

Quick search

Search

Search term:

Which area do you want to search?

[» Advanced Search](#)

A full-text search of the publication content is not possible for annual financial statements, publications in accordance with §§ 264 Paragraph 3, 264b HGB and payment reports.

Stored annual financial statements (balance sheets) are available for information in the company register.

Surname	Area	information	V. date	relevance
DEUTA-WERKE GmbH Bergisch Gladbach	Accounting / financial reports	Annual financial statements for the business year from 01/01/2018 to 12/31/2018	01/09/2020	100%

DEUTA-WERKE GmbH

Bergisch Gladbach

Annual financial statements for the business year from 01/01/2018 to 12/31/2018

Balance sheet as of December 31, 2018

assets

	December 31, 2018		December 31, 2017	
	EUR	EUR	EUR	EUR
A. Fixed assets				
I. Intangible Assets				
Purchased software		347,730.59		198,950.83
II. Tangible assets				
1. Land, land rights and buildings including buildings on third-party land	21,887.01		29,241.51	
2. Technical systems and machines	1,803,624.36		1,842,295.49	
3. Other equipment, factory and office equipment	1,313,216.72	3,138,728.09	1,353,995.00	3,225,532.00
III. Financial assets				
1. Shares in affiliated companies	163,130.45		182,473.67	
2. Other loans	1,000.00	164,130.45	1,000.00	183,473.67
		3,650,589.13		3,607,956.50
B. Current Assets				
I. Inventories				
1. Raw materials and supplies	4,373,659.16		3,370,081.13	
2. Work in progress	3,502,736.14		3,015,700.76	
3. Finished products	29,994.83	7,906,390.13	30,671.38	6,416,453.27
II. Receivables and other assets				
1. Trade accounts receivable	9,666,693.14		8,471,989.96	
2. Receivables from affiliated companies	1,640,390.15		933,082.26	
3. Other assets	31,811.18	11,338,894.47	79,941.69	9,485,013.91
III. Cash and bank balances		3,780,470.99		692,720.00

December 31, 2018

December 31, 2017

EUR

EUR

EUR

EUR

C. Prepaid expenses

23,025,755.59

16,594,187.18

159,372.80

229,951.64

26,835,717.52

20,432,095.32

liabilities

A. Equity

I. Drawn capital

750,000.00

750,000.00

II. Capital reserve

8,868,801.28

8,868,801.28

III. Profit carried forward

2,652,983.05

2,374,496.33

IV. Net income

3,904,775.40

278,486.72

16,176,559.73

12,271,784.33

B. Provisions

Other provisions

4,722,964.31

1,345,805.39

C. Liabilities

1. Liabilities to banks

3,000,000.00

0.00

2. Trade accounts payable

1,462,680.41

1,279,373.72

3. Liabilities to affiliated companies

1,147,897.77

5,191,833.20

4. Other Liabilities

325,615.30

343,298.68

- of which from taxes EUR 138,635.79 (previous year EUR 82,145.10) -

- of which in the context of social security EUR 2,778.85 (previous year EUR 3,727.18) -

5,936,193.48

6,814,505.60

26,835,717.52

20,432,095.32

**Income statement
for the period from January 1 to December 31, 2018**

	2018		2017	
	EUR	EUR	EUR	EUR
1. Sales		50,142,066.01		35,364,054.65
2. Increase in stocks of work in progress and finished goods		486,358.83		448,935.98
3. Other operating income		252,152.70		349,753.73
4. Cost of materials				
a) Expenses for raw materials and supplies	18,178,713.16		10,934,102.14	
b) Expenses for purchased services	4,723,864.29	22,902,577.45	4,069,558.04	15,003,660.18
5. Personnel expenses				
a) Wages and salaries	11,671,327.12		10,064,942.10	
b) Social security and pension and support expenses	1,799,697.66	13,471,024.78	1,710,589.06	11,775,531.16
- of which for pensions EUR 2,662.38 (previous year EUR 3,342.57) -				
6. Depreciation on intangible assets and property, plant and equipment		837,052.68		1,046,746.08
7. Other operating expenses		9,670,042.03		8,151,607.96
8. Other Interest and Similar Income		18,384.30		72,800.00
9. Interest and Similar Expenses		111,862.26		110,706.06
10. Taxes on income and earnings		0.00		-135,597.04
11. Profit after tax		3,906,402.64		282,889.96
12. Other taxes		1,627.24		4,403.24
13. Net income		3,904,775.40		278,486.72

**Appendix
for the 2018 financial year**

A. General

The annual financial statements were prepared in accordance with the provisions of the German Commercial Code and the GmbH Act.

