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Surname	Area	information	V. date	relevance
DEUTA-WERKE GmbH Bergisch Gladbach	Accounting / financial reports	Annual financial statements for the business year from 01/01/2017 to 12/31/2017	09/13/2018	100%

DEUTA-WERKE GmbH

Bergisch Gladbach

Annual financial statements for the business year from 01/01/2017 to 12/31/2017

Management report for the financial year from January 1 to December 31, 2017

DEUTA-Werke GmbH, Bergisch Gladbach

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 holds a majority stake in DEUTA Controls GmbH, Bergisch Gladbach and is the sole shareholder of the subsidiaries DEUTA America Corporation, Richmond, VA, USA and DEUTA Railway Technologies (Shanghai) Ltd., Shanghai,

DEUTA-WERKE is 100% owned by the DEUTA Group GmbH. The management consists of two 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 sale 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, the first products were manufactured locally in the USA and delivered to our American customers in compliance with the "by america" regulations.

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 2018.

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. The first projects have been successfully completed (VDE 8 route Munich to Berlin). We are currently working with our customers on further project-specific software solutions.

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 expense ratio for research and development as a percentage of sales is 26.4% (previous year: 26.6%) and illustrates the importance of innovations for DEUTA-WERKE GmbH.

2. Economic report

2.1 Macroeconomic and industry-specific framework conditions

The rail industry in Germany recorded a very high turnover level of 5 billion euros in the first half of 2017. The domestic market proved to be very agile at 2.5 billion euros, with weaker demand from abroad causing a decline of around 9.1% compared to the first half of 2016. Export sales fell by 16.7% to around 2.5 billion euros.

Around 72% of sales in the first half of 2017 were generated with rail vehicles and their components. Sales in this segment reached 3.6 billion euros. The domestic business with rail vehicles posted 1.6 billion euros. On the other hand, foreign business is significantly weaker at 2 billion euros, a decrease of around 16.7 percent.

The President of the Association of the German Railway Industry (VDB) sees this development as being due to a globally growing tendency towards market foreclosure and national protectionism and appeals to the federal government to advocate fair rules on an open world market.

The number of employees remained high at 50,200 in the first half of 2017. As the world market leader, the rail industry invests around nine percent of its sales in research and development. (from press release No. 12/2017 of the German Railway Industry Association (VDB)).

The electrical industry recorded an average growth in incoming orders of 9.7% over the entire reporting year. Orders received from Germany were 8.5% and from abroad 10.6% more than in 2016. The increases from the euro area (+10.5%) and from third countries (+10.7%) were more or less equal.

For the entire reporting year, an industry-wide increase in sales of 7.2% (or 12.7 billion euros) was posted. Revenues from abroad (+ 8.8% to 99.7 billion euros) rose more strongly than domestic revenues (+ 5.3% to 91.5 billion euros). (from ZVEI economic barometer February 2018)

2.2 Course of business

DEUTA-WERKE GmbH developed better than planned in the 2017 financial year. Sales rose by EUR 5.7 million to EUR 35.4 million compared to the previous year. Compared to the planning of EUR 31.9 million, this represents an increase of 11.0%. We were able to exceed our budget for most of the key customers or countries / regions.

2.3 Location

The company's economic situation is still fundamentally solid. Although we are achieving the planned result, we are not satisfied with the economic result in relation to the increase in sales compared to planning. The ongoing advance payments for the future orientation are showing initial returns, but not yet to a relieving extent. We expect this to increase in the coming years.

2.3.1 Profit situation

The earnings situation in 2017 is still burdened with temporary expenses for our future projects of local market development and presence in the USA and China, as well as application software development. These temporary expenses are included in the purchased services as well as in the other operating expenses.

Sales increased by EUR 5.7 million compared to the previous year. The planned sales of EUR 31.9 million were also exceeded by EUR 3.5 million. The aforementioned temporary expenses are already included in the gross profit (sales + inventory changes + other operating income ./ Material costs). After adjustment, the gross profit ratio is comparable to that of the previous year. The quantitative increase in sales compared to the planning was also reflected in a quantitative increase in gross profit, but the purchased services increased, in particular services for software development for customers well above plan, so that the quantitative gross profit developed according to plan. The relative expenditures for materials and energy developed horizontally in the year under review compared to the previous year, with a simultaneous strong increase for purchased services for software application development.

