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Surname	Area	information	V. date	relevance
BUG Verkehrsbau AG Berlin	Accounting / financial reports	Consolidated financial statements for the financial year from January 1, 2017 to December 31, 2017	December 14, 2018	100%



BUG Verkehrsbau AG

Berlin

Consolidated financial statements for the financial year from January 1, 2017 to December 31, 2017

Consolidated balance sheet as of December 31, 2017

of BUG Verkehrsbau AG, Berlin

assets

	As of December 31, 2017 EUR	As of December 31, 2016 EUR
A. Fixed assets		
I. Intangible Assets		
1. Concessions, industrial property rights and similar rights and values acquired against payment	165,633.32	52,714.52
2. Goodwill	423,361.00	0.00
	588,994.32	52,714.52
II. Tangible assets		
1. Land, land rights and buildings, including buildings on third-party land	876,554.65	669,157.15
2. Technical systems and machines	3,473,233.28	2,856,088.92
3. Other equipment, factory and office equipment	1,293,603.51	934,465.02
	5,643,391.44	4,459,711.09
III. Financial assets		
1. Shares in affiliated companies	0.00	55,000.00
2. Cooperative shares	0.00	10,400.00
	0.00	65,400.00
B. Current Assets		
I. Inventories		
1. Raw materials and supplies	84,124.12	0.00
2. Work in progress	92,953,283.37	82,919,323.83
3. Advance payments received	-81,964,790.60	-76,825,868.38
4. Finished products	65,794.49	0.00
5. Advance payments made	10,458.79	0.00
	11,148,870.17	6,093,455.45
II. Receivables and other assets		

	As of December 31, 2017 EUR	As of December 31, 2016 EUR
1. Trade accounts receivable	10,430,353.37	7,645,854.37
2. Receivables from affiliated companies	0.00	300,105.00
3. Other assets	3,585,545.11	2,667,469.67
	14,015,898.48	10,613,429.04
III. Securities		
Other securities	745,755.11	613,727.15
	745,755.11	613,727.15
IV. Cash and cash equivalents	754,212.11	3,117,302.04
C. Prepaid expenses	86,679.63	112,384.36
	32,983,801.26	25,128,123.65
liabilities		
	As of December 31, 2017 EUR	As of December 31, 2016 EUR
A. Equity		
I. Drawn capital	504,650.00	504,650.00
II. Capital reserve	37,924.95	37,924.95
III. Retained earnings		
1. Legal Reserve	40,000.00	40,000.00
2. Other retained earnings	3,246,473.03	3,246,473.03
IV. Group net profit	6,126,799.59	6,214,468.94
	9,955,847.57	10,043,516.92
C. Provisions		
1. Provisions for pensions	197,515.00	169,804.00
2. Tax provisions	155,206.91	148,900.00
3. Other provisions	6,342,370.81	5,077,261.10
	6,695,092.72	5,395,965.10
D. Liabilities		
1. Liabilities to banks	3,641,122.57	294,801.06
2. Advance payments received on orders	120,477.96	99,300.00
3. Trade accounts payable	8,016,132.67	4,581,137.25
4. Profit participation capital	500,000.00	1,000,000.00
5. Other Liabilities	4,055,127.77	3,713,403.32
- of which from taxes EUR 726,309.89 (previous year: EUR 86 thousand)		
- of which in the context of social security EUR 286,438.26 (previous year: EUR 365 thousand)		
	16,332,860.97	9,688,641.63
	32,983,801.26	25,128,123.65

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

of BUG Verkehrsbau AG, Berlin

	2017 EUR	2016 EUR
1. Sales	82,078,539.96	62,791,198.26
2. Increase in stocks of finished and unfinished goods	10,055,492.14	11,667,948.10
3. Other own work capitalized	14,987.01	0.00
4. Other operating income	2,313,553.00	1,635,184.19
	94,462,572.11	76,094,330.55
5. Cost of materials		
a) Expenses for raw materials, consumables and supplies and for purchased goods	13,070,753.65	10,601,670.31
b) Expenses for purchased services	40,683,159.78	30,814,468.80
	53,753,913.43	41,416,139.11
6. Personnel expenses		
a) Wages and salaries	21,262,656.75	17,946,227.34
b) Social security and pension expenses	6,457,341.62	5,443,904.91
- of which for pensions EUR 121,614.08 (previous year: EUR 83 thousand)		
	27,719,998.37	23,390,132.25
7. Depreciation on intangible assets and property, plant and equipment	1,410,189.73	975,840.04
8. Other operating expenses	9,640,542.83	8,146,298.82

	2017	2016
	EUR	EUR
	1,937,927.75	2,165,920.33
9. Income from other securities	260.00	312.00
10. Other Interest and Similar Income	56,393.68	50,786.33
11. Write-offs on securities held as current assets	17,025.32	17,871.40
12. Interest and Similar Expenses	659,205.32	775,176.84
13. Taxes on income and earnings	637,586.81	629,566.23
	-1,257,163.77	-1,371,516.14
14. Profit after tax	680,763.98	794,404.19
15. Other taxes	63,268.58	46,066.31
16. Consolidated net income	617,495.40	748,337.88
17. Profit carried forward	5,509,304.19	5,466,131.06
18. Consolidated net profit	6,126,799.59	6,214,468.94

Notes to the consolidated financial statements as of December 31, 2017

of BUG Verkehrsbau AG, Berlin ("BUG")

I. Group structure and scope of consolidation

BUG Verkehrsbau AG (BUG AG) as the parent company, registered under the number HRB 77576 B at the Berlin-Charlottenburg District Court, is obliged to prepare and publish consolidated financial statements as of December 31, 2017 (Section 290 HGB).

The consolidated financial statements as of December 31, 2017 were prepared in accordance with the German Commercial Code (HGB).

In addition to BUG AG, FBB Elektroanlagen und Bahnstrom GmbH (FBB GmbH) based in Berlin, BUG Verkehrsbau GmbH (BUG GmbH) based in Duisburg, and VKLT West (VKLT GmbH) GmbH based in Schönwalde-Glien were included in the consolidated financial statements, SDB GmbH, based in Berlin, and RME GmbH, based in Frankfurt (Oder), are included in full consolidation. BUG AG has a 100% stake in all companies.

The balance sheet date for all companies is December 31, 2017.

The capital consolidation was carried out using the purchase method. The first-time inclusion of the subsidiaries BUG GmbH and VKLT GmbH in the consolidated financial statements results in an active difference that was reported as goodwill. The subsidiaries SDB GmbH and RME GmbH were also included in the consolidation for the first time.

The adjustment of the previous year's figures due to the change in the scope of consolidation is waived in accordance with Section 294 (2) of the German Commercial Code (HGB), as it is considered to be of minor importance for the obligation to provide a true and fair view of the Group's asset, financial and earnings position becomes.