DEUTA-WERKE GmbH is based in Bergisch Gladbach. It is entered in the Commercial Register B of the Cologne District Court under HRB No. 67107.

The financial year is the calendar year.

The DEUTA-WERKE GmbH is according to § 267 Abs. 2 i. V. m. Paragraph 4 HGB a medium-sized corporation.

Use was made of the relief provision in Section 288, Paragraph 2, Clause 2 of the German Commercial Code.

The income statement was prepared using the total cost method in accordance with Section 275 (2) HGB.

B Accounting and valuation methods

The intangible assets and property, plant and equipment of the fixed assets are valued at the original acquisition cost minus the accumulated scheduled depreciation. Scheduled depreciation on intangible assets and property, plant and equipment is generally linear over the normal useful life.

The option is exercised to immediately write off low-value assets with an acquisition value between EUR 250.01 and EUR 800.00 that were received in the past financial year. Assets with an acquisition value of up to EUR 250.00 are recognized as expenses.

The financial assets are valued at acquisition cost including incidental acquisition costs. Write-downs to the lower fair value are made, if necessary.

Raw materials and supplies are valued at the weighted average acquisition cost or at the lower acquisition price on the balance sheet date. Inventory and other risks of usability have been taken into account through discounts.

In addition to the directly attributable material and personnel costs, the manufacturing costs of the finished and unfinished products also include reasonable overheads for the material and production area and the depreciation of fixed assets, insofar as this is caused by the production. Inventory and other risks of usability have been taken into account through discounts.

Receivables and other assets are shown at their nominal values. If there are individual risks with the receivables, these are taken into account by means of individual value adjustments. The general credit risk is taken into account by means of a general bad debt allowance.

The liquid funds are shown at the nominal amount.

The prepaid expenses relate to expenses before the balance sheet date, which represent expenses for a certain time after the balance sheet date. The release is linear according to the passage of time for the individual items.

The tax provisions and other provisions take into account all identifiable risks for uncertain liabilities and impending losses from pending transactions. They are stated at the amount that is necessary based on a reasonable commercial assessment

The liabilities are stated at their settlement amount.

Liabilities in foreign currency are converted using the mean spot exchange rate at the time of the transaction; Losses from changes in exchange rates are taken into account on the reporting date. Short-term price gains are acc. Section 256a HGB taken into account on the reporting date

Active deferred taxes are based on the option to apply acc. Section 274 (1) sentence 2 HGB not accounted for.

C Notes on the balance sheet**Capital assets**

The development of the individual items of the fixed assets is shown in the fixed asset schedule as an attachment to the notes.

Financial assets

In accordance with the purchase agreement dated May 18, 2018, the shares in DEUTA Controls GmbH were sold to DEUTA Group GmbH.

In November 2013, the DEUTA America Corp. based in Hauppauge, New York, USA. As of January 1, 2015, the company relocated to Richmond, Virginia, USA. The participation of DEUTA-WERKE GmbH in this company is 100%. As of December 31, 2018, DEUTA America Corp. equity of TUSD 176 (previous year TUSD 114). The company closed with an annual result of TUSD 62 (previous year:

TUSD 151). The annual financial statements of DEUTA America Corp. was created according to the regulations of the USGAAP. The conversion took place as of December 31, 2018 with 1 EUR = 1.1482 USD.

In May 2016, DEUTA Railway Technologies (Shanghai) Co., Ltd. based in Shanghai, China. The participation of DEUTA-WERKE GmbH is 100%. As of December 31, 2018, DEUTA Railway Technologie reported equity of TRMB 3,191 (previous year TRMB 1,412). The company closes with an annual profit of TRMB 779 (previous year TRMB 1,067). In April 2018, the share capital of DEUTA Railway Technologies (Shanghai) Co., Ltd. in the amount of EUR 129 thousand. The annual financial statements of DEUTA Railway Technologies (Shanghai) Co., Ltd. was created according to the regulations of PRC-GAAP. The conversion took place on 31.

Receivables and other assets

Receivables and other assets have a remaining term of less than one year.

The receivables from affiliated companies total EUR 1,640 thousand (previous year: EUR 933 thousand) and relate to trade receivables in the amount of EUR 1,249 thousand (previous year: EUR 442 thousand). They exist with KEUR 256 (previous year: KEUR 1) against the shareholder.

The other assets are creditors with debit balances in the amount of EUR 14 thousand (previous year: EUR 5 thousand).

Equity

The sole shareholder is the DEUTA Group GmbH, Bergisch Gladbach. A profit distribution for the previous year was not made.

The management will propose to the shareholders' meeting that the balance sheet profit of EUR 6,557,758.45 reported as of December 31, 2018 in the amount of EUR 1,300,000.00 be distributed and the remaining amount of EUR 5,257,758.45 to be carried forward.

