	**10,905**	**1,118**	**-1,895**	**-374**	**26,719**	**36,473**	**8**	**36,481**
Group earnings 2015	0	0	0	0	4,115	4,115	-6	4,109
Other comprehensive income 2015	0	0	173	-133	0	40	0	40
Consolidated revenues	0	0	173	-133	4,115	4,155	-6	4,149
Distribution	0	0	0	0	-750	-750	0	-750
As of 31st Dec. 2015	**10,905**	**1,118**	**-1,723**	**-507**	**30,084**	**39,877**	**2**	**39,879**

CONSOLIDATED CASH FLOW STATEMENT

	NOTES	31.12.15 KEUR	31.12.14 KEUR
Group results after tax		**4,109**	**2,869**
Adjustments to Group results			
Depreciation	(1), (2)	4,159	3,905
Changes to personnel reserves		-139	-112
Changes to value adjustments		147	127
Changes in deferred taxes		1,630	1,399
Interest expenses	(21)	936	1,029
Interest income	(21)	-21	-49
Income tax	(12)	761	754
Changes in other provisions		-10	0
Income/loss from from the disposal of investments		93	0
Income/loss from from the disposal of assets		83	19
		11,747	**9,942**
Changes in net working capital			
Trade receivables		-2,649	77
Other receivables		-78	-327
Inventory		430	-859
Liabilities from deliveries and services		475	-530
Accruals and provisions		296	-954
Other liabilities		56	36
		-1,470	**-2,556**
Interest paid		-932	-891
Interest received		21	48
Income tax paid		-1,049	-1,230
Net cash inflow and outflow from operational activity		**8,318**	**5,313**
Acquisition of tangible assets and intangible assets	(1)	-3,551	-2,871
Deposits from the sale of tangible assets and intangible assets		0	84
Net cash used in investing activities		**-3,551**	**-2,787**
Proceeds from borrowings		5,324	3,338
Repayments of loans		-7,775	-4,116
Payments of capital lease liabilities		-351	-146
Dividends paid		-750	0
Net cash generated from financing activities		**-3,552**	**-923**
Cash and cash equivalents at the beginning of the year		**3,864**	**3,234**
Net change of means of payment and equivalents		**1,215**	**1,603**
Non-cash currency differences		**-1,628**	**-974**
Cash and cash equivalents at the end of the year		**3,450**	**3,864**

GROUP NOTES

1. THE COMPANY

Rath Aktiengesellschaft (hereafter Rath AG), Walfischgasse 14, 1010 Vienna, and its subsidiary companies (hereafter referred to as the "Rath Group") manufacture and distribute refractory materials for industrial consumers and other business enterprises. Its main markets are located within the European Union, Eastern Europe and the USA. The registered office of the parent company is situated in Vienna. Production sites are located in Austria, Germany, Hungary and the USA. There are also sales companies in France, the Czech Republic, Poland, Ukraine, and Mexico.

The stocks of Rath AG are listed on the Vienna stock exchange in the "Standard Market Auction" segment.

2. PRINCIPLES OF ACCOUNTING STANDARDS AND ACCOUNTING POLICIES

2.1. ACCOUNTING STANDARDS

The consolidated financial result of the Rath Group as of December 31, 2015 was created in accordance with the International Financial Reporting Standards ("IFRS") as applicable in the European Union, and the additional regulations of Sec. 245a paragraph 1 UGB.

The consolidated financial statements have been prepared under the historical cost convention, as modified by the fair value evaluation of available for sale financial assets, and financial assets and liabilities (including derivative instruments) at fair value through profit and loss.

Accounting practices for the companies included in the consolidated financial statements are based on accounting methods which apply uniformly across the Rath Group.

The consolidated financial statements are compiled in units of 1,000 EUR ("KEUR", rounded up or off by the commercial rounding method). The summation of rounded figures and percentages may give rise to calculation differences due to the use of automatic calculation systems.

These consolidated financial statements were approved for publication by the Executive Board on Wednesday, April 6, 2016. The financial statements of Rath AG shall be presented to the Supervisory Board on April 6, 2016.

2.2. CHANGES AND AMENDMENTS OF IFRS

New and amended standards adopted by the company

The Group reviewed the impacts of the following, new applied standards and has come to the conclusion that they have no or no significant impacts on the Group earnings as of 12/31/2015.

	STANDARD/INTERPRETATION/AMENDMENT	DATE OF APPLICATION	IMPACTS IN THE REPORTING YEAR
IFRIC 21	IFRIC 21 "Accounting of taxes"	17.6.14	none
Miscellaneous	Improvements of the IFRS 2011-2013 (annual adjustment process)	1.1.15	none

New standards, amendments and interpretations not yet adopted by the European Union and not applied in advance of their adoption date

The following amendments or revisions of standards and interpretations have not yet been fully adopted by the EU as of the reporting date and are not yet obligatory for the financial year and have not been applied early.

Standard to be used in the future:

	STANDARD/INTERPRETATION/ AMENDMENT	TIME OF ITS COMING INTO EFFECT	EXPECTED IMPACTS
Miscellaneous	Improvements of the IFRS 2010-2012 (annual adjustment process)	1.2.15	none
IAS 19	Changes to IAS 19 "Employee Benefits"	1.2.15	none
IAS 16 and IAS 41	IAS 16 "Assets" and IAS 41 "Agriculture" – produced plants	1.1.16	none
IFRS 11	Changes to IFRS 11 "Mutual agreements" – Acquisition of stocks of a joint operation.	1.1.16	none
IAS 16 and AIS 38	Changes to IAS 16 "Assets" and IAS 38 "Intangible assets" – Clarification of acceptable depreciation methods	1.1.16	none
IAS 27	IAS 27 "Individual financial statements" – Application of equity method	1.1.16	none
IAS 1	Changes to IAS 1 "Presentation of financial statements"	1.1.16	none
Miscellaneous	Improvements of the IFRS 2012-2014 (annual adjustment process)	1.1.16	none

Standards not yet adopted by the EU:

	STANDARD/INTERPRETATION/ AMENDMENT	TIME OF ITS COMING INTO EFFECT	EXPECTED IMPACTS
IFRS 9	IFRS 9 "Financial instruments"	1.1.18	Are currently under review
IFRS 10, 11 and IAS 28	Changes to Investment Entities of the standards IFRS 10, 11 and IAS 27.	1.1.16	Not applicable
IFRS 14	IFRS 14 "Regulatory deferrals and accruals"	1.1.16	was rejected by the EU
IFRS 15	IFRS 15 "Revenues from customer contracts"	1.1.18	Are currently under review
IAS 28 and IFRS 10	Changes to IAS 28 "Stocks of associated companies and joint ventures" and IFRS 10 "Group's consolidated financial statements"	Postponed by IASB	Are currently under review
IFRS 16	Leasing	1.1.19	cannot currently be assessed yet

Apart from this, there are no IFRS or IFRIC interpretations that have not yet come into effect and for which any significant impact is expected for the company.

IFRS contains a five-step model that applies to revenues from contracts with customers (with few exceptions). The type of transaction or the company's sector are irrelevant. IFRS 15 contains additional qualitative and quantitative disclosure requirements. These are intended to enable the readers of financial statements to understand the type, amount, timing and uncertainty of revenues and the resulting cash flows from contracts with customers. The impacts of IFRS 15 on the Group are currently being evaluated for the individual sales groups. A quantification of the impact of the initial adoption of IFRS 15 is not yet possible.

IFRS 9 involves the classification and valuation of financial assets and financial liabilities, hedge accounting and impairment of financial assets. The adoption of the amendments to IFRS 9 will have an impact on the classification and valuation of financial assets, as well an on hedge accounting, but not on the classification and measurement of the financial liabilities of the Group. The Company's business model is focused on "holding" or "holding and selling" of financial instruments, and derivative financial instruments are only held to a limited extent. The contractual cash flows of primary financial instruments mainly consist of principal and interest. Although no major changes are expected in the valuation of financial instruments, a quantification of the impacts of initial application of IFRS 9 is not yet possible.

2.3. CONSOLIDATION SCOPE AND METHODS

The parent company is Rath AG, Vienna. The consolidated financial statement of the Group include all companies governed by the parent company through full consolidation. An investor is in command of an associated company when he or she has the power of disposition over the associated company, when he or she is exposed to risks by or rights to fluctuating returns from his or her commitment in the associated company, and when he or she uses his or her power of disposition over the associated company in such a way that the amount of returns of the associated company is influenced. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The first-time inclusion of a subsidiary takes place using the purchase method by allocating acquisition costs to the identifiable assets and liabilities of the purchased company. The amount of acquisition costs over and above the fair value of net assets is recorded as goodwill. Should the fair value of the net assets be higher than the acquisition costs, Rath AG, after a further critical assessment of the applicability and evaluation of the assets and liabilities taken over, will record the excess amount in the income statement. Acquisition-related costs are expressed as incurred. For each company acquisition, the Rath Group decides on an individual basis whether the non-controlling interest in the acquiree is recognized at fair value or measured at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Group-internal transactions, receivables, liabilities and significant unrealized profits and/or losses (interim results) are eliminated. Transactions with non-controlling interests are treated as transactions with equity owners of the Group. The difference between fair value of any consideration paid and the corresponding share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

In addition to the parent company, Rath AG's scope of consolidation includes the following companies:

	GROUP SHARE IN %		CONSOLIDATION METHOD
	2015	2014	
Aug. Rath jun. GmbH, Austria	99.98	99.98	Full consolidation
Rath GmbH, Germany	100	100	Full consolidation
Rath Hungaria Kft., Hungary	100	100	Full consolidation
Rath USA Inc. Newark, USA	100	100	Full consolidation
Rath Zarotechnika spol. s r.o., Czech Republic	100	100	Full consolidation
Rath Polska Sp. z o.o., Poland	100	100	Full consolidation
Rath SAS, France	95	95	Full consolidation
Rath Ukrajina TOW, Ukraine	100	100	Full consolidation
Rath Group S. de R.L. de C.V., Mexico	100	100	Full consolidation
Rath Group S.R.L., Argentina	0	100	Liquidated/No longer included in the scope of consolidation
Rath Group Brasil Ltda.,Brazil	0	100	Liquidated/No longer included in the scope of consolidation

In the 2015 business year, Rath Group S.R.L., Argentina, and Rath Group Brasil Ltda., Brazil, were liquidated. The deconsolidation resulted in a loss of 51 KEUR.