In the debt consolidation, receivables and liabilities were offset against each other.

The consolidated income statement was prepared using the total cost method. Expenses and income have been offset. Interim results were not eliminated due to their subordinate importance for conveying a true and fair view of the Group's asset, financial and earnings position in accordance with Section 304 (2) HGB.

II. Accounting and valuation methods

The financial statements of the affiliated companies included in the consolidated financial statements are prepared using uniform accounting and valuation methods in accordance with the provisions of the Commercial Code and the supplementary provisions of the Stock Corporation Act.

The principle of continuation of business activities is assumed for the affiliated companies included (Section 252 (1) No. 2 HGB).

The intangible assets and tangible assets were valued at acquisition cost, reduced by straight-line depreciation (with normal useful lives between three and ten years). Low-value assets with acquisition costs of up to € 410.00 were written off in full in the year of acquisition.

Goodwill is amortized on a straight-line basis over a period of 10 years.

The financial assets were valued at cost.

The construction work in progress was valued at production costs or at the lower contractual prices. In the determination of the production costs, in addition to the directly attributable individual costs, material and production overheads and depreciation caused by production were taken into account. The principle of lossless valuation was observed. The total amount of advance payments received on orders in the amount of € 81,964,790.60 was openly deducted from the work in progress (€ 92,953,283.37),

The receivables and other assets are valued at their nominal value. Individual value adjustments were made for disputed trade receivables. The remaining net trade receivables were adjusted for a flat rate of 1.

The securities of the current assets were valued at acquisition cost or at the lower fair value on the balance sheet date.

Liquid funds are shown at their nominal value.

Active prepaid expenses are recognized in the amount to be accrued on the reporting date.

The pension provision was formed using the actuarial PUC (Projectet Unit Credit) method. The basis of the report is the mortality table by Dr. Klaus Heubeck 2005 G with an assumed retirement age of 65 years and the calculation rate announced by the Deutsche Bundesbank of 3.71%, which corresponds to the average market interest rate with an assumed remaining term of 15 years. In addition, a pension trend of 2 has been taken into account.

The tax provisions and the other provisions take into account all identifiable risks and uncertain liabilities and have been recognized at the settlement amount required according to a prudent business judgment. No discounting was applied to provisions with a remaining term of less than one year. The assessment of the warranty provision is based on 0.5% of the respective annual turnover and takes into account the contractual warranty periods of two or five years for the dissolution.

Liabilities were stated at their settlement amount.

Foreign currency receivables and payables are valued at the mean spot exchange rate on the reporting date.

III. Information on the consolidated balance sheet

The development of the individual items of the fixed assets results from the consolidated fixed asset schedule, which is attached as an attachment.

The trade receivables have a remaining term of up to one year.

The prepaid expenses contain prepayments for insurance, vehicle tax and the like. Ä., which are to be dissolved in subsequent years.

The company's share capital is divided into 502,023 no-par shares with a notional value of € 1.01 per share. The shares are made out to the bearer.

The amount of € 197,515.00 reported as pension provision as of December 31, 2017 results from offsetting the current value of the reinsurance policy in the amount of € 255,811.00 with the settlement amount of the pension obligation in the amount of € 453,326.00. The value of the reinsurance policy corresponds to the tax asset value and is considered to be amortized acquisition or production costs in accordance with Section 255 (4) sentence 3 of the German Commercial Code and as the fair value in accordance with Section 255 (4) sentence 4 of the HGB. The interest expense from the compounding of the provision (€ 16,217.00) was offset against the interest income from the plan assets (€ 21,589.00). In accordance with the valuation of pension provisions changed by the law for the implementation of the residential property credit directive in Section 253 (2) sentence 1 of the German Commercial Code, the discounting of pension provisions in 2017 was based on an average market interest rate over the past ten years (in previous years: seven years). The difference according to Section 253 (6) of the German Commercial Code (HGB) between the settlement amount with the 10-year average interest rate and the 7-year average interest rate is € 68,200. 1 HGB changed valuation of pension provisions, the discounting of pension provisions in 2017 was based on an average market interest rate of the past ten years (in previous years: seven years). The difference according to Section 253 (6) of the German Commercial Code (HGB) between the settlement amount with the 10-year average interest rate and the 7-year average interest rate is € 68,200. 1 HGB changed valuation of pension provisions, the discounting of pension provisions in 2017 was based on an average market interest rate of the past ten years (in previous years: seven years). The difference according to Section 253 (6) of the German Commercial Code (HGB) between the settlement amount with the 10-year average interest rate and the 7-year average interest rate is € 68,200.

The other provisions amount to € 6,342,370.81. They were essentially formed for vacation and overtime obligations, outstanding invoices and warranty obligations.

The liabilities shown in the consolidated balance sheet have the following remaining terms and are secured as follows:

Type of liability	Total amount as of December 31, 2017 €	thereof with a remaining maturity			Secured amounts €	Type of security
		up to 1 year €	between 1 u. 5 years €	over 5 years €		
Liabilities to banks	3,641,122.57 (PY: 294,801.06)	3,190,112.19 (Previous year 71,492.07)	451,010.38 (PY: 223,308.99)	0.00 (Previous year 0.00)	3,641,122.57 (PY: 294,801.06)	Transfer of property by way of security, assignment of claims
Advance payments received on orders	120,477.96 (Previous year 99,300.00)	120,477.96 (Previous year 99,300.00)	0.00 (Previous year 0.00)	0.00 (Previous year 0.00)	0.00 (Previous year 0.00)	
liabilities from goods and services	8,016,132.67 (Previous year 4,581,137.25)	8,016,132.67 (Previous year 4,581,137.25)	0.00 (Previous year 0.00)	0.00 (Previous year 0.00)	0.00 (Previous year 0.00)	
Profit participation capital	500,000.00 (Previous year 1,000,000.00)	500,000.00 (Previous year 500,000.00)	0.00 (Previous year 500,000.00)	0.00 (Previous year 0.00)	0.00 (Previous year 0.00)	
other liabilities	4,055,127.77 (Previous year 3,713,403.32)	3,058,007.57 (Previous year 2,629,535.57)	997,120.20 (Previous year 1,083,867.75)	0.00 (Previous year 0.00)	1,439,362.90 (Previous year 1,465,943.38)	Securing ownership of property, plant and equipment;
	16,332,860.97 (Previous year 9,688,641.63)	14,884,730.39 (Previous year 7,881,464.89)	1,448,130.58 (Previous year 1,807,176.74)	0.00 (Previous year 0.00)	5,080,474.86 (Previous year 1,760,744.44)	

The profit participation agreement signed on March 1, 2013 with CBG Commerz Beteiligungskapital GmbH & Co. KG is classified as profit participation capital under borrowed capital. expelled. The original nominal amount of € 1,000,000.00 was transferred on March 14, 2013. Due to the fact that the holder of the profit-sharing rights does not share in the loss, the commercial accounting is carried out under borrowed capital. After the scheduled repayment of the first tranche in the year under review, the profit participation capital amounted to € 500,000.00 as of December 31, 2017.