Personnel expenses fell by 4.2% to EUR 11.8 million. At the Bergisch Gladbach site, staff was increased both temporarily and permanently. Compared to the previous year, the closure of the Schwarzenbach location resulted in a reduction in personnel expenses.

Depreciation fell by 12.5% to EUR 1.1 million in the year under review. There were no significant investments in 2017, so that the depreciation on fixed assets is essentially calculated using scheduled depreciation on existing technical equipment and machines as well as intangible assets.

Other operating expenses fell by 14.8% to EUR 8.2 million. This includes, in particular, the temporary expenses for market development in the USA and China, which have fallen slightly compared to the previous year. In addition, the previous year was burdened with one-off expenses for the closure of the legally dependent production facility in Schwarzenbach am Wald. Otherwise, other operating expenses developed largely in line with plan.

The result after taxes rose significantly from EUR -5.1 million to EUR 0.3 million. In principle, the development of earnings after taxes is to be assessed positively, but the absolute amount is still far removed from our and the shareholder's claims. The development of sales, especially when compared to the plan, is satisfactory; the total cost development must be stabilized in the following years so that a satisfactory result after taxes can be achieved. Substance depletion, especially for our future investments, no longer took place in the reporting year.

In the year under review there was an income tax refund from previous years in the amount of EUR 0.1 million.

The value added ratio (gross profit / personnel expenses) was 177.4% in 2017 (previous year: 143.9%). This comparison is also burdened with temporary expenses in the purchased services.

The EBITD (operating result + normal depreciation) amounted to EUR 1.1 million in 2017 (previous year: EUR -4.2 million).

2.3.2 Financial position

The cash flow from operating activities totaled EUR -1.8 million in 2017 and has improved significantly compared to the previous year (EUR -3.3 million), but is not yet positive. The cash flow from investing activities amounts to EUR -0.2 million (previous year EUR -1.0 million) and from financing activities. + EUR 2.9 million (previous year EUR +1.2 million).

First degree liquidity ((cash + current assets) / current liabilities + provisions) was 322.0% in 2017 (previous year: 191.5%).

The cash flow rate ((annual result + normal depreciation) / total output) was 3.7% in 2017 (previous year -13.2%).

2.3.3 Financial position

The company's total assets rose by EUR 2.6 million to EUR 20.4 million. Investing activities in 2017 were below the scheduled depreciation. Fixed assets were thus reduced by 18.6% to EUR 3.6 million. The inventories (+10.9% to 6.4 million EUR) were increased, due to the increased sales and increased procurement times. There was a significant increase in trade accounts receivable (+66.3% to EUR 7.7 million), resulting from a very strong fourth quarter. The decrease in receivables from affiliated companies (-4, 0% to EUR 1.7 million) relates in particular to sales with our affiliated company in China. The liquid funds of DEUTA-WERKE GmbH, which are unrestrictedly available, increased by 811.8% to 693 kEUR (previous year 76 kEUR).

Provisions fell by 25.6% to EUR 1.3 million in the 2017 financial year (previous year: EUR 1.8 million), mainly due to the earnings-related adjustment of tax provisions. The accrual deferral of costs (outstanding invoices and personnel expenses) and provisions for individual contractual warranty obligations developed in line with sales and earnings. Liabilities rose to EUR 6.8 million (previous year: EUR 4.1 million), with trade payables (EUR 1.3 million, previous year EUR 1.4 million) falling are. Liabilities to affiliated companies rose to EUR 5.2 million (previous year: EUR 2.0 million) due to the raising of liquidity. The company's financial situation is in order. The equity ratio fell to 60.1% (previous year: 67.2%) due to the increase in equity by EUR 0.3 million and the increased balance sheet total.

The total return on capital (earnings before income taxes + interest expense) / total capital) was 1.2% in 2017 (previous year -27.9%).

2.3.4 Non-financial performance indicators

The number of our employees decreased in 2017. (- 8.8%). This was primarily due to the closure of our legally dependent business premises in Schwarzenbach am Wald. The decrease in the number of employees reduced personnel expenses by 4.2% compared to the previous year to EUR 11.8 million.

In 2017, DEUTA-Werke employed an average of 155 people (previous year 170). There were six employees in training.

In the 2017 financial year, we were able to congratulate one employee on their 40th anniversary and three on their 25th anniversary with the company.

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 2017 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% was also achieved in 2017.

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.

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.

The most important procurement market risks are still due to fluctuations in raw material and energy prices and 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.

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.