2.4. CURRENCY CONVERSION

Transactions in foreign currency

The functional currencies of the financial statements of the individual group companies correspond with the local currency.

Individual Group companies record business transactions in a foreign currency using the average exchange rate on the relevant transaction date. The conversion of existing monetary assets and liabilities denominated in a foreign currency on the reporting date takes place using the valid exchange rate of that date. The resultant foreign currency profits and losses are recorded within the income statement of the financial year in question.

Conversion of financial statements in foreign currency

The consolidated financial statements are compiled in Euros, the reporting currency of Rath Aktiengesellschaft. The functional currency of subsidiaries outside the Euro Zone is the respective local currency. The conversion into Euros of all assets and liabilities in these companies' financial statements, including goodwill and value adjustments resulting from the initial consolidation, takes place using the average exchange rate on the reporting date. Profit and loss items are converted and posted at the monthly average exchange rate over the financial year in question. All differences in conversion rates are recognized as separate items in the comprehensive income statement ("currency conversion" as part of other results).

Unrealized currency differences from long-term Group loans which are regarded as part of the net investment in a subsidiary are also recognized in other comprehensive income under the line item "Currency conversion differences".

The following exchange rates are particularly significant for the consolidated financial reports:

	RATE ON REPORTING DATE 31.12.15	RATE ON REPORTING DATE 31.12.14	AVERAGE RATE 1-12 2015	AVERAGE RATE 1-12 2014
USD	1.089	1.214	1.110	1.329
HUF	315.980	315.540	309.996	308.706
CZK	27.023	27.735	27.279	27.536
PLN	4.264	4.273	4.184	4.184

equals 1 euro.

Source: Austrian National bank (www.oenb.at)

2.5. ACCOUNTING AND EVALUATION PRINCIPLES

a) Intangible assets

Individually acquired intangible assets are initially valued under acquisition or production costs. Acquisition or production costs include all costs incurred to bring the asset up to its current condition. Acquisition costs of an intangible asset acquired under a business combination reflect its fair value at the time of acquisition.

Following initial evaluation, intangible assets are stated at acquisition or production cost less cumulative planned depreciations and value reductions. Amortization occurs using a straight-line method over an estimated utilization period of 3 to 15 years. There are no intangible assets with an indefinite useful life. Profits and losses from the disposal of intangible assets are determined by comparing the proceeds with the carrying amount and are recognized in the item 'Other operating income' or 'Other operating expenses' in the income statement.

Development expenses will only then be activated if the development costs can be evaluated reliably, if the product or the procedure is suitable technically and commercially, if a future economic use is likely and if the Group intends to and has sufficient resources to finish the development and use or sell the asset. Activated development expenses will be stated as acquisition or production costs less cumulative depreciations and cumulative impairment expenses. In the 2015 and 2014 financial years, no development costs were activated.

b) Tangible assets

Items of property, plant and equipment are valued at acquisition or production cost less accumulated depreciation and impairment losses. Acquisition and production costs include all costs incurred to bring the asset up to its current condition and location.

Due to contractual obligations for rented property, estimated expenditure for renovation or demolition is capitalized. The production costs of self-constructed plants contain the expenses attributable directly to the production. Borrowing costs are stated if they can be attributed to a qualifying asset. In the reporting year, no borrowing costs were recognized, since no qualifying assets existed.

Costs incurred in subsequent periods for an asset are activated only when it is probable that future economic benefits will flow to the Rath Group and the costs can be measured reliably.

Amortization of intangible assets and depreciable assets occurs using a straight-line method over the expected useful life of such assets.

The residual book values and useful lives are reviewed on every reporting date and adjusted if required. The following values for useful life were used to determine the depreciation rates and are unchanged from the previous year:

	UTILIZATION PERIOD IN YEARS	
Buildings	of 10	up to 35
Machinery	of 10	up to 20
Business equipment	of 5	up to 15

Profits and losses from the disposal of property, plant and equipment are determined by comparing the proceeds with the carrying amount and are recognized in the item "Other operating income" or "Other operating expenses" in the income statement.

c) Leases

Assuming that all significant risks and opportunities under this item are transferred to the Rath Group (finance lease), such items are recorded as assets. Valuation on conclusion of the contract agreement is made at the lower value of the fair value of the object at the time of contract conclusion and the present value of minimum lease payments to be made in future. At the same time, the amount considered is taken to be a financial liability.

In the case of finance leases, from the lessee's perspective, the fair value or lower cash value of the minimum lease payments for the leased item is capitalized at the time of purchase and amortized over the useful life. Capitalized asset values are set against the respective present value of the liability from outstanding lease payments as of the reporting date. Each lease payment is divided into an interest component and a repayment component. The interest part of the leasing rate is stated in the income and loss statement as expenses.

d) Government grants

Government grants for reimbursement of expenses are recognized as other operating income in the period the payments accrue, except when the grant is dependent on conditions that are unlikely to occur.

Investment grants are recognized on the liability side at the time binding approval is given and recorded as income in accordance with the amortization of the systems in question.

e) Financial assets

Financial assets are divided in the following categories: Loans and receivables and financial assets available for sale. The classification depends on the purpose for which the financial assets have been acquired. The management determines the classification of the financial asset upon initial recognition.

All securities are classified as 'available for sale'. They are valued at the fair value on the acquisition date under consideration of the transaction costs and in later periods at the current fair value. Changes in value are recorded in other comprehensive income and only shown in the income statement on sale of the security or if there is objective evidence of impairment. Any recoveries in value up to the cost of acquisition are recorded in the income and loss statement with debt instruments.

The fair value of securities is established using the stock market value as of the reporting date. Securities are recognized on the day of completion.

Loans and receivables are recorded at the amortized costs using the effective interest method.

f) Inventories

Inventories are stated at the lower value of the acquisition and production cost and the net realizable value as of the reporting date.

Acquisition and production costs include all costs of manufacturing, working and processing as well as other costs incurred to move the inventory items to their current location and condition. Production costs include all direct costs and variable costs and overheads that are systematically incurred during production on the basis of the average utilization of production facilities. Unit costs are calculated using the moving average price method.

Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

g) Receivables from deliveries and services and other receivables and other assets

Receivables from deliveries and services and other receivables are recorded at acquisition cost less impairment costs for any anticipated irrecoverable elements. The evaluation of other assets is made at acquisition cost less provision for impairment.

Where the provisions of IAS 11 apply, production orders are recognized using the percentage of completion method. According to this method, costs incurred plus a profit margin based on the degree of completion will be recognized as receivables under manufacturing orders as well as turnover.

The degree of completion will generally be calculated according to the ratio of incurred costs to anticipated total costs. Anticipated contract losses are to be covered by provisions, calculated in light of the recognized risk. Payments received are deducted from production order receivables. Any resulting negative balance for a production order is capitalized as a liability from production orders.

h) Cash and cash equivalents

Methods of payment and equivalents include cash and readily available assets with credit institutes with a remaining term of up to three months. The item "methods of payment and equivalents" corresponds to the cash and cash equivalents of the cash flow statement.

i) Impairment of non-financial assets

In case of long-term assets, except for deferred tax claims and financial assets, a review of whether or not there are indications of a reduction in value is carried out on the respective reporting date or in case of a triggering event.

If action is required, the Rath Group calculates the recoverable amount for the asset. This is the higher of the asset's value in use and its fair value less costs to sell. Should the recoverable amount be less than the asset's carrying amount, an impairment loss for this difference shall be recorded in the income statement.

The value in use of the asset is the present value of anticipated future cash flows from its continued use and end-of-life disposal, using a pre-tax, standard market interest rate that is appropriate for the specific risks of the asset.

If no separate cash flow can be determined for an individual asset, the value in use is calculated for the next largest unit to which the asset belongs and for which it is possible to establish a separate cash flow (cash generating unit). The Rath Group defines the individual companies as "cash generating units".

The fair value less costs to sell corresponds to the proceeds achievable in the market from independent third parties, less any costs of sale incurred.

Any subsequent non-impairment leads to a net income- affecting value recovery to the lowest value of updated, original acquisition or production costs and the recoverable amount.

As of the reporting date, no action was required regarding impairment.

j) Employee benefits

In the case of contribution-based pension plans, the company performs payments to private or public pension systems and employee and employee pension funds due to statutory or contractual obligations. There are no further obligations besides the payment of contributions. The regular payments of contributions are stated as expenses of the respective period.