IV. Contingent liabilities, other financial obligations

As of the reporting date, there are contingent liabilities in accordance with Section 251 of the German Commercial Code (HGB) in the amount of € 15,297,687.95 (previous year: € 13,486,368.73) from the obligation from counter-guarantees to banks and bond insurance based on performance guarantees and warranties issued in favor of the company, as well as bidder guarantees.

As of the reporting date, there are contingent liabilities of € 310,595.40 (previous year: € 980,236.50) from the joint liability for loan liabilities assumed by BUG Vermietungsgesellschaft mbH to finance the purchase of the business building as well as construction machinery and equipment.

According to our past experience, claims against our company from the liability relationships are not to be expected.

The other financial obligation from joint liability for liabilities within the framework of working groups towards third parties amounts to € 161,580.84 (previous year: € 48,472.36). Internally, the company is only proportionally liable for ARGE liabilities up to an amount of € 81,993.13 (previous year: € 24,236.12).

Financial obligations from leasing contracts amount to € 7,948,871.04 (previous year: € 7,521,065.95).

Financial obligations from multi-year rental contracts for space and land exist for 2018 to 2024 totaling € 3,694,021.13 (previous year: € 3,932,996.66) until the end of the respective contract period.

V. Information on the consolidated income statement

The revenues of € 82,078,539.96 (previous year 62,791,198.26) were generated in the track construction divisions with € 35,869,434.40 (previous year € 27,232,661.83), civil engineering with € 25,209,146.56 (previous year € 15,509,373.32), communications and electrical engineering with € 11,121,972.46 (previous year € 5,230,221.45), civil engineering with € 6,074,176.86 (previous year € 9,029,924.80), electrical systems and traction current € 1,795,474.46 (previous year € 5,555,174.29) and others with € 2,008,335.23 (previous year € 233,842.56).

The track construction division generated € 68.14 (previous year 340,537.35) of sales in Poland, the remaining sales are generated in Germany.

Other operating income includes income unrelated to the accounting period totaling € 1,067,342.34 (previous year € 771,897.42). This relates to income from the reversal of provisions in the amount of € 1,064,585.85 (previous year: € 583,068.78) and from the derecognition of statute-barred overpayments of receivables in the amount of € 2,756.49 (previous year: € 0.00). The income from currency translation amounts to € 16,337.31 (previous year € 23,968.84).

The other operating expenses include expenses from currency translation in the amount of € 17,875.73 (previous year: € 46,164.02).

The interest income includes € 0.00 (previous year € 360.43) from the discounting of long-term liabilities and provisions, the interest expenses include € 20,821.91 (previous year € 38,703.75) from the compounding of long-term provisions.

VI. Other Information

The interest paid during the financial year is 503,135.59.

Taxes paid during the financial year amount to € 635,097.28.

The fee to be charged by the auditor for the financial year is T € 71 for audit services and T € 6 for other services.

The management board and the supervisory board of BUG AG intend to propose to the general meeting that the net profit of BUG Verkehrsbau AG of € 5,894,483.47 be used as follows. An amount of € 411,658.86 is to be distributed to the shareholders through the distribution of a dividend of € 0.82 per share. The remaining amount of 5,482,824.61 is to be carried forward to a new account.

On average in 2017, 470 (previous year 400) people were employed, of which 323 (previous year 277) were industrial workers and 147 salaried employees (previous year 123) (figures excluding the management board, 26 trainees and 6 marginal part-time employees).

In the 2017 financial year, the parent company BUG AG was managed by the CEO, Dipl.-Ing. Martin Thomas and the board of directors, Dipl.-Ing. Roland Mueller. FBB GmbH, BUG GmbH, VKLT GmbH and SDB GmbH were managed by Dipl.-Ing. Martin Thomas and Dipl.-Ing. Roland Mueller. RME GmbH was managed by Tobias Papenbrock and Sandra Ströhl.

The total remuneration granted is not stated with regard to Section 286 (4) HGB.

In the year under review, the Supervisory Board was composed as follows:

Dr. Hartwig Meyer, auditor, Bremen, (chairman), partner of the partner company Gräwe & Partner, Bremen

Prof. Dr. Ralf Leinemann, lawyer, Berlin, partner at Leinemann & Partner Rechtsanwälte mbB

Mr. Dipl.-Inform. (Univ.) Frank Gülicher, Berlin, Deutsche Bahn AG

The total remuneration of the members of the Supervisory Board in the year under review was € 11.0 thousand (previous year: € 11.0 thousand).

VII. Events of particular importance after the end of the financial year

As of March 31, 2018, the scheduled repayment of the profit participation capital in the amount of the remaining amount of T € 500 from current liquidity took place.

Berlin, April 30, 2018

signed Martin Thomas, CEO

signed Roland Müller, board member

Development of fixed assets in the 2017 financial year

	Acquisition / production costs					As of December 31, 2017 EUR
	As of 1.1.2017 EUR	Currency adjustment EUR	Additions EUR	Entries / exits from consoles EUR	Disposals EUR	
I. Intangible Assets						
1. Commercial property rights and similar rights and values acquired against payment	440,276.17	0.00	165,556.50	0.00	0.00	605,832.67
2. Goodwill	0.00	0.00	464,846.47	5,000.00	0.00	469,846.47
	440,276.17	0.00	630,402.97	5,000.00	0.00	1,075,679.14
II. Tangible assets						
1. Land, land rights and buildings, including buildings on third-party land	751,015.69	0.00	246,283.50	0.00	0.00	997,299.19
2. Technical systems and machines	6,277,622.83	0.00	1,382,921.75	0.00	178,157.52	7,482,387.06
3. Other equipment, fixtures and fittings	5,047,878.02	292.72	886,106.00	0.00	56,156.37	5,878,120.37
	12,076,516.54	292.72	2,515,311.25	0.00	234,313.89	14,357,806.62
III. Financial assets						
1. Shares in affiliated companies	55,000.00	0.00	0.00	-55,000.00	0.00	0.00
2. Cooperative shares	10,400.00	0.00	0.00	0.00	10,400.00	0.00
	65,400.00	0.00	0.00	-55,000.00	10,400.00	0.00
	12,582,192.71	292.72	3,145,714.22	-50,000.00	244,713.89	15,433,485.76