Other provisions

The other provisions amount to a total of EUR 4,723 thousand (previous year: EUR 1,346 thousand) and the main items include provisions for individual contractual warranty provisions, provisions for outstanding personnel expenses and provisions for outstanding invoices and severance payments.

liabilities

The liabilities to affiliated companies in the amount of EUR 1,148 thousand (previous year: EUR 5,192 thousand) are loan obligations and in the amount of EUR 34 thousand (previous year: EUR 59 thousand) are trade payables. The liability to the shareholder amounts to EUR 1,114 thousand (previous year: EUR 5,118 thousand).

	Total amount December 31,			
	2018	up to 1 year	from 1 to 5 years	over 5 years
	KEUR	KEUR	KEUR	KEUR
Liabilities to banks	3,000	0	3,000	0
	(0)	(0)	(0)	(0)
liabilities from goods and services	1,462	1,462	0	0
	(1,279)	(1,279)	(0)	(0)
Liabilities to affiliated companies	1,148	1,148	0	0
	(5,192)	(192)	(5,000)	(0)
other liabilities	326	326	0	0
	(343)	(343)	(0)	(0)
	5,936	2,936	3,000	0
	(6,814)	(1,814)	(5,000)	(0)

The figures in brackets relate to the previous year.

Other financial obligations

The other financial obligations relate to obligations from rental and leasing contracts totaling EUR 2,093 thousand. Of this, EUR 1,860 thousand will fall over the next two years. There are other financial obligations to affiliated companies in the amount of EUR 1,004 thousand.

There are also other financial obligations from open framework contracts and orders totaling EUR 14,572 thousand. These are valid for up to 5 years.

Contingent liabilities

DEUTA-WERKE GmbH has entered into debt for the obligations arising from loan agreements between DEUTA Controls GmbH and Commerzbank AG and is jointly and severally liable with the borrower. At the end of 2018, they amount to EUR 150 thousand

(previous year: EUR 350 thousand). Against the background of the expected business development of DEUTA Controls, the management sees no risk of a claim.

D Notes on the income statement

Sales

Of the sales revenues, EUR 14,133 thousand (previous year: EUR 13,394 thousand) were generated in Germany and EUR 36,009 thousand (previous year: EUR 21,970 thousand) abroad.

Other company income

Other operating income includes amounts unrelated to the accounting period of EUR 176 thousand (previous year: EUR 264 thousand). They mainly relate to the reversal of provisions and the reduction of individual value adjustments on receivables.

Other operating expenses

Of the other operating expenses, EUR 27 thousand (previous year: EUR 121 thousand) are to be considered unrelated to the period.

The other operating expenses include expenses for exchange rate differences of EUR 17 thousand (previous year: EUR 6 thousand).

interest

Of the interest income, EUR 18 thousand (previous year: EUR 25 thousand) relates to interest income with affiliated companies.

E Other information

Parent company

DEUTA-WERKE GmbH is 100% owned by DEUTA Group GmbH, Bergisch Gladbach, and is included in their financial statements.

Managing directors

Thomas Blau, Bergisch Gladbach (Commercial Director),

Dr. Rudolf Ganz, Overath (technical director).

Advisory Board

Wolfram Rensch (Advisory Board)

Employed workers

An average of 156 (previous year 155) people were employed during the financial year.

Of which:

37	commercial employees
35	Employees in production / logistics
84	technical workers

Bergisch Gladbach, March 14, 2019

DEUTA-WERKE GmbH

Managing directors

Thomas Blue

Dr. Rudolf Ganz

Development of fixed assets in the 2018 financial year

	1.1.2018 EUR	acquisition cost		December 31, 2018 EUR
		Accesses EUR	Departures EUR	
I. Intangible Assets				
Purchased software	4,805,158.78	304,092.55	2,215,384.65	2,893,866.68