All other obligations result from uncovered performance-oriented pension schemes and are reset respectively. This obligation is reported in accordance with IAS 19 The cash value of the defined benefit obligation (DBO) is determined this way. The DBO is calculated using the projected unit credit (PUC) method. According to this method, future payments are calculated using realistic assumptions over the period of benefit entitlement. The calculation of the required provision for the respective reporting date is done via a report of an actuary.

Future obligations will be assessed according to actuarial principles and are based on a proper assumption of the discount factor, salary increase factor and the pension increase factor. Reevaluations, dependent on assessment, of the net debt from performance-oriented pension plans, which are exclusively represented by actuarial profits in the Rath Group, are stated in its full amount of the other results in equity capital (see "consolidated income statement"). Thus, the provisions usually correspond to the actual obligation on the respective reporting date.

Any past service costs are immediately recorded with effect on the results. Regarding the anniversary bonus provisions, actuarial profits and losses are immediately recorded with effect on the results. Actuarial profits and losses are immediately recorded in other results regarding provisions for severance payments and pensions.

With respect to provisions for severance payments, the service costs are distributed over the time frame in which the maximum entitlement to compensation is reached.

k) Provisions

Provisions are established if the Rath Group has a legal or factual obligation to a third party as a result of a past event, whereby it is likely that this obligation will lead to a reduction of resources and a reliable estimate of the amount of the obligation can be made. If work needs to be carried out on a tangible asset at the end of its useful life, the associated costs will be classified in the form of a provision for costs of disposal and capitalized as part of acquisition or production costs.

Provisions are set at the value corresponding to the best possible estimate of the expenditure required to fulfill the obligation. If the present value of the provisions established using a standard market interest rate is significantly different from the nominal value, the present value of the obligation shall be used.

l) Taxes

Income tax expense includes current and deferred taxes. For transactions recorded directly in the equity capital or other results, the income tax related thereto will be recorded, without affecting results, in the equity capital or in other results.

Actual taxes for individual companies within the Rath Group are calculated from the income tax liability of the company and the applicable tax rate in the country.

Deferred taxes are established according to the liability method for all temporary differences between value of the assets and liabilities in the consolidated financial statements and the tax amounts of the individual companies. Furthermore, any tax advantage likely to accrue from any existing losses is included in the calculation.

Exceptions to this comprehensive deferred tax establish temporary differences associated with participation with non tax-deductible company values. Deferred tax assets are not established if it is unlikely that the inherent tax advantage can be realized. The determination of the deferred tax was based on a tax rate of 25% in Austria, 30.0% in Germany, 10.0% in Hungary and 40.0% in the USA.

m) Financial liabilities

Financial liabilities are recorded at the amounts actually received minus transaction costs. Premiums, discounts and other differences bet¬ween the amount received and the amount of repayment are realized over the term of the finance arrangement according to the effective interest method and recorded in the financial result (continued acquisition costs).

n) Liabilities from deliveries and services and other liabilities

Liabilities from deliveries and services are valued when the liabilities are incurred at the amount of the fair value of the services received. They are subsequently valued as amortized costs. Other liabilities not resulting from service relationships are recorded at cost.

o) Derivative financial instruments

The Rath Group currently only uses interest rate swaps to reduce existing risks of interest rate fluctuations.

The fair value of interest rate swaps corresponds to the value that the Rath Group would receive or would have to pay on the reporting date if the company were liquidated. To this end, actual market conditions, especially current interest rates, are taken into consideration. Fluctuations in the value are recorded in the income statement.

Regulations of IAS 39 about accounting of hedging relationships are not applied.

p) Revenue realization

Proceeds from deliveries (goods) are recognized if all the main risks and opportunities from the delivered item have been transferred to the buyer. Proceeds from services not associated with a production order are recorded to the extent that they have been performed as of the reporting date.

If the result of a production order (project business) can be reliably estimated, the revenues and order costs are recorded in line with the progress of service on the reporting date as revenues and corresponding expense items. Any anticipated loss from the production order is immediately recorded as an expense item.

q) Financing expenses and financial income

Financing expenses include interest, expenses similar to interest, allowable expenses, and other similar costs and currency exchange rate profits/losses regarding the financing, and results from hedging transactions as well as permanent depreciations of "available for sale" securities for borrowed loans and finance leasing transactions.

Financial income includes the interest, dividends and other similar proceeds realized from the investment of financial assets.

The interest is categorized on the basis of time elapsed according to the effective interest method. Dividends are recognized at the time of the resolution to make a dividend payout.

r) Uncertainties with judgments and assumptions

The preparation of the consolidated financial statements in accordance with IFRS requires judgments and assumptions to be made by the company management regarding future developments which may have a decisive influence on the approach to and value of assets and liabilities, on the recording of other liabilities as of the reporting date and on the disclosure of proceeds and expenditure during the financial year. With respect to liabilities and impairments not recorded in the balance sheet and arising from sureties, guarantees and other contingent liabilities, regular estimates are made as to whether recognition is required in the consolidated financial statements.The estimates and assumptions on which these are based are continually reviewed. The actual values may differ from the assumptions and estimates made if the specified framework conditions develop contrary to expectations on the reporting date. Amendments are made in the income statement when dictated by the facts, and premises are adapted accordingly.

For the following assumptions, there is a not inconsiderable risk that asset and liability values will need to be amended in the following financial year:

› For the valuation of existing pension and severance payment liabilities, assumptions are used regarding interest rates, retirement age, life expectancy, fluctuation and future salary increases. The group determines the reasonable discount rate at the end of each year. When determining the discount rate, the Group uses the interest rate for industrial borrowings with maximum solvency in the currencies in which the payments are made and with terms that match those specified in the pension and severance publications (Sensitivity see point 3 (9), page 45).

› The calculation of deferred taxes is based on the assumption that sufficient taxable income will be generated in the future to utilize losses carried forward (Sensitivities see point 3 (12), page 48f).

› Value corrections for inventories are conducted after a storage period.Inventories that have not been sold within a year are subjected to a value correction (up to 100 %) (see point 3 (4), page 44).

3. EXPLANATORY NOTES TO BALANCE SHEET AND INCOME STATEMENT

For the purpose of comparison, in the explanatory notes to balance sheet and income statement, reclassifications of prior year figures were made. These changes have no effect on the consolidated financial statement.

(1) Tangible assets

	LAND KEUR	BUILDINGS *(INCLUDING BUILDINGS ON FFOREIGN GROUND)* KEUR	TECHNICAL ASSETS KEUR	OTHER ASSETS AND BUSINESS EQUIPMENT KEUR	ASSETS FROM FINANCIAL LEASING KEUR	ADVANCE PAYMENTS/ASSETS IN BUILDINGS KEUR	TOTAL KEUR
Acquisition costs							
As of 1st Jan. 2014	470	22,135	80,289	11,862	1,765	644	117,167
Additions	0	467	1,593	435	155	155	2,805
Disposals	0	-85	-1,548	-684	0	0	-2,317
Transfers	0	219	-7,802	5,337	2,577	-521	-190
Exchange rate changes	-11	233	1,365	15	0	-4	1,598
As of 31st Dec. 2014	**459**	**22,969**	**73,897**	**16,962**	**4,497**	**274**	**119,058**
Additions	0	408	1,958	612	277	544	3,799
Disposals	0	-8	-44	-405	0	-62	-520
Transfers	0	69	68	20	0	-157	0
Exchange rate changes	8	379	1,326	207	315	1	2,235
As of 31st Dec. 2015	**467**	**23,816**	**77,205**	**17,396**	**5,089**	**600**	**124,572**
Cumulative depreciation							
As of 1st Jan. 2014	-1	-12,390	-62,608	-7,041	-626	0	-82,664
Additions	0	-561	-2,534	-464	-229	0	-3,788
Disposals	0	85	1,535	605	0	0	2,225
Transfers	0	0	4,547	-3,481	-1,066	0	0
Exchange rate changes	0	-29	-629	31	-12	0	-639
As of 31st Dec. 2014	**-1**	**-12,896**	**-59,688**	**-10,351**	**-1,933**	**0**	**-84,869**
Additions	0	-603	-2,775	-505	-164	0	-4,046
Disposals	0	/4	42	391	0	0	437
Transfers	0	0	0	0	0	0	0
Exchange rate changes	0	-73	-811	-16	-141	0	-1,041
As of 31st Dec. 2015	**-1**	**-13,568**	**-63,233**	**-10,480**	**-2,237**	**0**	**-89,519**
Asset value on 1st Jan. 2014	**469**	**9,745**	**17,681**	**4,821**	**1,139**	**641**	**34,495**
Asset value on 31st Dec. 2014	**458**	**10,073**	**14,209**	**6,611**	**2,564**	**274**	**34,189**
Asset value on 31st Dec. 2015	**466**	**10,248**	**13,972**	**6,915**	**2,851**	**600**	**35,053**

Depreciation does not contain any impairments.

On 31st Dec. 2015, the purchase commitment regarding tangible assets was at 302 KEUR.

