

# REPORT OF THE SUPERVISORY BOARD



## Dear Stockholders:

In 2011, the Supervisory Board discharged its duties under the law and the Articles of Association and in accordance with the Austrian Corporate Governance Code. Through oral and written communications, the Management Board kept us informed in an ongoing, timely and comprehensive fashion of all of the company's major developments as well as its business policy, earnings position, financial position, investments and other fundamental issues involving its management and strategic planning.

The Management Board informed us of major events in-between Supervisory Board meetings on an ongoing basis, and, where necessary, circular resolutions were adopted. The Management Board and the Chairman of the Supervisory Board discussed specific current events and projects regularly.

## Key points discussed

By going public in April 2011, AMAG became a separate enterprise again. This also involved a reorganization of the AMAG Group under company law in which the previous Group holding, Austria Metall GmbH, was embedded in a new structure headed by the listed company AMAG Austria Metall AG.

In the year under review the Supervisory Board, in line with its obligations defined by the provisions of law and the Articles of Association, on March 16, 2011 at the 256th meeting of the Supervisory Board of Austria Metall GmbH and on July 12, September 14 and December 13, 2011 at the first, second and third meetings of the Supervisory Board of AMAG Austria Metall AG jointly with the Management Board deliberated on the trend of business and the situation and strategic development of the enterprise.

At the first meeting of the year, held on March 16, the annual financial statements of Austria Metall GmbH as of December 31, 2010 were approved, the report of the Management Board and the audit report as well as the report of the audit committee pursuant to sec. 30 g para. 4 a sub-para. 5 of the (Austrian) GmbHG (Limited Liability Companies Act) on the audit results and the proposal for the appropriation of the 2010 net profits were approved.

At the meetings held on July 12 and September 14, 2011, material investment decisions were discussed and approved by the Supervisory Board of AMAG Austria Metall AG. At the last meeting of the year, held on December 13, 2011, the future business policy as well as the future development of the asset, financial and earnings position within the forecast accounts for the year 2012 were adopted. Furthermore, the Supervisory Board dealt with the simplification of the legal structure, with Compliance rules as well as with risk management.

## The Supervisory Board and its committees

The current composition of the Supervisory Board was determined at two shareholders' meetings. At the shareholders' meeting of January 31, 2011, Dr. Hanno M. Bästlein (Chairman), Christopher von Hugo (Deputy Chairman) and Wolfgang Pfarl were elected to the Supervisory Board. At the shareholders' meeting of March 21, 2011, Thomas Spitzenpfeil, Dr. Peter Uggowitzer, Otto Höfl and Dr. Ludwig Scharinger were appointed to the Supervisory Board. Maximilian Angermeier, Franz Riffler, Herbert Schützeneder and Georg Schreiner are the employees' representatives on the Supervisory Board. After Franz Riffler resigned at the end of December 2011, Robert Hofer assumed his function.

The audit committee of the Supervisory Board, which is required pursuant to sec. 92 para. 4a of the (Austrian) AktG (Stock Corporation Act), was also established in the new AMAG Austria Metall AG. The audit committee of the Supervisory Board of Austria Metall GmbH, consisting of Mr. Spitzenpfeil (Chairman), Dr. Bästlein and Mr. Angermeier, held three meetings in the fiscal year, on January 13, February 2 and March 16, 2011. Representatives of the auditor of the financial statements took part in the meeting in order to report on their audit activities and findings in the management letter. The audit committee obtained the auditor's statement confirming its independence and, following the election, awarded the audit contract for the fiscal year 2011. It determined the key audit points with the auditor of the financial statements and reached an agreement on the audit fee. Specific accounting matters were also discussed in the presence of the auditor of the financial statements. Other issues that were dealt with included scrutinizing and overseeing the operating methods and effectiveness of the internal control and risk management system. The following subjects were treated, inter alia:

- The financial statements of Austria Metall GmbH prepared in accordance with the (Austrian) UGB (Commercial Code)
- The consolidated financial statements of AMAG Holding GmbH prepared in accordance with the IFRS.
- Report of the Management Board and audit report on the annual financial statements of Austria Metall GmbH as of December 31, 2010
- Report of the audit committee to be rendered to the Supervisory Board pursuant to sec. 30 g para. 4 a sub-para. 5 of the Limited Liability Companies Act on the audit results, including the proposal for the appropriation of profits.
- Checking of the independence of the auditor of the financial statements, in particular with regard to the additional services rendered to the company being audited.
- Management letter

The audit committee of the Supervisory Board of AMAG Austria Metall AG, consisting of Mr. Spitzenpfeil (Chairman), Dr. Bästlein, Mr. von Hugo and Mr. Angermeier, held a meeting on September 14, 2011, treating the following subjects:

- Timetable for annual financial statements and audit planning by the auditor
- Internal control system, risk management and corporate governance
- Implementation of the reporting requirements arising from listing on the Vienna Stock Exchange

### Corporate governance

The Supervisory Board of AMAG is committed to upholding the Austrian Corporate Governance Code and thereby to responsible corporate governance and control focused on long-term value creation. A summary presentation of AMAG's corporate governance can be found in the "Corporate Governance" section of this annual report and on the company's website.

### Audit and approval of the 2011 annual financial statements

The annual financial statements, the management report and the Corporate Governance report of AMAG drawn up by the Management Board as well as the consolidated financial statements prepared in accordance with the International Financial Reporting Standards (IFRSs), the Group management report, and the information to be provided pursuant to sec. 245a of the Commercial Code, all as of December 31, 2011, were audited

by the auditor of the financial statements appointed in accordance with sec. 270 of the Commercial Code, Deloitte Audit Wirtschaftsprüfungs GmbH, and an unqualified audit opinion was issued on them. The annual financial statements and consolidated financial statements, the management report and Group management report, as well as the Corporate Governance report, the proposal for the distribution of AMAG's profits and the management letter containing the auditor's findings were analyzed by the Supervisory Board in the presence of the auditor of the financial statements, examined within the meaning of sec. 96 para. 4 of the Stock Corporation Act and approved on February 28, 2012. The Supervisory Board concurs with the Management Board's proposal for the appropriation of profits, which provides for a dividend in the amount of EUR 0.75 per dividend-bearing share plus a one-time bonus of EUR 0.75 per dividend-bearing share to be distributed and for the balance to be carried forward to new account. The annual financial statements are thus deemed approved in accordance with sec. 96 para. 4 of the Stock Corporation Act.

#### **Thanks to Board members and employees**

The Supervisory Board would like to thank the Management Board and all the employees of AMAG for their efforts. The company's satisfactory results in the current, rather challenging, economic environment would never have been possible without their contributions. We also value the trust and loyalty of our customers, suppliers, lenders and stockholders, and look forward to continued successful teamwork in the future.

Vienna, February 28, 2012



**Dr. Hanno M. Bästlein**  
Chairman of the Supervisory Board