	1.1.2018 EUR	acquisition cost		December 31, 2018 EUR
		Accesses EUR	Departures EUR	
II. Tangible assets				
1. Land, land rights and buildings including buildings on third-party land	77,849.08	1,721.50	0.00	79,570.58
2. Technical systems and machines	5,805,773.32	216,232.22	1,893,768.75	4,128,236.79
3. Other equipment, factory and office equipment	9,641,253.93	379,689.81	5,342,115.81	4,678,827.93
	15,524,876.33	597,643.53	7,235,884.56	8,886,635.30
III. Financial assets				
1. Shares in affiliated companies	182,473.67	128,656.78	148,000.00	163,130.45
2. Other loans	1,000.00	0.00	0.00	1,000.00
	183,473.67	128,656.78	148,000.00	164,130.45
	20,513,508.78	1,030,392.86	9,599,269.21	11,944,632.43
Accumulated depreciation				
	1.1.2018 EUR	Depreciation for the financial year EUR	Departures EUR	December 31, 2018 EUR
I. Intangible Assets				
Purchased software	4,606,207.95	155,268.93	2,215,340.79	2,546,136.09
II. Tangible assets				
1. Land, land rights and buildings including buildings on third-party land	48,607.57	9,076.00	0.00	57,683.57
2. Technical systems and machines	3,963,477.83	254,818.69	1,893,684.09	2,324,612.43
3. Other equipment, factory and office equipment	8,287,258.93	417,889.06	5,339,536.78	3,365,611.21
	12,299,344.33	681,783.75	7,233,220.87	5,747,907.21
III. Financial assets				
1. Shares in affiliated companies	0.00	0.00	0.00	0.00
2. Other loans	0.00	0.00	0.00	0.00
	0.00	0.00	0.00	0.00
	16,905,552.28	837,052.68	9,448,561.66	8,294,043.30
Book values				
		December 31, 2018 EUR	December 31, 2017 EUR	
I. Intangible Assets				
Purchased software		347,730.59	198,950.83	
II. Tangible assets				
1. Land, land rights and buildings including buildings on third-party land		21,887.01	29,241.51	
2. Technical systems and machines		1,803,624.36	1,842,295.49	
3. Other equipment, factory and office equipment		1,313,216.72	1,353,995.00	
		3,138,728.09	3,225,532.00	
III. Financial assets				
1. Shares in affiliated companies		163,130.45	182,473.67	
2. Other loans		1,000.00	1,000.00	
		164,130.45	183,473.67	
		3,650,589.13	3,607,956.50	

Management report for the financial year from January 1 to December 31, 2018

1. Foundations of society

1.1 Company's business model

DEUTA-WERKE GmbH is an international company with a focus on the railway industry and the product families of display and recorder technology as well as sensor technology. These products are also sold to general industry on a small scale. The company currently maintains a techn. Office in Berlin. In addition, DEUTA-WERKE GmbH is the sole shareholder of the subsidiaries DEUTA

America Corporation, Richmond, VA, USA and DEUTA Railway Technologies (Shanghai) Ltd., Shanghai, China. The majority stake in DEUTA Controls GmbH was sold to the DEUTA Group in 2018.

DEUTA-WERKE is 100% owned by the DEUTA Group GmbH. The business consists of 2 managing directors and two authorized signatories. Together with the heads of the relevant functional areas, the members of the executive board exercise the management of the company.

1.2 Goals and strategies

DEUTA-WERKE GmbH is increasingly relying on product and technology innovations as well as on niche-oriented market development. In addition, the position in the relevant world markets for rail transport projects is being continuously expanded.

Safety-relevant products and systems are the focus of our further corporate development. In addition to the requirements for the product or the system, we also want to deepen our understanding of the application and make offers to our customers in this regard.

The worldwide sales of our increasingly complex products and the associated further integration into the overall control of the vehicles requires more and more local project support from the planning phase to commissioning and service. The two subsidiaries, DEUTA America Corp for the American market and DEUTA Railway Technologies (Shanghai) Ltd for the Chinese / Asian market, actively support this approach.

In the year under review, additional products were manufactured locally in the USA and delivered to our American customers for qualification in compliance with the "by america" regulations. The products that were manufactured locally in the USA in the previous year will be delivered in series in the reporting year.

1.3 Control system

The quality management system based on certification according to ISO / TS 22163 (IRIS, International Railway Industry Standard), which also includes ISO9001, is used by DEUTA-WERKE GmbH as a control system for identifying operational risks. The company-wide, process-integrated risk management at DEUTA-WERKE enables opportunities and risks to be identified and assessed as early as possible and, through appropriate measures, to seize opportunities and limit economic losses. This is supplemented by the holistic environmental approach,

Based on the monthly and thus current reports on the business development, the management and the shareholders of DEUTA-WERKE GmbH receive regular reports. The reporting shows possible deviations from the plan and serves as a basis for finding solutions within the management meetings. Any deviations from the planning targets are recognized immediately and appropriate measures are initiated promptly.

1.4 Research and Development

In order to continue to meet the requirements of a modern and efficient industrial company in the future, investment measures have been planned and implemented as planned at the Bergisch Gladbach and Berlin locations.

There were no major investment projects in equipment and infrastructure, investments were made selectively in capacity expansion, rationalization and replacement requirements. The investment requirement is continuously determined. There are no major investments planned for 2019.