	Accumulated depreciation				As of December 31, 2017 EUR
	As of 1.1.2017 EUR	Currency adjustment EUR	Additions EUR	Disposals EUR	
I. Intangible Assets					
1. Commercial property rights and similar rights and values acquired against payment	387,561.65	0.00	52,637.70	0.00	440,199.35
2. Goodwill	0.00	0.00	46,485.47	0.00	46,485.47
	387,561.65	0.00	99,123.17	0.00	486,684.82
II. Tangible assets					
1. Land, land rights and buildings, including buildings on third-party land	81,858.54	0.00	38,886.00	0.00	120,744.54
2. Technical systems and machines	3,421,533.91	0.00	752,582.39	164,962.52	4,009,153.78
3. Other equipment, fixtures and fittings	4,113,413.00	222.25	519,598.17	48,716.56	4,584,516.86
	7,616,805.45	222.25	1,311,066.56	213,679.08	8,714,415.18
III. Financial assets					
1. Shares in affiliated companies	0.00	0.00	0.00	0.00	0.00
2. Cooperative shares	0.00	0.00	0.00	0.00	0.00
	0.00	0.00	0.00	0.00	0.00
	8,004,367.10	222.25	1,410,189.73	213,679.08	9,201,100.00

	Book values	
	As of December 31, 2017 EUR	As of December 31, 2016 EUR
I. Intangible Assets		
1. Commercial property rights and similar rights and values acquired against payment	165,633.32	52,714.52
2. Goodwill	423,361.00	0.00
	588,994.32	52,714.52
II. Tangible assets		
1. Land, land rights and buildings, including buildings on third-party land	876,554.65	669,157.15
2. Technical systems and machines	3,473,233.28	2,856,088.92
3. Other equipment, fixtures and fittings	1,293,603.51	934,465.02
	5,643,391.44	4,459,711.09
III. Financial assets		
1. Shares in affiliated companies	0.00	55,000.00
2. Cooperative shares	0.00	10,400.00
	0.00	65,400.00
	6,232,385.76	4,577,825.61

List of information in accordance with Section 313 (2) HGB as of December 31, 2017

of BUG Verkehrsbau AG, Berlin

No.	Surname	Direct participation rate %	Held by No.
	Affiliated companies that were included in the consolidated financial statements		
1	BUG Verkehrsbau AG, Berlin		
2	FBB Elektroanlagen & Bahnstrom GmbH, Berlin	100	1
3	VKLT West GmbH, Schönwalde-Glien	100	1
4th	BUG Verkehrsbau GmbH, Duisburg	100	1
5	RME GmbH, Frankfurt (Oder)	100	1
6	SDB Sicherheitsdienst & Bahnservice GmbH, Berlin	100	1

Consolidated cash flow statement for the 2017 financial year

of BUG Verkehrsbau AG, Berlin

	2017 KEUR	2016 KEUR
Annual result before minority interests and extraordinary result	617	748
+/- write-downs / write-ups on intangible assets and property, plant and equipment	1,410	976
+/- write-downs / write-ups on financial assets	0	0
+/- increase / decrease in provisions	1,299	750
- / + profit / loss from the disposal of fixed assets	4th	-61
- / + Increase / decrease in trade accounts receivable and other assets	-3,534	812
- / + increase / decrease in inventories	-5,055	4,411
+/- Increase / decrease in liabilities and other liabilities	3,298	-1,909
+/- change in prepaid expenses	26th	12th
Cash flow from operating activities	-1,935	5,739
+/- Payments / payments from the change in the scope of consolidation	48	0
+ Payments from the disposal of intangible assets and property, plant and equipment	27	530
+ Payments from the disposal of financial assets	0	8th
- Payments for investments in intangible assets and property, plant and equipment	-3,146	-1,965
- Payments for investments in financial assets	0	-55
Cash flow from investing activities	-3,071	-1,482
- Payouts to shareholders (distributions)	-703	0
+/- taking out / repaying financial loans	3,346	-3,237
Cash flow from financing activities	2,643	-3,237
Cash changes in financial resources	-2,363	1,020
+ Cash funds at the beginning of the period	3.117	2,097
Cash funds at the end of the period	754	3.117

Group equity statement for the 2017 financial year

of BUG Verkehrsbau AG, Berlin

	Parent company		Group equity generated EUR	Group equity EUR
	Subscribed capital no-par shares EUR	Capital reserve EUR		
As of December 31, 2015	504,650	37,925	7,674,130	8,216,705
Consolidated net income	0	0	748.338	748.338
Consolidated overall result	0	0	748.338	748.338
As of December 31, 2016 (before change in reporting)	504,650	37,925	8,422,468	8,965,043
Reclassification of negative difference from capital consolidation	0	0	1,078,474	1,078,474
As of December 31, 2016 (after change in reporting)	504,650	37,925	9,500,942	10,043,517
Dividends paid	0	0	-702,832	-702,832
Changes in the scope of consolidation	0	0	-2,332	-2,332
Consolidated net income	0	0	617.495	617.495
Consolidated overall result	0	0	617.495	617.495
As of December 31, 2017	504,650	37,925	9,413,273	9,955,848

Group management report and management report as of December 31, 2017

of BUG Verkehrsbau AG, Berlin

I. Foundations of the group

Business model

The beginnings of the BUG group go back to 1990 with the establishment of a GmbH. The current BUG Verkehrsbau AG was established in 2000 through a change of form. In 2005 the participation in FBB Bahnstrom- und Elektroanlagen GmbH (FBB) took place, which is now a 100% subsidiary of BUG Verkehrsbau AG (BUG AG). At the end of 2016, VKLT West GmbH, based in Schönwalde-Glien (VKLT) and BUG Verkehrsbau GmbH (BUG GmbH), based in Duisburg, were established through the purchase of a shell. In April 2017, RME GmbH was founded with headquarters in Frankfurt (Oder) (RME). In addition, SDB Sicherheitsdienst & Bahnservice GmbH, Berlin (SDB) was founded in July 2017. All 4 companies are 100% subsidiaries of BUG Verkehrsbau AG.

VKLT acquired the entire business operations of both the VKLT West Verkehrsleittechnik owner Gabriele Pankow-Extra and the TrafficPlanex GbR planning office (both companies based in Schönwalde-Glien) with economic effect as of 01.01.2017 and continues to run both business operations. The company has the traffic safety equipment and the supervision of construction sites of all kinds for business purposes.

BUG GmbH also acquired the business operations of both Brall Nachf. GmbH & Co. KG and Herbert Atrops GmbH & Co. KG (both companies based in Dinslaken) with economic effect on January 1st, 2017 and will continue both business operations unchanged. The object of the company is the planning, construction and maintenance of track systems, cable and signal systems, civil engineering and all related business areas as well as bridge and civil engineering work.

The basis of RME is the company purchase agreement, which was concluded with economic effect on May 1st, 2017, with which RME took over the complete business operations of the insolvent RMM Railway-MetalMechanics GmbH, Frankfurt (Oder). The purpose of RME is the development, production and sale of mechanical and electromechanical devices, components of railway safety technology and all related business areas.

All of the aforementioned companies form the basis for the consolidated financial statements in 2017.

