

SUPERVISORY BOARD
REPORT 2010

REPORT OF THE SUPERVISORY BOARD

Dear shareholders,

Fiscal 2010 at euromicron AG was shaped by rigorous continuation and implementation of the build-and-integrate phase, further leveraging of synergies in the Group and optimization of its structures. Despite the fierce competition and tough macroeconomic environment in Germany and Europe, euromicron AG posted good results and achieved its planned objectives. The Supervisory Board continuously monitored and assisted the Executive Board in running business in accordance with the statutory advisory and supervisory obligations incumbent on it.

The Supervisory Board was directly involved in all significant business events and decisions of fundamental importance. In addition, current strategic considerations were regularly discussed with the Executive Board.

The Executive Board regularly, promptly and comprehensively informed the Supervisory Board at its meetings, in writing and orally, about the company's situation, development of its business and financial situation, the Group's situation, including risks and risk management, investment and acquisition projects and basic questions of corporate policy and strategy and relating to compliance. It informed the Supervisory Board about the most important key financial indicators on the basis of monthly reports and submitted matters requiring approval in good time so that a resolution on them could be adopted. The Supervisory Board approved all of these after examining the relevant documents, queries to the Executive Board and intensive discussions with the members of the Executive

Board and Supervisory Board. It was also informed comprehensively of special business transactions and budget variances between the meetings. Where necessary, the Supervisory Board was asked to adopt resolutions by circularization so that expedient and prompt measures could be initiated. Apart from the above information, which was regularly queried to determine whether it was plausible, the Chairman of the Executive Board personally informed the Chairman of the Supervisory Board of all important developments and pending decisions in regular one-to-one talks and phone calls. The standard for regular supervision of the Executive Board and the group's managers was in particular proper, expedient and economic management in accordance with the law.

SUBJECTS OF THE SUPERVISORY BOARD MEETINGS IN 2010

The Supervisory Board held five meetings in fiscal 2010 – on February 23, March 25, June 16, September 22/23 and December 7 – at which it examined in detail the company's economic situation and strategic development. All members of the Supervisory Board took part in the meetings.

In addition to the current business development of euromicron AG and the Group, the course of business of the Group companies and their market environment, the topics regularly discussed at the meetings of the Supervisory Board focused on:

- Acquisition plans
- Expansion of the business fields of euromicron austria GmbH
- The Group's financing situation and rating
- Questions of corporate planning and business policy
- Questions of Group integration
- Organizational development and strategy 2010 – 2015 and progress in implementing them
- Public relations work
- Risk management and internal control system of the company
- Status of the German Financial Reporting Enforcement Panel examination

In addition, the Supervisory Board kept itself informed in regular meetings and talks with the Executive Board of euromicron's AG ongoing growth and integration strategy. Points of emphasis in this context were the company acquisitions aimed at rounding out

external growth, organic growth within the Group, consolidation and integration measures as well as the development of liquidity and the key financial indicators.

In addition, the Supervisory Board intensively dealt with the possibilities and effects of a capital increase as part of the company's authorized capital.

At the meeting of the Supervisory Board held in Italy in September 2010, the subsidiary Qubix S.p.A. was presented in detail by its managing Director Filippo Gnocco. The Supervisory Board took the opportunity to tour the company and ascertain that the Italian subsidiary was being operated properly and economically.

A further focus of the Supervisory Board was on reviewing its efficiency. Its work and decision-making processes were evaluated and optimized at regular meetings.



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

CORPORATE GOVERNANCE

The latest version of the German Corporate Governance Code, the amendments to it published on July 2, 2010, and implementation of it at euromicron AG were a subject of the Supervisory Board meeting on December 7, 2010.

The Supervisory Board and Executive Board have analyzed the recommendations and suggestions of the German Corporate Governance Code and issued an updated declaration on conformance in accordance with Section 161 of the German Stock Corporation Law. In compliance with the provisions of the German Reasonableness of Management Remuneration Act (VorstAG) dated July 31, 2009, a deductible satisfying statutory requirements was agreed for the D&O insurance for the Executive Board and Supervisory Board effective July 1, 2010.

Both bodies have thus fulfilled the obligation to ensure transparent and responsible management and control of the company. The declaration on conformance is contained on pages 55 – 57 in the Annual Report 2010 and is available at all times on the company's Internet site.

EXAMINATION OF THE 2010 FINANCIAL STATEMENTS

BDO Deutsche Warentreuhand Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Hamburg, the independent

auditor appointed by the General Meeting for fiscal year 2010, informed the company on November 17, 2010, that it regarded itself as being impeded in auditing the 2010 annual and consolidated financial statements of the company due to a lack of impartiality it feared would exist in connection with the errors discovered and to be disclosed by the German Financial Reporting Enforcement Panel. Under the order by Frankfurt/Main Local Court on November 23, 2010, PricewaterhouseCoopers AG Wirtschaftsprüfungsgesellschaft, Frankfurt/Main, was then appointed as independent auditor for the company and the Group for fiscal year 2010.

In view of the new audit commission, the late appointment of the auditing firm and the extensive audit procedures required for it in auditing the statements for the first time, the auditing firm was not able to complete the audit within the original timetable. For the first time, the Executive Board and Supervisory Board were not able to meet the recommendations of the Corporate Governance Code Section 7.1.2) and publish the annual and consolidated financial statements along with the audit opinion by March 31, 2011. That uniquely necessitated an update to the declaration on conformance dated December 22, 2010. The statutory requirements relating to publication were taken into due account.

The annual financial statements of euromicron AG and the Management Report as of December 31, 2010, as

well as the IFRS consolidated financial statements including the group management report as of December 31, 2010, along with the bookkeeping and the risk identification system, were audited by PWC and each issued with an unqualified audit opinion. The audit reports for euromicron AG and the Group were available to the Supervisory Board in good time before the balance sheet meeting on April 20, 2011. 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 April 20, 2011, 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 answered supplementary questions by the Supervisory Board.

Upon conclusion of its examination, the Supervisory Board raises no objections.

The Supervisory Board therefore approved the financial statements of euromicron AG and the euromicron Group prepared by the Executive Board at its meeting on April 20, 2011. The financial statements of euromicron AG are thus adopted. The Supervisory

Board examined the Executive Board's proposal to pay a dividend of €1.10 a share (i.e. a total of €5,638,598.90) and to carry the remaining net income of €2,308,619.77 forward to a new account, and endorses this proposal of the Executive Board.

COMPOSITION OF THE SUPERVISORY BOARD

The composition of the Executive Board and Supervisory Board did not change in fiscal 2010. The Chairman of the Supervisory Board is Dr. Franz-Stephan von Gronau and his deputy is Josef Martin Ortolf.

THANKS

The Supervisory Board wishes to express its thanks to the Executive Board, management, the General Managers and all employees of the euromicron Group for their personal commitment and achievements in fiscal 2010. All of them contributed to euromicron's positive performance with their great dedication.

Frankfurt/Main, April 20, 2011

The Supervisory Board



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