The development activity was shaped in particular in connection with the creation of customer-specific software as an application application in the context of the use of IconTrust and SelectTrust. In project management for these tasks, we have increased our staff so that the large number of projects combined with short project schedules can be better monitored. We are also trying to shift the relationship between direct employees and external service providers in favor of direct employment. This is a challenge in the current labor market.

The intensive cooperation with our customers and the constant endeavor to innovate in our sales markets, in addition to the provision of customer project-specific solutions, led to further product improvements and new developments in our product portfolio in the past financial year. The expenditure ratio for research and development as a percentage of sales is 14.4% (previous year: 15.6%) and illustrates the importance of innovations for DEUTA-WERKE GmbH. The qualifications of our workforce continued to develop in 2018 through internal and external training measures.

2. Economic report

2.1 Macroeconomic and industry-specific framework conditions

The rail industry in Germany recorded an increase in sales of 8% in the first half of 2018, the sector's sales were 5.4 billion euros. The rail vehicle business accounts for around 70% of sales, the infrastructure around 14% and the service business around 12.6%, with all segments recording growth. Domestic sales rose by 36 percent to approx. 3.4 billion euros, exports fell by approx. 20% (comparison of 1st half of 2017 to 1st half of 2018; (from VDB press release No. 11/2018).

The order volume of around 6.5 billion euros exceeds that of the first half of 2017 by around 5%.

One of the concerns of the rail industry is the foreclosure activities on the world market, such as rising tariffs and an increased mandatory share of local added value.

The development of demand, especially from abroad, rose by around 45.5%, proof of the leading international position of the rail industry in Germany.

Lt. VDB President Volker Schenk needs major political efforts to maintain the position of German rail transport technology on the world market in the future, for fair competition and for innovation, for excellence Made in Germany (from VDB press release no. 11/2018).

In the German electrical industry, the aggregate turnover was 195.0 billion euros and was 1.9% higher than in the previous year.

Domestic sales increased by 1.5% (to 92.9 billion euros) and foreign sales by 2.2% (to 102.1 billion euros). Sales with customers from the euro area (3.7% to 37.7 billion euros) grew almost three times as fast as that with business partners from countries outside the common currency area (+1.3% to 64.4 billion euros; from the ZVEI economic barometer, February 2019 edition).

Incoming orders remain more or less at the previous year's level (-0.3%). From here it is true that the comparison with 2017 lags insofar as significantly more large orders were registered at the time. While domestic orders fell by 2.3% from January to December, foreign orders rose by 1.4%. The increases from the euro area (+1.5%) and from third countries (+1.4%) were roughly the same. (from ZVEI Economic Barometer, February 2019 edition)

2.2 Course of business

DEUTA-WERKE GmbH developed better than planned in the 2018 financial year. Sales rose by EUR 14.8 million to EUR 50.1 million compared to the previous year. Compared to the planning of EUR 36.0 million, this represents an increase of 39.3%. We were able to exceed our budget for most of the major customers or countries / regions.

2.3 Location

The company's economic situation remains solid. The liquid returns from sales also stabilize the financial situation.

2.3.1 Profit situation

The earnings situation in 2018 is satisfactory, the advance payments for application software development are still high.

Sales increased by EUR 14.8 million compared to the previous year. The planned sales of EUR 36.0 million were also exceeded by EUR 14.1 million. The gross profit ratio ((sales + inventory changes + other operating income) / (Income not relating to the period + Material costs) / total output) is almost the same as in the previous year. In the year under review, the relative cost items for material, service providers for software development and energy developed almost horizontally compared to the previous year. Due to the increased sales, a quantitative increase in the cost items is recorded.

Personnel expenses rose by 14.4% to EUR 13.5 million. The increased turnover is taken into account by increasing the number of directly employed staff.

Depreciation fell by 19.8% to EUR 0.8 million in the year under review. There were no significant investments in 2018, so that depreciation on fixed assets is essentially calculated using scheduled depreciation on existing technical equipment and machines as well as intangible assets.

The other operating expenses rose by 18.6% to EUR 9.7 million. In addition to the increase in sales correlation (service providers and temporary workers), the expenses for warranty services, maintenance / repair, incoming and outgoing freight and personnel procurement costs also made a significant contribution to this.

Earnings after taxes rose significantly from EUR 0.3 million to EUR 3.9 million. The sales trend compared to the plan presented a challenge in the year under review, especially with the limited supply in the supplying industry and on the labor market.

We do not expect any income tax burden in the reporting year.

The value added ratio (gross profit / personnel expenses) was 206.4% in 2018 (previous year: 177.4%) and has developed positively.

EBITD (operating result + normal depreciation) amounted to EUR 4.7 million in 2018 (previous year: EUR 1.1 million).