The BUG Group continues to pursue the strategy of becoming a full-range provider of solutions for everything to do with railway infrastructure construction and offers the entire range of services for the respective customers, in particular Deutsche Bahn AG. The BUG Group is currently divided into the following operational organizational areas:

BUG (AG and GmbH): track construction, civil engineering, communication and electrical engineering (KET), civil engineering

FBB: Railway equipment (high-voltage and traction current systems up to 100 KV, S-Bahn power rails, 50 Hz lighting and 50 Hz point heating including planning)

VKLT West and RME: Services as well as services and other support processes

Missing own trades can be realized for the customers through business relationships with mostly long-term partner companies. These organizational areas are partially further subdivided into regions and are supplemented and supported by necessary internal areas (e.g. calculation, commercial area).

The chairman of the board, Mr. Martin Thomas, is also the majority shareholder of BUG AG.

II. Economic report**1. Macroeconomic and industry-specific framework conditions**

After years of moderate growth and a good year of growth in 2016, 2017 was a year with another good increase in sales for the German construction industry compared to 2016. An increase in sales of 8.5% from 2016 to 2017 is expected after 6.3% in the previous year. This does not mean that historical peak values are achieved, but the very positive trend of recent years continues unabated.

The Berlin-Brandenburg region was also able to benefit from this good overall German development and showed significant increases in sales in the main construction trade. According to a preliminary evaluation by the Bauindustrieverband Berlin-Brandenburg e. V., Potsdam, increased by a total of 5.7% in the 2017 reporting year. Incoming orders stagnated at a high level after very good growth in the previous year (+ 20.5% in the previous year) and only had to accept a small decrease of 2.2% compared to 2016. This means that the trend in these key figures has been growing positively or at a high level for many years. The further development in the first three months of 2018 confirms this positive trend, as sales in the building trade in the Berlin-Brandenburg region increased again by 15.8% and incoming orders by as much as 29.4% compared to the same period in the previous year. With regard to the labor market, both the number of commercial employees and the hours worked developed identically in 2017, increasing by 2.8% and 3.2% respectively.

The service and financing agreement II (LuFV II) signed on January 12, 2015 between the federal government and Deutsche Bahn AG provides for a total investment of € 28.0 billion (+ 40% compared to LuFV I) for its planned period of application from 2015 to 2019) in front. Specifically, the funds for the minimum maintenance amount will increase from € 5.0 billion to € 8.0 billion and the funds for replacement investments from L 15.0 billion to € 20.0 billion. The BUG Group is in both segments active. However, the expansion of the funds still requires a certain amount of time in planning for the construction and implementation. The trend in the previous year of an increase in the tendering activity of DB was confirmed in the past financial year, which is also reflected in the good order backlog as of the reporting date for BUG AG and the entire BUG Group. However, it is currently difficult to assess whether the requirements from the LuFV II with regard to the individual volumes can be complied with by the DB. The planning of the BUG Group continues to assume that it will also be able to generate corresponding increases in incoming orders and sales in the following years, which is also reflected in the good order backlog as of the reporting date for BUG AG and the entire BUG Group. However, it is currently difficult to assess whether the requirements from the LuFV II with regard to the individual volumes can be complied with by the DB. The planning of the BUG Group continues to assume that it will also be able to generate corresponding increases in incoming orders and sales in the following years, which is also reflected in the good order backlog as of the reporting date for BUG AG and the entire BUG Group. However, it is currently difficult to assess whether the requirements from the LuFV II with regard to the individual volumes can be complied with by the DB. The planning of the BUG Group continues to assume that it will also be able to generate corresponding increases in incoming orders and sales in the following years.

With the LuFV II, there is planning security for those involved in the industry at least until 2019. New, important areas have been separated in LuFV II and are therefore increasingly in focus. For example, in the area of bridge maintenance / restoration, the renewal of 875 bridges was agreed during the period of validity of LuFV II, a sub-area that BUG can best serve with its "civil engineering" area, which was newly created in 2013 and thus Deutsche Bahn is available as a competent and reliable service provider in accordance with the corporate strategy "everything from a single source". Complex bridge structures require the entire scope of services of railway construction. The BUG Group can map this range of services, in particular through the high level of in-house production based on the "everything from a single source" strategy.

Due to the high quality of the work performed, both in the main services advertised and in the subsequent supplements, BUG guarantees anew every year that a good starting point is created in order to continue to operate successfully on the market.

The BUG Group tries to influence current issues in the field of traffic route construction through representation in important association bodies as well as through active participation in other organizations. The chairman of the board of BUG is one of the presidium members of the Berlin-Brandenburg building industry association and of

the federal railway construction department.

2. Course of business and situation

BUG Verkehrsbau AG

With a total output of T € 85,632 (previous year: T € 70,977), BUG generated an operating result of T € 1,784 in the reporting year (previous year: T € 1,849). Due to a disproportionate increase in the cost of materials in relation to total output, the gross profit margin fell from 43.9% to 38.4%. Due to another significant increase in personnel expenses, the operating profit margin in relation to total output also decreased to 2.1% in the reporting year after 2.6% in the previous year. With these figures, however, BUG exceeds the planning requirements up to and including the annual surplus, which was established in the previous year for 2017 and the following years. The increased investment activity in recent years, which, in contrast to previous years, is now increasingly being implemented at BUG, led in particular to a further increase in depreciation compared to the previous year.

Unfortunately, the positive trend of 2015 in 2017, as in the previous year, did not continue for our Polish branch in Szczecin, so that at the end of the 2017 financial year, the entrepreneurial decision was made to open the branch until the general conditions changed positively to rest in the Polish market.

In 2017, the earnings situation was again influenced by the major Dessau-Roßlau I node, albeit less materially than in previous years. Since the supplementary negotiations with the client stretched over the entire year and are still ongoing, 2018 will continue to be influenced by this major project.

According to the current state of information, however, it can be assumed that this major project will be completed in 2018.

The improved conditions of the consortium agreement concluded in the previous year are a major reason for the reported reduction in financial expenses in the past financial year. In addition, the group's internal cash management could be improved, so that the taking out of short-term loans at the consortium could be optimized.

The extraordinary expenses in the amount of T € 241 reported in the earnings position for 2016 relate to the fees for the conclusion of the new consortium agreement. Thanks to the consistently good rating of BUG with the syndicate banks and with the other financial partners, it was still possible to agree good average interest premium margins with the various financial institutions.

The balance thus results in BUG's annual surplus of € 742 thousand (previous year: an annual surplus of € 389 thousand).

As of December 31, 2017, the company had an order backlog of T € 65,822 (previous year: T € 44,887). This corresponds to a calculated order range of 11.2 months (previous year: 7.3 months). At the date of preparation of the annual financial statements, there were orders and order commitments in the amount of € 79.5 million, which corresponds to a calculated order length of 11.9 months.