(2) Intangible assets

	SOFTWARE KEUR	OTHER RIGHTS KEUR	SELF-DEVELOPED SOFTWARE KEUR	TOTAL KEUR
Acquisition costs				
As of 1st Jan. 2014	1,736	212	173	2,121
Additions	53	12	0	65
Disposals	-227	-12	0	-239
Transfers	151	-38	76	189
Exchange rate changes	19	0	0	19
As of 31st Dec. 2014	**1,733**	**174**	**249**	**2,156**
Additions	39	0	0	39
Disposals	0	0	0	0
Transfers	0	0	0	0
Exchange rate changes	32	0	0	32
As of 31st Dec. 2015	**1,804**	**174**	**249**	**2,227**
Cumulative depreciation				
As of 1st Jan. 2014	-1,532	-70	-165	-1,767
Additions	-99	-5	-14	-118
Disposals	227	0	0	227
Transfers	-23	-96	119	0
Exchange rate changes	-9	0	0	-9
As of 31st Dec. 2014	**-1,437**	**-171**	**-60**	**-1,668**
Additions	-76	-3	-34	-112
Disposals	0	0	0	0
Transfers	0	0	0	0
Exchange rate changes	-20	0	0	-20
As of 31st Dec. 2015	**-1,533**	**-173**	**-94**	**-1,800**
Asset value on 1st Jan. 2014	**204**	**142**	**8**	**354**
Asset value on 31st Dec. 2014	**296**	**3**	**189**	**488**
Asset value on 31st Dec. 2015	**271**	**0**	**155**	**426**

The total values of acquisition costs and cumulative depreciation of the previous year were corrected for calculation errors. This had no effect on the book value on 31st Dec. 2014.

(3) Other financial assets

The financial assets mostly include securities that have been classified as "available for sale" according to the IAS 39. They include shares in three investment funds and are used to cover pension obligations in accordance with Sections 14 and 116 öEStG (Austrian Income Tax Act). Evaluation takes place for the fair value. Value changes of the fair value are recorded in other results.

	ACQUISITION COSTS 31.12.14 KEUR	(+) ADDITIONS (-) DISPOSALS 31.12.15 KEUR	ACQUISITION COSTS 31.12.15 KEUR	BOOK VALUE 31.12.15 KEUR	BOOK VALUE 31.12.14 KEUR
Securities available for sale	754	0	754	702	698
	754	**0**	**754**	**702**	**698**

(4) Inventories

	31.12.15 KEUR	31.12.14 KEUR
Raw materials, consumables and fuel	3,384	3,399
Unfinished/finished products and trading goods, gross	18,872	18,704
Value adjustment on products and trading goods	-1,326	-1,197
Unfinished/finished products and trading goods, net	17,546	17,507
	20,930	**20,906**

(5) Receivables from deliveries and services

	31.12.15 KEUR	31.12.14 KEUR
Trade receivables	15,696	13,047
Receivables from contract manufacturing	488	0
Adjustments	-442	-284
	15,742	**12,763**
Of which non-current	**0**	**0**

The value adjustments are developing as follows.

	31.12.15 KEUR	31.12.13 KEUR
As of 1st Jan.	284	160
Use	-116	-12
Liquidation	-10	-42
Remuneration	273	169
Currency conversion	11	9
As of 31st Dec.	**442**	**284**

As of the balance sheet date, there were no long-term contracts that had to be valuated by Percentage of Completion Method (PoC) at 488 KEUR (previous year: 0 KEUR). The contract costs totaled 132 KEUR (previous year: 0 KEUR).

(6) Other receivables and accruals and deferrals

	31.12.15 KEUR	31.12.14 KEUR
Other receivables	277	101
Receivables to companies with an ownership structure	26	1
Financial assets	**302**	**102**
Receivables tax office and social security contributions	1,164	1,078
Miscellaneous other receivables	322	65
Other non-financial receivables	**1,486**	**1,143**
Accruals and deferrals	567	596
Total	**2,355**	**1,840**

(7) Cash and cash equivalents

	31.12.15 KEUR	31.12.14 KEUR
Bank balances	3,428	3,843
Cash in hand	22	21
	3,450	**3,864**

Bank balances are freely available.

(8) Equity

Unchanged to the previous year, the share capital is identified as Rath AG's nominal capital of 10,905 KEUR. It consists of 1,500,000 non-par value shares. The shares are fully paid up.

The bonded capital reserves recorded in the parent company's financial statements (31st Dec. 2015: 1,11831 KEUR; 31st Dec. 2014: 1,118 KEUR) may only be released to compensate for an otherwise cumulative loss in the financial statements of the parent company.

The free reserves result from the profits and losses generated within the Group, which are carried forward. All other reserves include the generated other results less currency conversion differences, which are recorded in a separate reserve (differences in currency conversions).

Dividends are determined according to the balance sheet profit reported in the financial statements of the parent company in accordance with company law. As of December 31, 2015, the parent company reports a balance sheet profit of 5, 759 KEUR. Based on the very good Group net profit in 2015 and the stable outlook for the 2016 business year, the Executive Board will propose a dividend distribution of EUR 0.50 per share during the upcoming Annual General Meeting.

Other shareholders' shares in equity (non-controlling interests) involve Charmottewaren- und Thonöfenfabrik Aug.Rath jun. GmbH, Austria and Rath SAS, France. Based on the insignificant amounts, further details will not be provided.

(9) Employee benefits

Pension obligations

The pension obligation is based on individual contractual promises, to be paid to a total of two pensioners/leading employees in Austria after reaching retirement.

Severance payment obligations

Pursuant to statutory regulations, the Rath Group is obliged to make a severance payment to all employees in Austria whose employment commenced before January 1, 2003 if they are dismissed by the employer or when they retire. The amount depends on the number of years of service and the salary at the time of termination, and amounts to between two and 12 months' salary. Effective on 31st Dec. With effect from 2002, the option to freeze all existing severance-pension entitlements was made use of and all employees were transferred to the new Employee Pension Fund system. A provision was established for these frozen obligations.

For all valid Austrian employment contracts after December 31, 2002, from the second month of employment, the Rath Group pays 1.53% of the salary into the Employee Pension Fund each month, where the contributions are invested in an employee account and are either paid or transferred as entitlement to the employee on the termination of the employment contract. The Rath Group is exclusively obliged to payment of these contributions. For this contribution-based pension model, therefore, no provision needs to be established.

Anniversary bonus reserves

Due to statutory regulations, the Rath Group is required to pay anniversary bonuses of 2-12 monthly salaries to all employees in Austria who have exceeded a certain employment period.

Calculations as of December 31, 2015, and December 31, 2014, are based on the following assumptions:

	2015	2014
Interest rate	2.00 %	2.50 %
Salary increase	2.00 %	2.00 %
Pension increase	1.75 %	1.75 %
Pension age for women	56.5 years	56.5 years
Pension age for men	61.5 to 65 years	61.5 to 65 years
Probability of dying	AVÖ 2008-P	AVÖ 2008-P

	2015 *KEUR*	2014 *KEUR*
Provisions for severance payments	712	651
Provisions for pensions	2,189	2,214
Provisions for anniversary bonuses	215	209
	3,117	**3,075**

Development of reserves (DBO) recorded in the annual report	SEVERANCE PAYMENT RESERVE 2015 KEUR	SEVERANCE PAYMENT RESERVE 2014 KEUR	PENSION RESERVE 2015 KEUR	PENSION RESERVE 2014 KEUR	ANNIVERSARY BONUS RESERVE 2015 KEUR	ANNIVERSARY BONUS RESERVE 2014 KEUR
Cash value reserve (DBO) on 1st Jan.	**652**	**672**	**2,214**	**2,330**	**209**	**189**
Service costs	25	27	0	0	1	17
Interest expenses	16	20	51	65	0	0
Recorded in income and loss statement	**41**	**47**	**51**	**65**	**1**	**17**
Actuarial profits/losses						
from experience-related adjustments	-12	7	25	10	0	0
from changes in demographic assumptions	0	0	0	0	0	0
from changes in financial assumptions	31	-15	79	-1	0	0
recorded in other results	**19**	**-8**	**104**	**9**	**0**	**0**
Payments	0	-59	-180	-190	6	3
Cash value reserve (DBO) on 31st Dec.	**712**	**651**	**2,189**	**2,214**	**215**	**209**

Impact change return interest rate	INCREASE BY 0.5% KEUR	REDUCTION BY 0.5% KEUR
Change of reserves for severance indemnities	-31	33
Changes to pension reserves	-156	7

Pension payments to beneficiaries amounted to 180 KEUR during the business year (previous year: 190 KEUR). The estimated duration of the pension obligation is 9.9 years, the one for severance payments is 12.35 years.

(10) Financial liabilities

	31.12.15			31.12.14		
	LONG-TERM KEUR	CURRENT KEUR	TOTAL KEUR	LONG-TERM KEUR	CURRENT KEUR	TOTAL KEUR
Bank borrowings						
Short-term loans	0	15,292	15,292	0	19,581	19,581
Export loans	0	3,963	3,963	0	3,963	3,963
Investment loans	4,713	1,475	6,188	2,203	1,318	3,521
Liabilities to other creditors						
Financial leasing	1,504	271	1,775	1,453	308	1,762
	6,217	**21,002**	**27,219**	**3,656**	**25,169**	**28,826**

The maturities of financial liabilities are displayed in section 4.1. Liquidity risk.