2.3.2 Financial position

The cash flow from operating activities totaled EUR 5.1 million in 2018 and has improved significantly compared to the previous year (EUR -1.8 million). The cash flow from investing activities amounts to EUR - 0.9 million (previous year: EUR - 0.2 million) and from financing activities. -1.1 million euros (previous year +2.9 million euros).

First-degree liquidity ((cash + current assets) / current liabilities + provisions) was 300.6% in 2018 (previous year: 322.0%).

The cash flow rate ((annual result + normal depreciation) / total output) was 9.4% in 2018 (previous year: 3.7%).

2.3.3 Financial position

The company's total assets rose by EUR 6.4 million to EUR 26.8 million. Investment activity in 2018 exceeded the scheduled depreciation carried out. The fixed assets thus increased by 1.2% to EUR 3.7 million. Inventories (+23.2% to EUR 7.9 million) were

increased, taking into account the broad allocation of vendor parts. There was a significant increase in trade accounts receivable (+14.1% to EUR 9.7 million), but this correlates with the development of sales. Receivables from affiliated companies rose by 75.8% to EUR 1.6 million.

The provisions increased by 250.9% to EUR 4.7 million in the 2018 financial year (previous year: EUR 1.3 million), mainly due to the sales and event-related adjustment of the corresponding provision items. Liabilities were reduced to EUR 5.9 million (previous year EUR 6.8 million). The reduction is primarily based on the repayment of capital, whereby the liabilities to banks rose by EUR 3.0 million to EUR 3.0 million (previous year: EUR 0 million) and the liabilities to affiliated companies by 4.0 Million EUR to 1.1 million EUR (previous year 5.2 million EUR EUR) have decreased. In principle, trade payables developed horizontally at EUR 1.5 million (previous year: EUR 1.3 million). The company's financial situation is in order. The equity ratio rose to 60.3% (previous year: 60.1%).

The total return on capital (earnings before income taxes + interest expense) / total capital) was 15.0% in 2018 (previous year: 1.2%).

2.3.4 Non-financial performance indicators

The number of our employees rose by 8.2% to 171 in the 2018 reporting year (previous year: 158 employees). The increase in the number of employees increases personnel expenses by 14.4% to EUR 13.5 million compared to the previous year (previous year: EUR 11.8 million).

In 2018, DEUTA-Werke employed an average of 156 people (previous year 155). There were 6 employees in training.

In the 2018 financial year, we were able to congratulate two anniversaries on 40 years of service and one on 25 years of service.

As in previous years, the fluctuation rate in the company is very low.

3. Forecast, opportunities and risk report

3.1 Risks

3.1.1 Finance

The primary goal of financial management is an adequate equity ratio. The capital structure is controlled and adjusted taking into account the changed economic framework conditions. In order to minimize risks, financing, investments and exchange rate risks are considered bundled within the company. No fundamental changes were made to the goals, methods and processes of capital management in 2018 as a whole.

Capital management relates to the company's balance sheet equity.

The maintenance of the company's financial substance despite future-oriented investment activities means that the existence of DEUTA-WERKE GmbH is not endangered. The target corridor of the equity ratio > 50% could also be achieved in 2018.

The company ensures its solvency through extensive liquidity planning and control. These plans are made on a long, medium and short term basis. In addition, the company has systematic accounts receivable management to ensure a timely inflow of funds. Interest rate risks are only of minor importance for DEUTA-WERKE GmbH, since, if necessary, the interest rates for long-term liabilities are consequently also fixed.

We currently rate it as low that a financial risk arises.

3.1.2 Environment and industry

The risks for the sales side lie primarily in the ability to finance transport projects. The basic need for mass transport, such as rail, is constantly increasing. The global trend of the concentration of the population in cities and of long transport routes from the raw material source to processing continues unabated. The long project lead times with complex approval and approval procedures for railway lines, rolling stock and operation in connection with the available financial resources, including the public sector, harbor implementation and realization risks.

As before, the most important procurement market risks are caused by fluctuations in raw material and energy prices, as well as the long-term availability of the purchased parts we use. These risks on the procurement markets are countered with long-term procurement contracts and, if necessary, with framework agreements with matching deadlines. In addition, the company operates an active obsolescence management.

In connection with our measures, we consider the occurrence of environmental and industry risks to be low.

3.1.3 Economic performance risks

As a manufacturer of electronic and electromechanical products for the rail industry, DEUTA-WERKE GmbH is subject to complex regulatory requirements. The requirements for long-term availability of our products combined with the short product life cycles of our supplier products inevitably lead to higher costs that have to be financed in the long term via product prices and thus have a negative impact on international competitiveness.

The terms of payment with customers and suppliers are constantly monitored and correspond to the industry and national average. The main currency of purchase in Europe is the euro, and to a lesser extent the USD. In addition, the company optimizes the production and logistics structures with continuous improvements and thus continuously increases the efficiency of the production process.