BUG Group

The situation in the group is not much different. With a total output of T € 92,149, the group achieved a consolidated net profit of T € 617 with a gross profit margin of 41.7% (previous year: 44.4%) that was slightly lower than in the previous year.

The consolidated financial statements were prepared for the first time in the financial year, including the new subsidiaries VKLT, BUG GmbH, RME and SDB. For all companies, the year 2017 was characterized by the integration process into the BUG Group and at RME also by restructuring / adjustment measures, which unfortunately resulted in a loss for the year for all 4 companies. Despite the above-plan development at BUG AG and FBB, these initial losses could not be fully compensated.

a) Earnings position

BUG Group / BUG Verkehrsbau AG

The overall performance is broken down into the individual operational areas as follows:

in T €	2015	2016	2017	Delta 2016-2017
Track construction	36,737	30,216	45,952	15,736
Civil engineering	27,329	24,741	25,788	1,047
KET	10,084	10,036	10,200	164
Civil engineering	9,314	5,751	8,345	2,594
Others	330	233	564	331
TOTAL railway construction (BUG AG and BUG GmbH)	83,794	70,977	90,849	19,872
Railway equipment (FBB) *		6,423	8,130	1,707
Other services *			1,763	N / A
Consolidation *		-2,941	-8,593	-5,652
SUM BUG Group		74,459	92,149	17,690

* = Due to the lack of previous year's figures, the change in the figures cannot be determined

The services of BUG GmbH were assigned to the track construction division.

BUG Verkehrsbau AG

The earnings situation, which is developed from the company's most important earnings figures from the profit and loss account, is as follows:

in T € BUG Verkehrsbau AG	2015	2016	2017	Delta 2016-2017
Total output 1)	83,794	70,977	85,632	14,655
Gross result 2)	31,214	33,211	34,993	1,782

in T € BUG Verkehrsbau AG	2015	2016	2017	Delta 2016-2017
Operating profit 3)	2,595	1,849	1,784	-65
Financial result 4)	-904	-765	-565	200
extraordinary result	0	-241	0	241
Annual surplus	1,026	389	742	353

1) Sales + inventory changes

2) Total output - cost of materials + other operating income 3) Gross profit - personnel expenses - depreciation - other operating expenses - other taxes 4) Income from securities + other interest income - depreciation on securities - other interest expenses - expenses from partial profit transfers

With a total output of T € 85,632 in the past financial year, BUG even exceeded the value of 2015 and its performance continued to stabilize at a high level.

Due to the significant increase in total output with increased use of capacities by external third parties, the cost of materials rose disproportionately from € 39,810 thousand to € 52,761 thousand. This is also evident in the reduction in the gross profit margin.

At the same time, personnel expenses also increased. The higher average number of employees, as well as the collective wage increases, led to a disproportionate increase in personnel expenses from T € 22,359 in the previous year to T € 23,759 in the financial year.

Due to the increased investment activity at BUG, depreciation also increased. However, the operating result only decreased slightly by T € 64 to T € 1,784.

As already mentioned above, the new syndicate agreement with its conditions led to an improvement in the financial result. In addition, higher interest income could be generated through the short-term loans in the course of the cash pooling agreements with the subsidiary / sister companies.

BUG Group

in T € BUG Group	2016	2017	Delta 2016-2017
Total output 1)	74,459	92,149	17,690
Gross result 2)	35,149	40,709	5,560
Operating profit 3)	2,359	1,875	-484
Financial result 4)	-742	-620	122
extraordinary result	-241	0	241
Annual surplus	748	617	-131

1) Sales + changes in inventory

2) Total output - cost of materials 3) Gross profit - personnel expenses - depreciation - other operating expenses - other taxes 4) Income from securities + other interest income - depreciation on securities - other interest expenses - expenses from partial profit transfers

There is essentially no different picture in the group. We therefore refer to the comments on the BUG at this point. It should be noted here that due to expenses in the integration process and measures for restructuring or organizational adjustments at the new subsidiaries, negative operating and annual results of T € -481 were incurred, which were not incurred in last year's planning or in the previous year. Despite these start-up losses, the consolidated net income only decreased by € 131 thousand.

b) Financial position

The overview of the liquidity development is as follows:

Cash flow statement in T € BUG Verkehrsbau AG	2015	2016	2017	Delta 2016-2017
Cash flow from ongoing business activity	-1,502	5,838	-2,452	-8,290
Cash flow from investing activities	-2,448	-1,456	-2,144	-688
Cash flow from financing activities	2,336	-3,237	2,643	5,880
Changes	-1,614	1,145	-1,953	-3,098
Financial resources (beginning)	2,857	1,243	2,388	1,145
Financial resources (end)	1,243	2,388	435	-1,953

At the end of the year, BUG was unfortunately unable to continue the previous year's good development in the balance of work in progress and receivables as well as liabilities from the service process, so that the cash flow from ongoing business activities is negative for the past reporting year. The payments for investments mainly relate to investments in movable property, plant and equipment, but also include payments into the equity of the new BUG subsidiaries in the financial year in order to strengthen their equity base.

The negative cash flow from current business activities was financed by borrowing new funds, while BUG realized the investments of the financial year from the financial fund.

Overall, there is a net reduction in financial resources in comparison to the previous year of € 1,953 thousand to € 435 thousand as of December 31, 2017.

During the year, the company was able to meet its financial obligations in full at all times within the framework of the due dates. A partial tranche of the profit participation capital was repaid as planned on March 31, 2017. The subordinated loan, which arose from the conversion of a contribution by a silent partner, could be repaid ahead of schedule by a contractually agreed special repayment option on September 30, 2017.

The last partial tranche of the profit participation capital was also redeemed in full on March 31, 2018, as planned.

c) Financial position

BUG Verkehrsbau AG

The asset structure is shown in the following table:

ASSETS in T € BUG Verkehrsbau AG	2015		2016		2017		delta 2016-2017
	T €	%	T €	%		%	
Capital assets	4,350	16.0%	4,907	21.0%	5,933	19.6%	1,026
Inventories and work in progress	10,316	38.0%	5,408	23.1%	9,250	30.5%	3,842
Requests from deliveries and services	7,588	27.9%	7,118	30.4%	7,956	26.3%	838
other receivables, assets	3,558	13.1%	2,862	12.2%	5,887	19.4%	3,025
liquid funds (including securities held as current assets)	1,243	4.6%	3,001	12.8%	1,180	3.9%	-1,821
other assets	125	0.5%	112	0.5%	79	0.3%	-33
TOTAL ASSETS	27,180	100.0%	23,408	100.0%	30,285	100.0%	6,877

Overall, the balance sheet total increased by T € 6,877 compared to the previous year.

