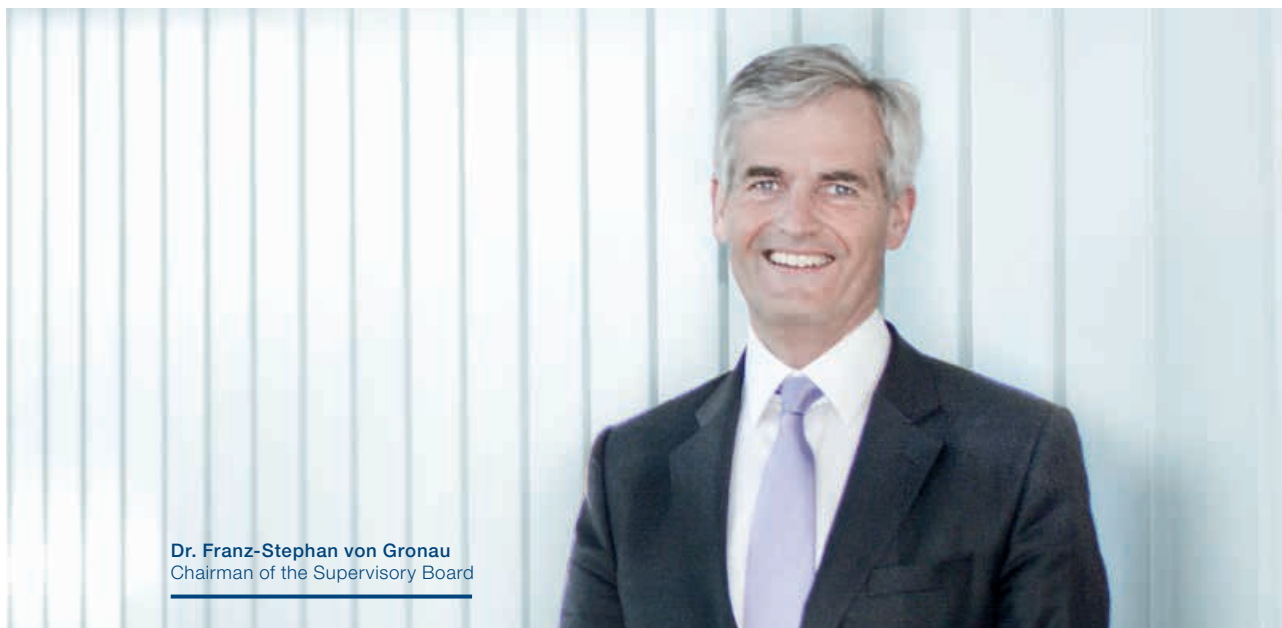


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# REPORT OF THE SUPERVISORY BOARD

## 2014



**Dr. Franz-Stephan von Gronau**  
Chairman of the Supervisory Board

### DEAR SHAREHOLDERS,

The Supervisory Board of euromicron AG once again discharged the tasks incumbent on it under the law, the Articles of Association, its bylaws and the corporate governance principles in the past fiscal year 2014.

#### **Cooperation of the Executive Board and Supervisory Board**

The Supervisory Board continuously monitored the Executive Board in running business. In this regard, the Executive Board met its obligations to provide information and regularly, promptly and comprehensively informed the Supervisory Board in writing and orally about matters of relevance to the company and Group relating to strategy, planning, development of business, the risk situation and risk management at the company. It also provided reports on compliance and any deviations in business development from the original planning and important business transactions of the company and its subsidiaries.

The company's business development was discussed and reviewed on the basis of the Executive Board's reporting at every meeting of the Supervisory Board. In addition, the Supervisory Board obtained additional information from the Executive Board upon request. All information from the Executive Board was examined for plausibility, critically appraised and queried by the Supervisory Board. The members of the Supervisory Board had the opportunity to take a critical look at the reports by the Executive Board and contrib-

ute their own suggestions. The business transactions and measures that are of fundamental importance to the company and for which the Executive Board therefore requires the consent of the Supervisory Board pursuant to the bylaws were discussed by the Supervisory Board with the Executive Board and examined in detail by it. The Supervisory Board consented to each of the submitted business transactions and measures. In addition, the half-yearly and quarterly financial reporting was discussed with the Executive Board.

### Focus of deliberations in 2014

The Supervisory Board, which consists of three members and so has not formed any committees, convened five meetings in fiscal 2014 on March 28, May 13, September 9, November 12 and December 9, 2014, at which it discussed the company's planning, economic situation and strategic development, as well as the progress made in implementing the integration measures at the Group, in the presence of the Executive Board. In addition, the Supervisory Board convened for two other meetings on May 21 and on October 13, 2014. All members of the Supervisory Board took part in each of these meetings. Mr. Ortolf did not take part in the meeting on November 12, 2014.

The focal subjects of the Supervisory Board meetings included the following:

- Adoption of the corporate planning and capital spending budget for the fiscal year 2014
- Acquisition policy and integration process
- Development of the Agenda 500
- Human resources policy and personnel development
- Data protection and security
- The Group's financing structure and rating
- IT security at the Group
- Organizational development and strategy beyond 2015
- Risk management and the internal control system of the company
- Compliance activities and organization

We satisfied ourselves that the Executive Board managed the company's business carefully in the past fiscal year and took necessary measures in good time. The Supervisory Board supports the existing compliance organization of the Executive Board and in particular the "e-learning" programs on the subject of the Code of Conduct and data protection for the entire Group. In addition, we were regularly given reports on risk management and risk controlling at the Group. One focus was to examine whether the risk management system was up-to-date and adequate.

The efficiency of the Supervisory Board's work and decision-making processes was regularly evaluated and optimized.