In connection with our measures, we consider the occurrence of economic performance risks to be low.

3.1.4 Information technology

With the increasing use of information technology in all areas of the company, the information technology risks increase, such as the failure of personal computers or unauthorized access to hardware and software. In order to avert possible dangers, the company has worked with service companies to develop and deploy modern security solutions from prevention to intervention that protect data and IT infrastructure. In addition, there is constant investment in modern information technology, so that the processes in the company become even more stable.

We consider the occurrence of risks from information technology to be low.

3.1.5 Corporate strategy

DEUTA-WERKE GmbH observes the current market development and the competition in the markets relevant to us critically. At the moment, no risks have been identified that could jeopardize the stability and continued existence of the company.

3.2 opportunities

The level of awareness and trust in the DEUTA brand continued to develop in 2018 and led to an increase in positive perception in the relevant markets. To this end, we conduct customer surveys and are also evaluated by our customers, who we analyze and implement possible improvement potentials for customer benefits.

The innovative products and applications of DEUTA-WERKE GmbH make it possible to continue on the path of sustainable growth. We want to consistently continue on this path. Especially in the area of safety-relevant products, we see great potential for the future to successfully develop our company. These safety-relevant products, especially in the display technology product segment, and the safe display of vehicle speed, which is now mandatory under ETCS, provide an attractive product portfolio for our customers.

3.3 Forecasts

The macroeconomic situation in the first few months of 2019 is basically stable. Despite the global political uncertainties (such as the US / China trade dispute, Brexit), we anticipate weak growth in the global economy in 2019. We expect positive impulses for our products and applications primarily from the further expansion of the demand for secure display systems .

DEUTA-WERKE GmbH is increasingly relying on product and technology innovations as well as niche-oriented market development. In addition, the position on the relevant world markets is being continuously expanded. We take this into account with local market development in the USA and China with our own subsidiaries. We have been responding to the increasing pressure to have local production in state-sponsored projects since 2017 with locally produced products in the USA.

For the next financial years, we basically expect positive corporate development. Depending on the course of customer projects and the price and availability volatilities on the raw material markets, which are reflected in the absolute sales value, we aim to increase our sales in the medium term in order to grow adjusted for inflation.

Our sales planning for 2019 provides for a significant decrease compared to the sales for the 2018 financial year. The sales trend corresponds to the cycles of our project business. Also due to our project business, we are assuming a significantly lower net income for 2019 compared to the previous year. As of February 22, 2019, the total order backlog was EUR 44.8 million (previous year: EUR 34.1 million), and for the 2019 financial year it was EUR 29.9 million (previous year: EUR 25.8 million for 2018), whereby by February 22, 2019 EUR 9.2 million (previous year: EUR 4.8 million) had already been turned over.

4. Risk reporting on the use of financial instruments

DEUTA-WERKE GmbH operates internationally, which means that currency risks on the procurement and sales side cannot be ruled out. On the basis of continuously monitored exchange rate expectations, risks are hedged with suitable financing instruments if necessary. Such financial instruments are currently not in use.

Bergisch Gladbach, March 14, 2019

**Auditor's Report
Independent Auditor**

To DEUTA-WERKE GmbH, Bergisch Gladbach

Examination Opinions

We have the annual financial statements of DEUTA-WERKE GmbH, Bergisch Gladbach - consisting of the balance sheet as of December 31, 2018 and the income statement for the financial year from January 1 to December 31, 2018 as well as the notes, including the presentation of the accounting - and evaluation methods - checked. In addition, we have audited the management report of DEUTA-WERKE GmbH for the financial year from January 1 to December 31, 2018.

According to our assessment based on the knowledge gained during the audit

- the attached annual financial statements comply in all material respects with the German commercial law regulations applicable to corporations and give a true and fair view of the company's assets and financial position as of December 31, 2018 as well as its earnings position for the financial year from January 1 to December 31, 2018 and
- the attached management report gives an overall accurate picture of the company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and accurately presents the opportunities and risks of future development.

In accordance with Section 322 (3) sentence 1 of the German Commercial Code (HGB), we declare that our audit has not led to any objections to the correctness of the annual financial statements and the management report.

Basis for the examination results

We carried out our audit of the annual financial statements and the management report in accordance with Section 317 of the German Commercial Code (HGB) and in compliance with the generally accepted German auditing principles established by the Institut der Wirtschaftsprüfer (IDW). Our responsibility under these regulations and principles is further described in the section "Auditor's Responsibility for the Audit of the Annual Financial Statements and the Management Report" of our auditor's report. We are independent of the company in accordance with German commercial and professional regulations and have fulfilled our other German professional obligations in accordance with these requirements. We are of the opinion that the audit evidence we have obtained is sufficient and suitable to serve as a basis for our audit opinions on the annual financial statements and the management report.