Despite the limited available investment funds, the company continues to pursue the goal of supplementing existing assets, closing technological gaps, strengthening the effectiveness of the columns and expanding the BUG Group into a full-service provider. The increase in fixed assets is due, on the one hand, to increased investment activity in operating fixed assets, mainly for the expansion of the vehicle fleet, and investments in financial assets in the 2017 financial year. The equity base of the new subsidiaries was further strengthened by payments totaling € 500 thousand. A total of T € 2,176 (T € 3,276 in the group) was invested and T € 1,122 (T € 1,410 in the group) was written off. There were also disposals with residual book values of € 28 thousand. Property, plant and equipment amounted to € 4,891 thousand as of December 31, 2017 (previous year: € 4,427 thousand).

In relation to the reporting date, work in progress and trade receivables increased by a total of € 4,680 thousand at the end of the financial year.

The increase in other assets is due in particular to the increase in receivables in the Verbund area, which are mainly based on loans in the course of the cash pooling agreements with the subsidiaries, with which the operational business activities are pre-financed.

The reduction in liquid funds is mainly due to the above-mentioned increase in the inventory of work in progress and the trade receivables balance; with regard to the further change in liquid funds, we refer to the explanations within the liquidity development.

The capital structure is as follows:

LIABILITIES in T € BUG Verkehrsbau AG	2015		2016		2017		delta 2016-2017
	T €	%	T €	%		%	
Equity	8,217	30.2%	8,606	36.8%	8,645	28.5%	39
accruals	4,095	15.1%	4,851	20.7%	5,769	19.0%	918
Liabilities to credit institutions	3,532	13.0%	295	1.3%	3,641	12.0%	3,346
payments received	0	0.0%	99	0.4%	120	0.4%	21st
liabilities from goods and services	5,867	21.6%	4,366	18.7%	6,899	22.8%	2,533
Profit participation capital	1,000	3.7%	1,000	4.3%	500	1.7%	-500
other liabilities	4,469	16.4%	4,191	17.9%	4,711	15.6%	520
TOTAL LIABILITIES	27,180	100.0%	23,408	100.0%	30,285	100.0%	6,877

Equity increased by the amount of the annual surplus, reduced by the dividend payment approved by the Annual General Meeting in the 2016 financial year. As a result of the increased balance sheet total, the equity ratio of BUG was reduced to 28.5% compared to the previous year (previous year: 36.8%) with almost unchanged equity. The trade payables increased in line with the higher inventories of work in progress and trade receivables.

The use of current account lines and the taking out of short-term money market loans could be reduced to a low level as of the balance sheet date. The profit participation rights that are still held are profit participation rights that have a term until March 31, 2018. The increase in provisions is due in particular to the increase in provisions for outstanding invoices.

BUG Group

The asset structure is shown in the following table:

ASSETS in T € BUG Group	2016		2017		delta 2016-2017
	T €	%		%	
Capital assets	4,578	18.2%	6,232	18.9%	1,654
Inventories and work in progress	6,094	24.3%	11,149	33.8%	5,055
Requests from deliveries and services	7,646	30.4%	10,430	31.6%	2,784
other receivables, assets	3,581	14.3%	3,586	10.9%	5
liquid funds (including securities held as current assets)	3,117	12.4%	1,500	4.5%	-1,617
other assets	112	0.4%	87	0.3%	-25
TOTAL ASSETS	25,128	100.0%	32,984	100.0%	7,856

The capital structure is as follows:

LIABILITIES in T € BUG Group	2016		2017		delta 2016-2017
	T €	%		%	
Equity	10,044	40.0%	9,956	30.2%	-88

LIABILITIES in T € BUG Group	2016		2017		delta 2016-2017
	T €	%		%	
accruals	5,396	21.5%	6,695	20.3%	1,299
Liabilities to banks	295	1.2%	3,641	11.0%	3,346
payments received	99	0.4%	120	0.4%	21st
liabilities from goods and services	4,581	18.2%	8,016	24.3%	3,435
Profit participation capital	1,000	4.0%	500	1.5%	-500
other liabilities	3,713	14.8%	4,056	12.3%	343
TOTAL LIABILITIES	25,128	100.0%	32,984	100.0%	7,856

There is no significant difference in the group's asset or capital structure compared to BUG Verkehrsbau AG.

3. Financial performance indicators

When it comes to financial performance indicators, our focus is on:

- Development of total output (construction output)
- Operating profit
- Contribution margin calculation
- Liquidity status

For internal corporate management, we therefore use the key performance indicators (operating profit in relation to total output) and cash flow.

The return on construction work fell from 2.6% in the previous year to 2.1%, so that the absolute operating result also decreased. Thanks to a moderate dividend policy, BUG's internal financing potential can still be viewed as good, which is also reflected in a good equity ratio.

4. Overall statement

We rate our net assets and financial position as good and our earnings position as satisfactory.

Our construction output development is gratifying and deviates very positively from the plan, the earnings development is satisfactory, even if the goals set were not quite achieved, taking into account the initial losses of the new subsidiaries.

In the year under review, we were again able to make cash discounts with our suppliers through short-term payments. The currently valid consortium agreement secures the financing until December 30, 2019 and, if all extension options are implemented, even until December 30, 2021.

III. Branch report

In 2007 a branch was founded in Poznan, Poland, in order to be represented with its own branch on the promising Polish market. In the meantime, the headquarters of the branch was relocated to Stettin. Within this branch, 4 employees were employed in the financial year, who provide services in the field of infrastructure projects for the Polish State Railways as part of the takeover of general contracting. In the division accounting, these projects are assigned to the "track construction" division due to their character. In the financial year, the branch was unable to make any material contribution to the overall performance of BUG. In view of the past development and after analyzing the current and medium-term market conditions in Poland, the entrepreneurial decision was made at the end of the financial year to close the branch and to suspend all business activities for the time being.

IV. Forecast report

As part of the annual planning process, the company has revised the business plans for the years 2018 to 2020 both for all individual companies in the BUG Group and for the group itself. The planning for the years 2018 to 2020 assumes moderate growth in output and a growing level of profitability for BUG over the entire period; for FBB, the planning was drawn up on the assumption of a slightly increased output and earnings level. For the first time, the new subsidiaries are also included in the planning, so that the absolute number basis increases slightly due to the change in the scope of consolidation. It can be assumed that the projects to be carried out will continue to grow in size and complexity.

The liquidity reserves in 2018 are heavily used by acquired larger projects (e.g. S7, ESTW Lichtenberg). The syndicated loan agreement that was extended and expanded in the reporting year will in all probability be able to cover these additional demands. If necessary, additional funds can be raised in addition to the consortium agreement in a limited volume.

In the first quarter of 2018, we are on target in terms of construction output and operating results, both at BUG and in the BUG Group. Due to the good order backlog at BUG and in the BUG Group, we assume that the planned positive operating result and the planned construction output for the 2018 financial year can be achieved overall. For the 2017 financial year, a slightly higher return at the level of the 2017 financial year was planned as the return on construction work for the 2017 financial year, and balanced to slightly positive annual results for the new subsidiaries.