The main conditions of financial liabilities are as follows:

TYPE OF FINANCING	CURRENCY	BOOK VALUE AS OF 31.12.15 KEUR	EFFECTIVE INTEREST 2015 %	CURRENCY	BOOK VALUE AS OF 31.12.14 KEUR	EFFECTIVE INTEREST 2014 %	INTEREST FIXED/ VARIABLE	DUE
Short-term loans	EUR	13,252	1.9-3.21	EUR	18,079	2.05-4.25	variable	< 1 year
Short-term loans	USD	2,040	3.5-4.5	USD	1,501	3.25-4.24	variable	< 1 year
Export loans	EUR	3,963	0.6	EUR	3,963	0.75	variable	< 1 year
Investment loans	EUR	5,495	1.5-5.01	EUR	2,280	2.42-5.01	fixed/variable	> 1 year
Investment loans	USD	694	1.2	USD	1,240	1.06	variable	> 1 year
Lease financing	EUR	972	3.15	EUR	1,042	4.1	variable	> 1 year
Lease financing	USD	804	3.86-6.65	USD	720	6.4-8.0	fixed	> 1 year
		27,219			**28,825**			

For part of the variable loans ,there is an interest rate swap, details of which are provided under point 3 (14) in section 4.1.

The fair values of the variable-rate financial liabilities do not vary significantly from the book values. The financial liabilities with fixed interest have a fair value of 1,968 KEUR (previous year: 2,435 KEUR).

The fair values are determined as cash value of the anticipated cash flow. The calculation is based on a risk-adequate discount factor. For financial liabilities in the amount of 747 KEUR (previous year: 300 KEUR), securities in the same amount were granted in the form of tangible assets.

(11) Accruals and provisions

	PERSONNEL KEUR	OTHER KEUR	TOTAL KEUR
As of 1st Jan. 2015	**366**	**248**	**614**
Accruals	431	381	813
Used	-343	-227	-570
Liquidation	-23	0	-23
As of 31st Dec. 2015	**431**	**402**	**833**

All reserves listed in the above table are short-term.

(12) Income taxes

Income tax breaks down as follows:

	2015 KEUR	2014 KEUR
Corporation tax for the financial year (actual tax liability)	791	703
Deferred taxes	1,600	1,450
	2,391	**2,153**

Temporary differences from the amount stated in the IFRS consolidated financial statement and the respective tax amount have the following impact on deferred taxes reported on the balance sheet:

	2015 KEUR	2014 KEUR
Reported in the annual report:		
Deferred tax assets	2,442	2,945
Deferred tax liabilities	-1,110	-19
Deferred taxes (net)	**1,332**	**2,926**

	31.12.15 KEUR	31.12.14 KEUR
Holdings of deferred tax assets and liabilities:		
Deferred tax assets		
Liabilities from leasing transactions	225	260
Personnel reserves IAS 19	773	148
Other	249	191
Loss carry forwards	5,449	6,236
	6,696	**6,836**
Deferred tax liabilities		
Temporary differences in capital assets	3,446	3,211
Temporary differences in the foreign currency evaluation	1,371	636
Employee benefits	547	63
	5,364	**3,910**
Deferred taxes (net)	**1,332**	**2,926**
Of which non-current	1,836	2,756

Due to currently valid tax regulations, it can be assumed that differences from retained profits between the fiscal participation amount and the pro rata equity of subsidiaries included in the consolidated financial statements shall mainly be exempt from taxation. No deferred tax has therefore been established in this regard.

Deferred taxes on the loss carried forward of 17,498 KEUR (31st Dec. 2014: 19,544 KEUR) have been classified, as on the basis of existing plans, it is probable their use will be offset with future fiscal profits. Regarding the loss carried forward of 9,838 KEUR (31st Dec. 2014: 9,049 KEUR), no deferred taxes have been classified, as it is unlikely from the current perspective that they will be offset on the reporting date with future fiscal profits from individual companies. Losses carried forward can be carried forward without restriction.

A change in the future tax results of +10% or -10% results in deferred tax for the following effects:

	+10%	-10%
Deferred tax liabilities	1,965	700

A tax allocation contract in accordance with Section 9 paragraph 8 KStG (Corporation Tax Law) 1988 (Group provider Rath AG – Group member Chamottewaren- und Thonöfenfabrik Aug. Rath jun. GmbH) exists for Group taxation purposes.

The causes of the difference between the expected tax burden in accordance with the Austrian corporation tax rate of 25% and the income tax expense breaks down as follows:

	2015 *KEUR*	2014 *KEUR*
Pre-tax earnings	6,499	5,022
Expected tax burden	25%	25%
	1,625	**1,256**
Tax rate differences	-89	230
Non-deductible expenses	323	74
Tax relief and tax-free earnings	62	-68
Tax corrections from prior periods	-145	-185
Unrecognized deferred tax	615	847
Effective tax charge	**2,391**	**2,153**

(13) Liabilities from deliveries and services

No long-term items are included in the liabilities from trade payables.

	31.12.15 *KEUR*	31.12.14 *KEUR*
Liabilities from deliveries and services	5,346	4,833
	5,346	**4,833**

(14) Other liabilities

Other liabilities break down as follows:

	31.12.15 *KEUR*	31.12.14 *KEUR*
Other liabilities	648	669
derivatives	496	655
other financial liabilities	**1,144**	**1,324**
Of which non-current	180	180
Liabilities Tax	718	509
Liabilities Social Security Contributions	368	354
Advance payments	573	479
Miscellaneous other liabilities	208	230
Other liabilities	**1,867**	**1,572**
Of which non-current	208	230
Accruals	**433**	**509**
from vacation entitlements	400	419
from overtime hours	33	90
	3,444	**3,405**
Of which non-current	**388**	**410**

(15) Derivative financial instruments

The derivative financial instruments involve an interest swap serving the hedging of a variable-interest liability economically to which Hedge Accounting according to IAS 39 is not applied. The swap is in effect until 2018.

	31.12.15			31.12.14		
	NOMINAL VALUE KEUR	REFERENCE VALUE %	FAIR VALUE KEUR	NOMINAL VALUE KEUR	REFERENCE VALUE %	FAIR VALUE KEUR
Interest rate swap	4,500	4.35	-496	4,500	4.35	-675
Of which non-current			-180			-180

(16) Sales revenue and segment reporting

Business segments are shown by region. The business segmentation by regions corresponds to the Group's internal reporting system which is regularly presented to the chief operating decision-maker, Rath AG's Executive Board. Assets and liabilities as well as revenues and costs are allocated to the individual business segments only if they are attributable to the respective business segments directly or on the basis of a reasonable methodology. Allocations between individual segments are performed using the arm's length principle. Business segment information is subject to the same accounting and evaluation methods as the annual report.

Segmentation includes the following regions:

Austria	Rath Aktiengesellschaft, Aug.Rath jun. GmbH
Germany	Rath GmbH
Hungary	Rath Hungaria Kft.
USA	Rath USA Inc.
Rest of world	Rath Zarotechnika, Rath Polska, Rath SAS, Rath Ukraina TOW, Rath Group S. de R.L. de C.V., Mexico

Segmentation by region is performed by customer location for revenue and by the location in which the items are situated for the assets.

Segmentation by region

	AUSTRIA KEUR	GERMANY KEUR	HUNGARY KEUR	USA KEUR	REST OF WORLD KEUR	CONSOLIDATED KEUR	TOTAL KEUR
Year of 2015							
Product orders	21,247	18,824	6,990	12,954	664	0	60,679
Project orders	6,526	7,375	1,655	192	5,455	0	21,202
Inter-segment sales	8,825	9,286	4,638	34	114	-22,897	0
Total	**36,597**	**35,485**	**13,283**	**13,180**	**6,232**	**-22,897**	**81,881**
Segment result (EBIT)	**2,875**	**2,213**	**731**	**-104**	**-9**	**-80**	**5,627**
Financial income	-24	7	693	2,493	47	293	3,509
Financial expenses	-948	-95	-839	-997	-124	367	-2,636
Financial result	**-971**	**-88**	**-146**	**1,496**	**-77**	**659**	**873**
Earnings before tax (EBT)	**1,904**	**2,125**	**584**	**1,392**	**-86**	**580**	**6,499**
Income tax	-577	-601	-64	-1,164	12	4	-2,391
Annual income	**1,327**	**1,524**	**520**	**228**	**-74**	**584**	**4,109**
Segment assets	38,249	32,730	9,825	24,232	3,825	-27,760	81,102
Segment liabilities	31,118	7,097	5,993	22,033	2,558	-27,576	41,222
Investments	1,351	1,271	486	717	8	0	3,834
Depreciation	1,238	1,485	331	1,060	44	0	4,159

	AUSTRIA KEUR	GERMANY KEUR	HUNGARY KEUR	USA KEUR	REST OF WORLD KEUR	CONSOLIDATED KEUR	TOTAL KEUR
Year of 2014							
Product orders	21,880	19,242	6,609	11,294	1,392	0	60,418
Project orders	4,235	5,747	1,597	345	5,099	0	17,023
Inter-segment sales	9,035	9,053	6,003	15	88	-24,194	0
Total	**35,151**	**34,042**	**14,209**	**11,655**	**6,579**	**-24,194**	**77,441**
Segment result (EBIT)	**2,040**	**1,706**	**597**	**147**	**-5**	**127**	**4,613**
Financial income	1,772	68	722	1,988	66	-1,387	3,228
Financial expenses	-1,069	-112	-1,104	-760	-45	273	-2,818
Financial result	**702**	**-44**	**-383**	**1,228**	**21**	**-1,115**	**410**
Earnings before tax (EBT)	**2,742**	**1,662**	**214**	**1,374**	**17**	**-987**	**5,023**
Income tax	-562	-525	-34	-1,086	-111	165	-2,153
Annual income	**2,180**	**1,138**	**180**	**288**	**-95**	**-822**	**2,868**
Segment assets	38,488	30,726	10,354	21,565	4,038	-27,469	77,702
Segment liabilities	32,392	6,117	7,027	19,802	3,181	-27,298	41,221
Investments	1,211	882	167	540	71	0	2,871
Depreciation	1,131	1,527	325	874	48	0	3,906