Responsibility of the legal representatives for the annual financial statements and the management report

The legal representatives are responsible for the preparation of the annual financial statements, which comply in all essential respects with the German commercial law regulations applicable to corporations, and for ensuring that the annual financial statements, in compliance with the German principles of proper accounting, reflect the actual circumstances of the assets, finance - and the company's earnings. Furthermore, the legal representatives are responsible for the internal controls which they have determined to be necessary in accordance with the German principles of proper accounting,

When preparing the annual financial statements, the legal representatives are responsible for assessing the company's ability to continue business operations. Furthermore, they are responsible for disclosing matters relating to the going concern of the company, if relevant. In addition, they are responsible for accounting for the going concern basis of accounting, unless actual or legal circumstances conflict with this.

In addition, the legal representatives are responsible for the preparation of the management report, which as a whole provides an accurate picture of the company's position, is consistent with the annual financial statements in all material respects, complies with German legal requirements and accurately presents the opportunities and risks of future development. Furthermore, the legal representatives are responsible for the precautions and measures (systems) that they have deemed necessary

Auditor's responsibility for the audit of the annual financial statements and the management report

Our objective is to obtain sufficient certainty as to whether the annual financial statements as a whole are free of material - intended or unintentional - misrepresentations and whether the management report as a whole gives an accurate picture of the company's position and, in all material matters, with the annual financial statements as well is consistent with the knowledge gained during the audit, complies with German legal requirements and accurately presents the opportunities and risks of future development, as well as issuing an auditor's report, which contains our audit opinions on the annual financial statements and the management report.

Adequate security is a high level of security, but no guarantee that an audit carried out in accordance with Section 317 of the German Commercial Code (HGB) in compliance with the German principles of proper auditing established by the Institute of Auditors (IDW) will always reveal a material misrepresentation. Misrepresentations can result from infringements or inaccuracies and are considered material when it could reasonably be expected

During the audit, we exercise our due discretion and maintain a critical attitude. Furthermore

- We identify and assess the risks of material - intentional or unintentional - misrepresentations in the annual financial statements and the management report, plan and carry out audit procedures in response to these risks, and obtain audit evidence that is sufficient and suitable to serve as a basis for our audit opinions. The risk that material misrepresentations are not discovered is higher in the case of violations than inaccuracies, as violations result in fraudulent cooperation, forgeries, intentional incompleteness, misleading representations or

- We gain an understanding of the internal control system relevant to the audit of the annual financial statements and the precautions and measures relevant to the audit of the management report in order to plan audit procedures that are appropriate under the given circumstances, but not with the aim of providing an audit opinion on the effectiveness of these Systems of society.
- we assess the appropriateness of the accounting methods used by the legal representatives as well as the acceptability of the estimated values presented by the legal representatives and related information.
- we draw conclusions about the appropriateness of the going concern accounting principle applied by the legal representatives and, on the basis of the audit evidence obtained, whether there is any material uncertainty in connection with events or circumstances, the significant doubts about the company's ability to continue business operations can raise. If we conclude that there is material uncertainty, we are required to draw attention in the auditor's report to the related information in the annual financial statements and in the management report or, if this information is inappropriate, to modify our respective audit opinion. We draw our conclusions based on the audit evidence obtained up to the date of our auditor's report. Future events or circumstances can, however, mean that the company can no longer continue its business activities. We draw our conclusions based on the audit evidence obtained up to the date of our auditor's report. Future events or circumstances can, however, mean that the company can no longer continue its business activities.
- We assess the overall presentation, structure and content of the annual financial statements, including the information, as well as whether the annual financial statements present the underlying business transactions and events in such a way that the annual financial statements, in compliance with German generally accepted accounting principles, provide a true and fair view of the asset, financial and the company's earnings.
- we assess the consistency of the management report with the annual financial statements, its compliance with the law and the picture it provides of the company's position.
- we perform audit procedures on the future-oriented information presented by the legal representatives in the management report. On the basis of sufficient, suitable audit evidence, we particularly review the significant assumptions on which the legal representatives are based on the future-oriented information and assess the proper derivation of the future-oriented information from these assumptions. We do not issue an independent audit opinion on the future-oriented information or the underlying assumptions. There is a significant unavoidable risk

Among other things, we discuss with those responsible for monitoring the planned scope and timing of the audit as well as significant audit findings, including any deficiencies in the internal control system that we discover during our audit.

Cologne, March 15, 2019

KPMG AG
auditing company

Mund, auditor

Römer, auditor