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 developed modern security solutions from prevention to intervention in cooperation with service providers and protects the data and IT infrastructure in use. In addition, there is constant investment in modern information technology so that the processes in the company become even more stable.

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. The extended procurement times for our purchased parts are taken into account with a conservative and precautionary procurement strategy.

3.2 opportunities

The level of awareness and trust in the DEUTA brand continued to develop in 2017 and led to an increase in positive perception in the relevant markets. In particular, the brands and technologies IconTrust® and SelectTrust®, which are protected by international patents, have contributed to this. We conduct customer surveys and are also rated by our customers, who we analyze and implement possible improvement potentials for customer benefit.

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, represent an attractive product portfolio for our customers.

3.3 Forecasts

The overall economic situation in the first few months of 2018 is basically stable. Despite the global political uncertainties, we expect the global economy to grow weakly in 2018. We expect positive impulses for our products and applications above all from the emerging countries in Asia and the ETCS modernization projects in Europe.

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. In 2017, our subsidiary in the USA delivered locally manufactured products to our customers for the first time.

For the next financial years, we basically expect positive corporate development. Depending on 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 2018 envisages an increase of 1.8% to EUR 36.0 million compared to the actual sales for 2017. The sales trend corresponds to our project business. Despite the steady expansion of our workforce and the price increase, especially in terms of materials, we assume that the result for 2018 will develop in line with plan with a result of EUR 440 thousand. As of March 13, 2018, the total order backlog was EUR 34.1 million, and EUR 26.2 million for the 2018 financial year, with sales of EUR 6.7 million by March 13, 2018.

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 23, 2018

Balance sheet as of December 31, 2017

assets

	December 31, 2017		December 31, 2016	
	EUR	EUR	EUR	EUR
A. Fixed assets				
I. Intangible Assets				
Purchased software		198,950.83		520,436.37
II. Tangible assets				
1. Land, land rights and buildings including buildings on third-party land	29,241.51		41,282.00	
2. Technical systems and machines	1,842,295.49		1,966,162.39	
3. Other equipment, factory and office equipment	1,353,995.00		1,590,125.31	
4. Advance payments and assets under construction	0.00	3,225,532.00	133,324.66	3,730,894.36
III. Financial assets				
1. Shares in affiliated companies	182,473.67		182,473.67	
2. Other loans	1,000.00	183,473.67	1,000.00	183,473.67
		3,607,956.50		4,434,804.40
B. Current Assets				
I. Inventories				
1. Raw materials and supplies	3,370,081.13		3,186,459.10	
2. Work in progress	3,015,700.76		2,568,629.02	
3. Finished products	30,671.38	6,416,453.27	28,807.14	5,783,895.26
II. Receivables and other assets				

	December 31, 2017		December 31, 2016	
	EUR	EUR	EUR	EUR
1. Trade accounts receivable	7,692,287.27		4,624,288.58	
2. Receivables from affiliated companies	1,712,784.95		1,783,258.43	
3. Other assets	79,941.69	9,485,013.91	907,465.59	7,315,012.60
III. Cash and bank balances		692,720.00		76,349.73
		16,594,187.18		13,175,257.59
C. Prepaid expenses		229,951.64		242,406.71
		20,432,095.32		17,852,468.70

liabilities

	December 31, 2017 EUR	12/31/2016 EUR
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	2,374,496.33	7,448,996.31
IV. Net income (previous year net loss for the year)	278,486.72	5,074,499.98
	12,271,784.33	11,993,297.61
B. Provisions		
1. Tax provisions	0.00	0.00
2. Other provisions	1,345,805.39	1,808,058.68
	1,345,805.39	1,808,058.68
C. Liabilities		
1. Liabilities to banks	0.00	335,240.47
2. Advance payments received on orders	0.00	0.00
3. Trade accounts payable	1,279,373.72	1,427,810.93
4. Liabilities to affiliated companies	5,191,833.20	2,030,092.34
5. Other Liabilities	343,298.68	257,968.67
- of which from taxes EUR 82,145.10 (previous year EUR 88,715.51) -		
- of which in the context of social security EUR 3,727.18 (previous year EUR 603.38) -		
	6,814,505.60	4,051,112.41
	20,432,095.32	17,852,468.70