(17) Cost of materials and purchased services

	2015 KEUR	2014 KEUR
Cost of materials	24,767	24,853
Cost of purchased services	9,747	7,762
	34,515	**32,614**

(18) Personnel expenses

	2015 KEUR	2014 KEUR
Wages and salaries	19,960	18,962
Expenses for statutory taxes and contributions	4,090	4,061
Contribution to staff provision funds	113	109
Expenses for severance and long-service payments	63	135
Other personnel expenses	765	771
	24,992	**24,038**
Average workforce:		
White collar	202	203
Blue collar	349	346
	551	**549**
Staff count on reporting date		
White collar	201	202
Blue collar	352	338
	553	**540**

(19) Other operating income

	2015 KEUR	2014 KEUR
Insurance claims/insurance compensation	28	132
Rental and lease income	43	43
Earnings from sale of capital assets, excluding financial assets	24	0
Expenses charged to third parties	6	/4
Classified internal services	109	238
Other	432	207
	642	**625**

(20) Other operating expenses

	2015 KEUR	2014 KEUR
Freight and own vehicle expenses	3,089	2,649
Maintenance and service	1,874	2,025
Legal counseling and other consultations	1,065	1,253
Rent and lease	1,050	958
Travel expenses	899	925
Other taxes	625	607
IT and communications expenses	619	617
Insurance	446	430
Advertisement and marketing	486	396
Commission payment to third parties	453	414
Operational costs Building	391	418
Office supplies	315	294
Occupational safety and work clothing	274	162
Expenses due to value corrections of receivables	201	240
Costs for monetary transactions	192	218
Recycling and disposal costs	182	192
Education and training	126	129
Other expenses	945	969
	13,231	**12,896**

Other expenses mainly include, as in the previous year, costs for research and development, expenses for professional representation, expenses from prior periods, etc.

(21) Financial result

The financial result categorized according to individual financial instruments and divided into interest rate result, profits and losses from evaluations, resulting from disposal and others, is composed as follows: Reductions in value and appreciations in value for loans and receivables involve receivables from deliveries and services and are recorded in the operational result.

		VALUATION RESULT IN KEUR FROM					
		INTEREST INCOME AND INTEREST EXPENSES	FINANCIAL INSTRUMENTS, EVALUATED ON FAIR VALUE	CURRENCY CONVERSION	REDUCTIONS IN VALUE AND APPRECIATIONS IN VALUE	OTHER PROFITS AND LOSSES	NET FINANCIAL RESULT
Earnings +/Expenses -							
Loans and receivables	**2015**	**-638**	**0**	**1,767**	**-147**	**-576**	**406**
	2014	-815	0	1,230	-115	-60	240
Available for disposal Available assets	**2015**	**16**	**0**	**0**	**0**	**0**	**16**
	2014	38	0	0	0	0	38
Financial instruments: Which have been evaluated on the Fair value, affecting net income	**2015**	**-246**	**0**	**0**	**0**	**0**	**-246**
	2014	-182	20	0	0	0	-162
Financial liability at amortized cost	**2015**	**-16**	**0**	**0**	**0**	**0**	**-16**
	2014	-19	0	212	0	0	193
Means of payment and equiv-alents	**2015**	**0**	**0**	**0**	**0**	**0**	**0**
	2014	-2	0	-11	0	0	-13
Other liabilities	**2015**	**-31**	**0**	**0**	**0**	**597**	**566**
	2014	0	0	0	0	0	0
Total	**2015**	**-915**	**0**	**1,767**	**-147**	**20**	**726**
	2014	-980	20	1,431	-115	-60	296

The other profits and losses relate to the derecognition of loans and the proceeds from the deconsolidation of Rath Group S.R.L., Argentina and Rath Group Brasil Ltda.,Brazil.

(22) Research and development expenses

Expenses include the following research and development expenses:

	2015 *KEUR*	2014 *KEUR*
Personnel costs	467	588
Technical audit costs	161	93
	628	680

4. OTHER INFORMATION

4.1. FINANCIAL INSTRUMENTS

Financial instruments include non-derivative and derivative financial instruments. Non-derivative financial instruments available within the Group mainly include financial investments, trade receivables and services, bank credits, financial liabilities and trade payables.

Derivative financial instruments are used exclusively to secure inherent interest risk for loans. The reference amount is made up of the reference basis of derivative instruments open as of the reporting date. The actual amounts accruing represent only a fraction of these amounts. The fair value has been established on the basis of market prices and is included in a separate item.

Market risk

The main market risks for the Rath Group are the foreign currency risk, interest rate fluctuation and price variations of raw materials and energy. In this respect, the objective of risk management is to minimize potential losses by monitoring and controlling these risks.

Interest rate fluctuation risk

Risks inherent to interest rate fluctuations mainly occur only in the context of long-term debt financing. A list of all important interest-bearing assets and liabilities as well as impacts of an interest rate change are included in the following table.

The following sensitivity analysis shows the impact of interest rate changes regarding interest-bearing instruments on the Rath Group's period result. The analysis assumes that all other variables, especially exchange rates, remain constant. The Rath Group does not report any fixed-rate financial assets or liabilities in the financial statements at fair value, and, as of the reporting date, has no derivatives as hedge instruments for fair value hedges. A change to the interest rate regarding fixed-rate instruments would have no effect on the Group's income and loss statement.

			FINANCIAL INSTRUMENTS THEREOF			PROFIT/LOSS	
		BOOK VALUE *KEUR*	NOT INTEREST-BEARING *KEUR*	FIXED INTEREST PAID ON *KEUR*	VARIABLE INTEREST PAID ON *KEUR*	PLUS 100 BASIC POINTS *KEUR*	MINUS 100 BASIC POINTS *KEUR*
Interest-bearing liabilities							
Liabilities from Deliveries and services	**2015**	**5,346**	**5,346**	**0**	**0**	**0**	**0**
	2014	4,833	4,833	0	0	0	0
Other financial liabilities	**2015**	**1,144**	**1,144**	**0**	**0**	**0**	**0**
	2014	1,324	1,324	0	0	0	0
Short-term bank liabilities	**2015**	**20,731**	**0**	**1,852**	**18,879**	**189**	**-189**
	2014	24,861	0	552	24,309	244	-244
Long-term bank liabilities	**2015**	**4,713**	**0**	**741**	**3,972**	**40**	**-40**
	2014	2,203	0	1,092	1,110	11	-11
Leasing liabilities	**2015**	**1,775**	**0**	**804**	**972**	**10**	**-10**
	2014	1,761	0	474	980	10	-10

			FINANCIAL INSTRUMENTS THEREOF			PROFIT/LOSS	
		BOOK VALUE KEUR	NOT INTEREST-BEARING KEUR	FIXED INTEREST PAID ON KEUR	VARIABLE INTEREST PAID ON KEUR	PLUS 100 BASIC POINTS KEUR	MINUS 100 BASIC POINTS KEUR
Interest-bearing assets							
Means of payment and payment equivalents	**2015**	**3,450**	**15**	**0**	**3,435**	**34**	**-1**
	2014	3,864	16	0	3,847	38	-2
Trade receivables	**2015**	**15,742**	**15,742**	**0**	**0**	**0**	**0**
	2014	12,763	12,763	0	0	0	0
Other short-term financial receivables	**2015**	**302**	**302**	**0**	**0**	**0**	**0**
	2014	103	103	0	0	0	0
Long-term financial assets	**2015**	**702**	**702**	**0**	**0**	**0**	**0**
	2014	698	698	0	0	0	0

Foreign exchange risk

The Rath Group operates internationally and is therefore exposed to foreign exchange risks, especially for the USD and HUF. These risks are currently not secured by financial derivatives, which may lead to gains or losses from transactions in foreign currency.

	31.12.15				31.12.14			
	EUR KEUR	USD KEUR	HUF KEUR	OTHER KEUR	EUR KEUR	USD KEUR	HUF KEUR	OTHER KEUR
Financial assets								
Trade receivables	6,589	5,936	1,203	2,015	4,653	4,740	1,357	2,013
Financial liabilities								
Bank borrowings	-21,123	-2,238	-2,354	0	-23,024	-1,748	-2,601	0
Liabilities from financial leasing	-898	-606	0	0	-980	-474	0	0
Liabilities from deliveries and services	-3,896	-478	-819	-153	-3,659	-153	-747	-275
Net exposure	**-19,328**	**2,614**	**-1,971**	**1,863**	**-23,009**	**2,365**	**-1,990**	**1,738**

Conversion rates are given in section 2.4. The following sensitivity analysis shows the effects of exchange fluctuations on the Rath Group results for the period. The analysis assumes that all other variables, especially interest rates, remain constant. The analysis was prepared on the same basis for the financial year 2014, although the actual trend deviates from the assumptions made at the time.