### Corrections to earlier consolidated financial statements in accordance with IAS 8

Mistakes relating to accounting for individual projects in fiscal years 2012 and 2013 were noticed in connection with preparation of the IFRS consolidated financial statements for 2014. This was publicized in the ad-hoc announcement on March 23, 2015.

After the mistakes had been discovered, the Supervisory Board and Executive Board instigated a thorough examination of the projects in question and their measurement and accounting by the specialist departments. That revealed the concrete extent of the mistakes and, in every single case, the reason for the mistake. They involved in particular costing mistakes, incorrect measurements, a lack of follow-up costs in project cost calculations and incorrect management of subsequent requests. The mistakes are confined to

fiscal years 2012 and 2013 and a total of 25 projects. These findings were also confirmed by the results of the special audit procedures conducted by the independent auditor. Due to the large number of projects handled by the companies in the euromicron Group, the projects were examined on the basis of random sampling. This did not reveal any further mistakes in project accounting and measurement.

Given the results of the examinations by the independent auditor and internal specialist departments, the Supervisory Board is convinced that the company's corporate and process structures are suitable to rule out such mistakes in the future. That is backed up by the fact that no mistakes occurred in projects from fiscal year 2014. The relevant measures include in particular professionalized project controlling, training and a certification program for project managers and hiring of specially trained project controllers, project business administrators and construction managers.

The mistakes were corrected without any effect on income in the 2014 consolidated financial statements in accordance with IAS 8, resulting in a corresponding reduction in equity in the IFRS consolidated financial statements. The corrections had to be made on a current account basis in the single-entity HGB financial statements.

The internal investigations as to how the mistakes were able to occur are still ongoing. The results will be examined in detail by the Supervisory Board once the investigations have been concluded. The 2015 Ordinary General Meeting will be given a report on the status of the internal investigations.

### Corporate governance

The latest version of the German Corporate Governance Code, the amendments to it published on September 30, 2014, and implementation of it at euromicron AG were a subject of the Supervisory Board meeting on December 9, 2014. Due to the above-mentioned correction of mistakes, the Supervisory Board dealt with the requirements of the Corporate Governance Code in its meeting on April 15, 2015, and again on May 11, 2015.

The Supervisory Board and Executive Board have analyzed the recommendations and suggestions of the "German Corporate Governance Code" (DCGK) and issued an updated declaration on conformance in accordance with Section 161 of the German Stock Corporation Law (AktG). The declarations on conformance are available at all times on the company's Internet site.

### Independent auditor

The independent auditor elected for the company and the Group by the 2014 General Meeting for fiscal year 2014 is PricewaterhouseCoopers AG Wirtschaftsprüfungsgesellschaft, Frankfurt/Main.

### Annual financial statements of euromicron AG and the group

PricewaterhouseCoopers AG Wirtschaftsprüfungsgesellschaft, which was appointed as auditor of the financial statements for fiscal year 2014 by the Ordinary General Meeting in 2014, audited the annual financial statements for fiscal year 2014, which were prepared by the Executive Board in compliance with the rules of the German Commercial Code (HGB), and the management report. The auditor issued an unqualified audit opinion for them. The consolidated financial statements of euromicron AG for the fiscal year 2014 and the group management report were prepared in accordance with Section 315a HGB on the basis of International Financial Reporting Standards (IFRS), as are applicable in the European Union. The consolidated financial statements and group management report for the past fiscal year were also issued with an unqualified audit opinion.

As part of rectifying the above-mentioned mistakes for the fiscal years 2012 and 2013, euromicron AG drew up comprehensive and detailed documentation for each matter to be corrected as part of the 2014 consolidated financial statements in cooperation with the affected subsidiaries and in accordance with international accounting principles. This documentation was validated and approved by the independent auditor. The preparation, coordination and multi-level approval processes required for that ultimately took more time than expected, with the result that the balance sheet meeting had to be postponed to May 27, 2015.

The financial statement documents and audit reports for euromicron AG and the Group were available to the Supervisory Board in good time before the balance sheet meeting on May 27, 2015. The Supervisory Board examined the financial statements and the management report, as well as the consolidated financial statements and group management report of euromicron AG and the auditor's reports and concurs with the auditor's findings following detailed discussion with the Executive Board. At the balance sheet meeting of the Supervisory Board on May 27, 2015, the auditors reported extensively on the main results of their audit of the single-entity and consolidated financial statements, as well as the company's internal control and risk management system and compliance structures, and answered supplementary questions by the Supervisory Board. There were no objections to this report.

In its meeting on May 27, 2015, the Supervisory Board therefore gave its consent to the result of the audit by the independent auditor and the annual financial statements of euromicron AG prepared by the Executive Board and the group management report. The annual and consolidated financial statements of euromicron AG were thus approved.

## Composition of the boards

There were no changes to the composition of the Executive Board or Supervisory Board in fiscal year 2014. The Chairman of the Supervisory Board is Dr. Franz-Stephan von Gronau and his deputy is Mr. Josef Martin Ortolf. All three members of the Supervisory Board were reelected for a further five years (until 2016) at the General Meeting on June 9, 2011.

Chairman of the Executive Board Dr. Willibald Späth resigned on March 23, 2015. On March 31, 2015, the Supervisory Board appointed Ms. Bettina Meyer and Mr. Jürgen Hansjosten as further members of the Executive Board. Ms. Meyer was appointed as Spokeswoman of the Executive Board. On May 8, 2015, Thomas Hoffmann resigned as a member of the Executive Board.

## Thanks

The Supervisory Board wishes to express its thanks to all employees of the euromicron Group for their personal commitment and achievements in fiscal 2014. With their great dedication, all of them contributed to euromicron's stable performance.

Frankfurt am Main, May, 27, 2015  
The Supervisory Board



**Dr. Franz-Stephan von Gronau**  
The Supervisory Board