Income statement for the period from January 1 to December 31, 2017

	2017		2016	
	EUR	EUR	EUR	EUR
1. Sales		35,364,054.65		29,640,277.66
2. Increase (previous year reduction) in the inventory of work in progress and finished goods		448,935.98		-619,023.62
3. Other operating income		349,753.73		375,672.14
4. Cost of materials				
a) Expenses for raw materials and supplies	10,934,102.14		8,815,107.43	
b) Expenses for purchased services	4,069,558.04	15,003,660.18	2,687,108.52	11,502,215.95
5. Personnel expenses				
a) Wages and salaries	10,064,942.10		10,446,547.46	
b) Social security and pension and support expenses	1,710,589.06	11,775,531.16	1,839,405.36	12,285,952.82
- of which for pensions EUR 3,342.57 (previous year EUR 0.00) -				
6. Depreciation on intangible assets and property, plant and equipment		1,046,746.08		1,196,128.75
7. Other operating expenses		8,151,607.96		9,572,168.28
8. Other Interest and Similar Income		72,800.00		121,973.87

	2017		2016	
	EUR	EUR	EUR	EUR
9. Depreciation on financial assets				
9. Interest and Similar Expenses		110,706.06		27,874.80
10. Taxes on income and earnings		-135,597.04		356.47
11. Profit after tax		282,889.96		-5,065,797.02
12. Other taxes		4,403.24		8,702.96
13. Net income (previous year net loss)		278,486.72		5,074,499.98

Appendix for the 2017 financial year

DEUTA-WERKE GmbH, Bergisch Gladbach

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.

DEUTA-WERKE GmbH is a medium-sized corporation in accordance with Section 267 (2) HGB.

Partial use was made of the relief provision § 288 Paragraph 2 Clause 2 HGB.

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

B Accounting and valuation methods

Intangible fixed assets are valued at their original acquisition costs less accumulated scheduled depreciation. The depreciation is linear.

The **fixed assets** is carried at historical cost for depreciable assets, less accumulated scheduled depreciation.

The depreciation of property, plant and equipment is linear acc. normal useful life.

The option is exercised to immediately write off low-value assets up to EUR 410.00.

The **financial assets** are stated at cost plus 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.

The trade **receivables** are reported at their nominal values. If there are individual risks, these are taken into account by means of individual value adjustments. The general credit risk is taken into account through general bad debt allowances.

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 currencies are converted using the 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 October 2011, DEUTA Controls GmbH was founded in Bergisch Gladbach. The participation of DEUTA-WERKE GmbH in this company is 74%. As of December 31, 2017, DEUTA Controls GmbH reported a deficit not covered by equity of EUR 646 thousand (previous year: EUR 676 thousand). The company closed with an annual profit of EUR 30 thousand (previous year annual profit of EUR 91 thousand).

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, 2017, DEUTA America Corp. equity of TUSD 114 (previous year TUSD -37). The company closed with an annual result of TUSD 151 (previous year: TUSD -68).

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, 2017, DEUTA Railway Technologie reported equity of TRMB 1,412 (previous year: TRMB 345). The company closes with an annual profit of TRMB 1,067 (previous year: TRMB 345).

Receivables and other assets

Trade accounts receivable have a remaining term of less than one year.

Receivables from affiliated companies total EUR 1,713 thousand (previous year: EUR 1,783 thousand). They amount to EUR 1 thousand (previous year: EUR 32 thousand) vis-à-vis the shareholder.

The other assets are creditors with debit balances in the amount of EUR 5 thousand (previous year: EUR 4 thousand).

Equity

The sole shareholder is the DEUTA Group GmbH, Bergisch Gladbach. The share capital in the amount of EUR 750 thousand was provided by the assets of the DEUTA Group GmbH transferred at book values by way of the spin-off for the start-up in accordance with Section 123 (3) No. 2 UmwG. 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 2,652,983.05 reported as of December 31, 2017 be carried forward to a new account.

Tax provisions

As in the previous year, no provisions were made for corporation tax and trade tax for 2017.

Other provisions

The other provisions amount to a total of EUR 1,346 thousand (previous year: EUR 1,808 thousand) and include, as key items, provisions for outstanding vacation and flexitime, guarantee obligations, outstanding invoices and framework agreements, sales commissions and flexitime.

The provisions for partial retirement obligations in the amount of EUR 0 thousand (previous year: EUR 34 thousand) were made with assets in accordance with Section 246 (2) HGB in the amount of the fair value (amortized cost) of the assets from partial retirement reinsurance of EUR 0 thousand (previous year: EUR 24 thousand) offset.

liabilities

The liabilities to affiliated companies in the amount of EUR 5,192 thousand (previous year: EUR 2,030 thousand) are loan liabilities in the amount of EUR 5,000 thousand and trade liabilities in the amount of EUR 192 thousand.