	USD KEUR	HUF KEUR	OTHER KEUR	TOTAL KEUR
31.12.15				
10% strengthening of the EUR				
Effect on result for the period	-23	-52	7	-67
Effect on equity	-220	-383	-1,247	-1,850
10% weakening of the EUR				
Effect on result for the period	23	52	-7	67
Effect on equity	220	383	1,247	1,850

	USD KEUR	HUF KEUR	OTHER KEUR	TOTAL KEUR
31.12.14				
10% strengthening of the EUR				
Effect on result for the period	-29	-18	9	-37
Effect on equity	-176	-333	-822	-1,331
10% weakening of the EUR				
Effect on result for the period	29	18	-9	37
Effect on equity	176	333	822	1,331

Credit risk

Given the absence of offset agreements, reported amounts on the asset side represent both the maximum solvency risk and the maximum loss risk. The risk in relation to receivables from customers can be considered as low, as the solvency of new and existing customers is constantly reviewed. The risk of loss for other non-derivative and derivative financial instruments reported on the asset side is also considered as low given that contract partners are all banks with high solvency ratings.

The book value of financial assets also represents the maximum credit risk. Financial assets include the following as of the reporting date:

Financial assets	BOOK VALUE KEUR	MEANS OF PAYMENT AND PAYMENT EQUIVALENTS KEUR	LOANS AND RECEIVABLES KEUR	FINANCIAL ASSETS AVAILABLE FOR SALE AT ACQUISITION COSTS KEUR
Means of payment and equivalents 31st Dec. 2015	**3,450**	**3,450**	**0**	**0**
Means of payment and equivalents 31st Dec. 2014	3,864	3,864	0	0
Receivables from deliveries and services 31st Dec. 2015	**15,742**	**0**	**15,742**	**0**
Receivables from Deliveries and services 31st Dec. 2014	12,763	0	12,763	0
Other financial receivables 31st Dec. 2015	**302**	**0**	**302**	**0**
Other financial receivables 31st Dec. 2014	103	0	103	0
Long-term financial assets 31st Dec. 2015	**702**	**0**	**0**	**702**
Long-term financial assets 31st Dec. 2014	698	0	0	698

The maximum credit risk of trade receivables relating to customer groups breaks down as follows as of the reporting date:

	31.12.15 KEUR	31.12.14 KEUR
Receivables with large customers, gross	2,987	2,319
Receivables towards others, gross	13,198	10,728
Total receivables from deliveries and services, gross	**16,184**	**13,047**
Adjustments	-442	-284
Total receivables from deliveries and services, net	**15,742**	**12,763**

Approx. 19% (previous year: 18%) of receivables from deliveries and services of the elapsed business year result from trade relations with 10 key customers.

There is no risk concentration regarding other financial assets beyond this scope.

The age structure of the financial assets and the recorded value adjustments are presented as follows:

	31.12.15 KEUR	31.12.14 KEUR
Receivables from deliveries and services	15,742	12,763
Other financial receivables	302	103
Other long-term financial assets	702	698
	16,747	**13,564**
Amount before value adjustment	17,189	13,848
thereof		
Not due and not reduced in value	10,419	4,839
Overdue up to 90 days	2,570	5,072
Overdue 91 to 180 days	1,705	1,740
Overdue 181 to 360 days	950	914
Overdue more than 360 days	1,545	1,283
Thereof value-reduced	442	284
Individual value adjustment	425	174
Portfolio value adjustment	17	110

The nominal value of financial assets less any estimated deductions corresponds to the fair value.

Liquidity risk

Liquidity risk is the risk of not being able to raise the required financial resources for the timely balancing of liabilities entered into. Careful liquidity management ensures the availability of cash and cash equivalents and the ability to finance through adequate lines of credit. Owing to the dynamic nature of the transactions in question, an effort is made to facilitate flexible raising of capital through the lines of credit provided through several banks.

The following breakdown shows contractual maturity dates and expected interest payments for financial liabilities.

		DUE IN 6 MONTHS		DUE IN 6-12 MONTHS		DUE IN 1-2 YEARS	
	BOOK VALUE KEUR	INTEREST KEUR	AMORTIZATION KEUR	INTEREST KEUR	AMORTIZATION KEUR	INTEREST KEUR	AMORTIZATION KEUR
Liabilities from deliveries and services 31st Dec. 2015	**5,346**	**0**	**5,346**	**0**	**0**	**0**	**0**
Liabilities from deliveries and services 31st Dec. 2014	4,833	0	4,752	0	81	0	0
Other financial liabilities 31st Dec. 2015	**1,144**	**-95**	**648**	**-99**	**316**	**-194**	**180**
Other financial liabilities 31st Dec. 2014	1,324	-91	669	-91	475	-180	180
Short-term bank liabilities 31st Dec. 2015	**20,731**	**-130**	**12,038**	**-88**	**8,693**	**0**	**0**
Short-term bank liabilities 31st Dec. 2014	24,861	-316	17,524	-192	7,337	0	0
Long-term bank liabilities 31st Dec. 2015	**4,713**	**-39**	**0**	**-39**	**0**	**-73**	**2,524**
Long-term bank liabilities 31st Dec. 2014	2,203	0	0	0	0	-49	1,318
Leasing liabilities 31st Dec. 2015	**1,775**	**-34**	**127**	**-32**	**145**	**-55**	**283**
Leasing liabilities 31st Dec. 2014	1,761	-75	154	-74	154	-107	308

		DUE IN 2-5 YEARS		DUE AFTER 5 YEARS	
	BOOK VALUE KEUR	INTEREST KEUR	AMORTIZATION KEUR	INTEREST KEUR	AMORTIZATION KEUR
Trade Liabilities from deliveries and services 31st Dec. 2015	**5,346**	**0**	**0**	**0**	**0**
Trade Liabilities from deliveries and services 31st Dec. 2014	4,833	0	0	0	0
Other financial liabilities 31st Dec. 2015	**1,144**	**0**	**0**	**0**	**0**
Other financial liabilities 31st Dec. 2014	1,324	0	0	0	0
Short-term bank liabilities 31st Dec. 2015	**20,731**	**0**	**0**	**0**	**0**
Short-term bank liabilities 31st Dec. 2014	24,861	0	0	0	0
Long-term bank liabilities 31st Dec. 2015	**4,713**	**-120**	**2,189**	**0**	**0**
Long-term bank liabilities 31st Dec. 2014	2,203	-37	885	0	0
Leasing liabilities 31st Dec. 2015	**1,775**	**-74**	**1,129**	**-4**	**92**
Leasing liabilities 31st Dec. 2014	1,761	-322	412	-691	733

Fair values

The following table shows the fair values of financial assets and liabilities in relation to their book values:

	31.12.15		31.12.14	
	BOOK VALUE KEUR	FAIR VALUE KEUR	BOOK VALUE KEUR	FAIR VALUE KEUR
Method of payment and payment equivalents	3,450	3,450	3,864	3,864
Receivables from deliveries and services	15,742	15,742	12,763	12,763
Other financial receivables	302	302	103	103
Long-term financial assets	702	702	698	698
Liabilities from deliveries and services	5,346	5,346	4,833	4,833
other financial liabilities	1,144	1,144	1,324	1,324
short-term bank liabilities	20,731	20,731	25,170	25,170
long-term bank liabilities	4,713	4,731	2,203	2,226
Leasing liabilities	1,775	1,828	1,453	1,502

The fair values of the financial assets and liabilities do not deviate significantly from their respective book values. The fair values of derivative financial instruments are shown in the table in section 4.1. The fair value of other non-derivative financial instruments largely corresponds to the book value due to short-term maturity.

Hierarchy for fair value determination

The following table analyzes the financial instruments carried at fair value, by valuation method. Three valuation levels have been defined:

Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities. To determine the fair value, the market prices quoted on the balance sheet date are used.

Level 2: Inputs that are either directly (e.g. as prices) or indirectly (e.g.derived from prices) observable for assets or debts and that do not fall below level 1.

Level 3: Inputs for assets or liabilities that are not based on observable market data.

	LEVEL 1 KEUR	LEVEL 2 KEUR	LEVEL 3 KEUR	TOTAL KEUR
31.12.15				
Financial assets				
Financial assets available for sale	702	0	0	702
	702	**0**	**0**	**702**
Financial liabilities				
Derivative financial liabilities	0	-496	0	-496
Total	**702**	**-496**	**0**	**206**

	LEVEL 1 KEUR	LEVEL 2 KEUR	LEVEL 3 KEUR	TOTAL KEUR
31.12.14				
Financial assets				
Financial assets available for sale	698	0	0	698
	698	**0**	**0**	**698**
Financial liabilities				
Derivative financial liabilities	0	-655	0	-655
Total	**698**	**-655**	**0**	**43**

4.2. RENTAL AND LEASING OBLIGATIONS

Obligations from operating leases relate primarily to rental expenses and operating lease contracts for motor vehicles and machinery. Obligations under non-cancellable rental and leasing obligations by maturity:

	2015 KEUR	2014 KEUR
up to 1 year	1,139	1,068
up to 5 years	2,076	1,552
more than 5 years	0	529
	3,215	**3,149**

In the reporting year, 1,050 KEUR (previous year: 958 KEUR) were recorded as rental and leasing expenses.