	Total amount 12/31/2017 kEUR	up to 1 year TEUR	from 1 to 5 years kEUR	over 5 years kEUR
Liabilities to through credit institutions	0 (335)	0 (335)	0 (0)	0 (0)
Payments received on orders	0 (0)	0 (0)	0	
Liabilities Supplies and services	1,279 (1,428)	1,279 (1,428)	0 (0)	0 (0)
Liabilities to affiliates	5,192 (2,030)	192 (30)	5000 (2,000)	0 (0)
other binding opportunities	343 (258)	343 (258)	0 (0)	0 (0)
	6,814 (4,051)	1,814 (2,051)	5,000 (2,000)	0 (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 1,875 thousand. Of this amount, EUR 1,700 thousand will fall over the next two years. Estre GmbH & Co. KG accounts for EUR 1,444 thousand of the other financial obligations from rental agreements.

There are also other financial obligations from open framework contracts and orders totaling EUR 5,887 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 2017 they amount to EUR 350 thousand (previous year: EUR 371 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 13,394 thousand (previous year: EUR 9,403 thousand) were generated in Germany and EUR 21,970 thousand (previous year: EUR 20,237 thousand) abroad.

Other company income

Other operating income includes amounts unrelated to the accounting period in the amount of EUR 264 thousand (previous year: EUR 220 thousand). They mainly relate to the release of provisions.

Other operating expenses

The other operating expenses amount to EUR 8,152 thousand (previous year: EUR 9,572 thousand).

Of the otherwise. Expenses are EUR 121 thousand (previous year: EUR 4 thousand) to be viewed as unrelated to the period.

interest

Of the interest income, EUR 25 thousand (previous year: EUR 27 thousand) relates to interest income from affiliated companies.

Taxes

In the year under review, no taxes were posted on income.

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).

The directors are not paid by the company. The shareholder is charged with other expenses without being broken down.

Advisory Board

Wolfram Rensch (Advisory Board)

Employed workers

During the financial year, an average of 155 (previous year 170) people were employed.

Of which:

20 commercial employees

44 employees in production / logistics

91 technical employees

Bergisch Gladbach, March 23, 2018

	Book values	
	December 31, 2017	12/31/2016
	EUR	EUR
4. Advance payments and assets under construction	0.00	133,324.66
	3,225,532.00	3,730,894.36
III. Financial assets		
1. Shares in affiliated companies	182,473.67	182,473.67
2. Other loans	1,000.00	1,000.00
	183,473.67	183,473.67
	3,607,956.50	4,434,804.40

Auditor's report

We have audited the annual financial statements - consisting of the balance sheet, income statement and notes - including the bookkeeping system and the management report of DEUTA-WERKE GmbH, Bergisch Gladbach, for the financial year from January 1 to December 31, 2017. The bookkeeping and the preparation of the annual financial statements and management report in accordance with German commercial law are the responsibility of the company's management. Our job is

We conducted our audit of the annual financial statements in accordance with Section 317 of the German Commercial Code (HGB), taking into account the generally accepted German auditing principles established by the Institute of Auditors (IDW). Accordingly, the audit is to be planned and performed in such a way that inaccuracies and violations that have a material impact on the presentation of the asset, financial and earnings position conveyed by the annual financial statements in accordance with the principles of proper bookkeeping and the management report are given with sufficient certainty be recognized. When determining the audit procedures, knowledge of the business activities and the economic and legal environment of the company as well as expectations of possible errors are taken into account. As part of the audit, the effectiveness of the accounting-related internal control system and evidence of the information in the books and records, the annual financial statements and the management report are assessed primarily on the basis of random samples. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the annual financial statements and the management report. We are of the opinion that our audit forms a sufficiently secure basis for our assessment.

Our audit has not led to any reservations.

In our opinion, based on the knowledge gained during the audit, the annual financial statements comply with the statutory provisions and, in compliance with the principles of proper accounting, give a true and fair view of the asset, financial and earnings position of DEUTA-WERKE GmbH. The management report is consistent with the annual financial statements, complies with the statutory provisions, as a whole provides a suitable view of the company's position and suitably presents the opportunities and risks of future development.

Cologne, March 23, 2018

KPMG AG
auditing company

Mund, auditor

Klotz, auditor

Approval of the annual financial statements

The annual financial statements were approved on April 18, 2018.