Capital management

The goal of management is to structure capital in accordance with the requirements of shareholders, banks and creditors so as to ensure the optimal development of the Group. Management makes every effort to achieve a balance between a potentially better result and equity at a lower debt level and operational flexibility provided in part by debt capital. Neither the parent company nor subsidiaries are subject to minimum capital requirements by articles of association or any external influence.

The goal of capital management is, on the one hand, to ensure Group companies remain going concerns and, on the other hand, to maximize shareholder return through the optimization of equity and debt capital. Capital structure comprises financial debt, cash and equity that is attributable to Rath AG's stockholders and nominal capital, capital reserves and retained income. The capital structure is monitored continuously. To this end, capital costs and risks, which are an integral part of all types of capital, are taken into consideration. The central factor of the monitoring process is the equity quota; this is continually reviewed by the management and is defined as equity capital in the balance sum according to the balance sheet. The target quota is above 40%.

4.3. CONTINGENT LIABILITIES AND OTHER COMMITMENTS

Contingent liabilities

The Rath Group has taken on the following contingent liabilities:

	31.12.15 KEUR	31.12.14 KEUR
Retentions for business partners	1,912	2,331
	1,912	**2,331**

Retentions for business partners mainly involve project business. There are no return obligations that go beyond industry-standard guarantees. Management is currently not aware of any other off-balance sheet opportunities and risks.

Outstanding legal disputes

As in the previous year, there are no major unsettled legal disputes pending as of the reporting date.

4.4. BUSINESS RELATIONS WITH RELATED PARTIES

All transactions with related parties are conducted under standard market conditions. Related parties conducting transactions with the Rath Group include:

› House owner Walfischgasse, Dr.Ernst Rath and co-owner
  Rental expenses incl.Operating costs 2015: 147 KEUR; 2014: 150 KEUR

› Rath Holding GmbH
  Short-term loan: 2015: 25 KEUR, no transactions in 2014
  Receivables 2015: 26 KEUR; 2014: 1 KEUR

Executive Board of Rath AG, Vienna

DI Jörg Sitzenfrey, as of 1st Jan. 2013

Andreas Pfneiszl as of 10th June 2013

Executive Board remunerations amounted to 437 KEUR in 2015 (12/31/2014: 391 KEUR), of which 11 KEUR (12/31/2014: 88 KEUR) as performance-related components.

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 Executive Board remuneration		**437**	**391**

Supervisory board of Rath AG, Vienna

Mag. Stefan Ehrlich-Adám (Chairman) as of 25th June 2013
Mag. Philipp Rath (Vice Chairman) as of 17th July 2003
MMag. Christian B.Maier as of 27th June 2008
Dkfm. Paul Rath as of 14th Sept. 1989
Mag. Dieter Hermann as of 25th June 2013
Roula Millauer from 25th June 2013 to 1st September 2015

Neither credits nor advances were made to corporate management bodies. Former members received pension payments of 179 KEUR (previous year: 179 KEUR). Salaries for members of the Supervisory Board during the business year amounted to 65 KEUR (previous year: 45 KEUR).

4.5. AUDITING FEES

The expenses in the business year for the auditor KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft [Auditing and Tax Consulting Company] totaled 45 KEUR (previous year: 45 KEUR), of which 22 KEUR (previous year: 22 KEUR) was for the audit of the consolidated financial statements (including statements of individually affiliated companies).

4.6. EARNINGS PER SHARE

The basic earnings per share are calculated by dividing the proportion of corporate earnings attributable to parent company shareholders by the weighted number of ordinary shares in circulation during the year.

	2015	2014
The proportion of corporate earnings attributable to parent company shareholders in KEUR	4,116	2,862
Weighted number of shares in circulation	1,500,000	1,500,000
Result per share in EUR	2.74	1.91
Dividend payout per stock for the financial year in EUR	0.50	0.00

The diluted earnings per share correspond to the basic earnings per share, as no financial instruments with a diluting effect are in use.

5. EVENTS AFTER THE BALANCE SHEET DATE

No significant event of particular relevance for the Rath Group occurred after the balance sheet date.

These financial statements were prepared on Wednesday, April 6, 2016 by the company's Executive Board and were submitted to the Supervisory Board on Wednesday, April 6, 2016 for review and approval.

The Executive Board

VIENNA, APRIL 6, 2016

Andreas Pfneiszl

DI Jörg Sitzenfrey

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 the International Financial Reporting Standards (IFRS), as they are to be applied in the EU, and the additional requirements of Section 245a UGB, and for 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.

RESPONSIBILITY. OF THE AUDITOR

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.

AUDITOR'S CERTIFICATE

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 the financial position of the Group as of December 31, 2015, as well as of the Group's results of operations and cash flows for the business year ending on this date, in accordance with the International Financial Reporting Standards (IFRS) as adopted in the EU and the special legal regulations.

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 the other disclosures in the former do not suggest incorrect ideas of the situation of the Group. 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 are correct.

Vienna, April 6, 2016

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft (audit and tax consultancy firm)

Signed:
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.

GLOSSARY

Business Management Terms and Key Figures

AGIO	Premium
ACTUARIAL PROFIT/LOSS	Current profit/loss
AVAILABLE FOR SALE	Available for disposal
AVÖ	Aktuarvereinigung Österreichs (AVÖ, Actuarial Association of Austria); a lobby of Austrian actuaries and actuarial experts. The AVÖ publishes the annuity valuation tables according to which the pension and severance-pay liabilities are calculated.
CASH VALUE	The cash value corresponds to the value that a future series of payments has at the present time. In other words, it is the value of all payments at the beginning of the term (at point zero in time).
CASH GENERATING UNIT	Cash-generating unit
CORPORATE GOVERNANCE	The code of conduct for the responsible management and control of companies, recorded in the Austrian Corporate Governance Code. The content represents a voluntary body of rules and regulations.
DBO (DEFINED BENEFIT OBLIGATION)	Cash value of all forfeitable and non-forfeitable entitlements earned on the basis of the estimated salary level at pension age. The sole actuarial procedure that can be used to calculate the DBO is the projected unit credit method. The DBO corresponds to the PBO (projected benefit obligation).
DISCOUNT	The difference between the issue and repayment amount of a liability.
D&O VERSICHERUNG - "DIRECTORS' & OFFICERS' LIABILITY INSURANCE"	The D&O Insurance (also called directors' & officers' liability insurance or in general: Financial losses liability insurance for organs of legal entities (stock corporations, LLCs, associations, foundations, registered societies) is usually concluded as insurance to the benefit of third parties. The company (policyholder) insures its organ members (Executive Boards, Managing Directors, Supervisory Boards, Advisory Boards) against the risk of personal liability in connection with actions of the Boards.
EBIT (EARNINGS BEFORE INTEREST AND TAX)	Earnings before interest and tax; operating result
EBIT MARGIN	Percentage share of the EBIT in turnover
EBT (EARNINGS BEFORE TAX)	Pre-tax earnings
EQUITY RATIO	Equity divided by total capital
EQUITY CAPITAL RETURN	Profit divided by equity
FAIR VALUE	Valuation of financial instruments including derivative financial instruments with the current value to be attributed

GLOSSARY

FINANCE LEASING	In finance leasing, the asset is surrendered against a fixed leasing rate for a certain base lease period. During the base lease period, the agreement cannot be terminated. The lessee must bear the object-related risks, including the risks of destruction and theft. For finance leasing, a down-payment or an increased first leasing rate is usually agreed. Based on the contract design, a differentiation is made between full and partial amortization agreements.
IAASB (INTERNATIONAL AUDITING AND ASSURANCE STANDARDS BOARD)	International Auditing and Assurance Standards Board
IAS	International Accounting Standards (see IFRS)
IASB (INTERNATIONAL ACCOUNTING STANDARDS BOARD)	International board for the definition of accounting standards
IFAC	International Federation of Accountants
IFRIC (INTERNATIONAL FINANCIAL REPORTING INTERPRETATIONS COMMITTEE)	International committee for the interpretation of accounting standards
IFRS (INTERNATIONAL FINANCIAL REPORTING STANDARDS)	International accounting standards (formerly IAS)
ISA	International Standards on Auditing
PERCENTAGE OF COMPLETION	The degree of completion of a project
PUC (PROJECTED UNIT CREDIT METHOD)	Actuarial evaluation method
ROCE (RETURN ON CAPITAL EMPLOYED)	Interest on the capital employed. Quotient from EBIT and capital employed
SENSITIVITY ANALYSIS	The sensitivity analysis is designed to identify correlations between input data for model calculations and target values of alternatives.
WACC (WEIGHTED AVERAGE COST OF CAPITAL)	Weighted average cost of capital; refers to an approach associated with the discounted cash-flow approach of company evaluation. The weighted average cost of capital is used to determine the minimum return for investment projects.
WORKING CAPITAL RATIO	Reveals which share of short-term liabilities can be financed by circulating capital. Inventories and receivables less liabilities from deliveries and services are put into perspective to revenues.
INTEREST RATE SWAP	Agreement on the exchange of differently designed cash flows for a defined period. The cash flows are based on fixed and variable interest rates; for hedging purposes against interest-rate changes.

DISCLAIMER

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THE TERM 'EMPLOYEE' IS USED IN GENDER-NEUTRAL FORM FOR THE PURPOSE OF READABILITY.