Due to cautious financial planning for BUG and for the BUG Group, a positive cash flow from current business activities was taken into account for the 2018 financial year, which is sufficient to fully cover the investment activities and the repayment of the profit participation rights as of March 31, 2018, so that a slightly positive net cash flow remains on balance. All efforts and initiatives of BUG and its subsidiaries continue to be geared towards the reliable, high-quality and punctual fulfillment of the construction contracts concluded.

V. Opportunities and Risk Report

BUG also sees the ongoing negotiations on additional orders with the client as a potential opportunity for realizing additional earnings contributions outside the tendered and commissioned construction volume.

The discussions and plans in previous years in politics and society to make more investments in the expansion of the entire infrastructure of the Federal Republic of Germany could be documented for the next few years by the conclusion of LuFV II at the beginning of 2015 for the rail infrastructure industry. The BUG Group sees great opportunities in this to achieve the targeted service volumes with good profit margins.

Furthermore, the final disputes between the individual ARGENs may also result in positive earnings contributions. In addition, the company sees opportunities in the development of further foreign markets, which are repeatedly analyzed for new market opportunities.

For the near future, there are further business risks listed below, the probability or timing of which cannot currently be determined with sufficient accuracy.

On the one hand, when carrying out increasingly large and long-term projects, there is the risk of an increased build-up of supplementary services that cannot be implemented promptly with a liquidity effect. Due to the sustained increase in the complexity of the (large) projects advertised, there are always large-scale changes to plans, which can essentially only be processed through supplements. The consequent management of supplements within the BUG Group monitors this risk and takes appropriate countermeasures.

On the other hand, the training of engineering personnel specializing in railway construction requirements has not been pushed forward by the construction industry in the past few years in order to keep up with the current demand for personnel. This means that there is a shortage of skilled workers. In the past financial year 2017 as well as in the future, in addition to long-term participation in the Germany Scholarship, the BUG Group is again offering interested applicants the opportunity to acquire construction-specific qualifications as part of a dual study program. In order to meet the BUG Group's personnel requirements for industrial workers, BUG hired new trainees again in the reporting year and in 2018. In total, an average of 26 people were in training. Due to the personnel policy practiced in the past, an average of 421 employees (408 in the previous year) could be tied to the BUG this year, the fluctuation rate due to voluntary resignations has been consistently low for years.

Due to the sometimes fierce competition in the tendering market, a central office within the BUG Group coordinates which tenders it participates in in order to make optimal use of its strengths (wide range of services, flexibility, high level of prequalifications for the Deutsche Bahn division) can. The tenders of our main client, Deutsche Bahn AG, are of great importance here, as the BUG Group realizes construction services in a range of 75% to 85% of the annual total output of BUG with Deutsche Bahn AG.

Corresponding creditworthiness information is obtained and analyzed for all clients, especially new addresses, from credit agencies. In addition, there is monitoring for changes in creditworthiness for almost all regular customers.

The receivables and liability controlling system analyzes and monitors key figures such as payment terms, covenants, overdue periods, submitted and received guarantees.

Currency risks currently only exist at BUG with regard to the branch in Szczecin. The protection is currently carried out in such a way that products and services are procured in the same currency in which the customer is invoiced.

Due to the current level of interest rates and developments, the BUG Group has not hedged the variable interest rates for financial liabilities. However, the current development is the subject of monitoring in the BUG, so that in the event of a trend reversal, necessary and sensible interest rate hedges can be agreed promptly.

The risks presented above, taking into account the opportunities, do not currently show that the risk-bearing capacity of BUG or the BUG Group is or can be exceeded. In assessing the risks, the Board of Management assumes a normal scope of risk with regard to the size, complexity and business model of BUG.

In doing so, the Management Board makes particular use of the risk management system. Within this system, all risks were recorded in a risk catalog by means of a risk inventory and are coordinated and updated with the respective risk officer at least once a year. Furthermore, all risk officers are obliged to report any risks that arise outside of the reporting dates directly to management above a certain value limit in order to coordinate further measures. The risks resulting from this annual update are reported by the Management Board in a summarizing report to the Supervisory Board above a certain value limit. In the individual Supervisory Board meetings, the Executive Board agrees with the Supervisory Board members on the individual risks. These risks are continuously tracked until they are resolved or no longer represent a significant risk. The risk inventory of the reporting year did not reveal any risks that could endanger the company's existence. In the individual Supervisory Board meetings, the Executive Board agrees with the Supervisory Board members on the individual risks. These risks are continuously tracked until they are resolved or no longer represent a significant risk. The risk inventory of the reporting year did not reveal any risks that could endanger the company's existence. In the individual Supervisory Board meetings, the Executive Board agrees with the Supervisory Board members on the individual risks. These risks are continuously tracked until they are resolved or no longer represent a significant risk. The risk inventory of the reporting year did not reveal any risks that could endanger the company's existence.

Berlin, March 30, 2018

signed Martin Thomas, CEO

signed Roland Müller, board member

Auditor's report

We have audited the consolidated financial statements prepared by BUG Verkehrsbau AG, Berlin - consisting of the balance sheet, income statement, notes, cash flow statement and statement of changes in equity - and the group management report for the financial year from January 1 to December 31, 2017. The preparation of the consolidated financial statements and the group management report in accordance with German commercial and stock corporation law is the responsibility of the company's legal representatives. Our job is

We conducted our audit of the consolidated 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 consolidated financial statements in accordance with the principles of proper bookkeeping and the group management report are given with sufficient certainty be recognized. When determining the audit activities, knowledge of the business activities and the economic and legal environment of the group as well as expectations of possible errors are taken into account. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of the companies included in the consolidated financial statements, defining the scope of consolidation, the accounting and consolidation principles used and the significant estimates made by the legal representatives as well as the appraisal of the overall presentation of the consolidated financial statements and the group 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 consolidated financial statements comply with the statutory provisions and, in compliance with the principles of proper bookkeeping, give a true and fair view of the Group's asset, financial and earnings position. The group management report is consistent with the consolidated financial statements, complies with the legal requirements, as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development

Berlin, July 13, 2018

Ebner Stolz GmbH & Co. KG
auditing company
tax consulting company

Karina Frille, auditor

Stefan Mattner, auditor

The board of directors

Report on the audit of the annual and consolidated financial statements as of December 31, 2017 as well as the combined management report 2017 and the proposal for the appropriation of retained earnings

On June 29, 2018 and July 13, 2018, respectively, the annual financial statements, consolidated financial statements and group management report received the unqualified audit certificate from the auditing company EBNER STOLZ GmbH & Co. KG, the Supervisory Board reported the following on the results of its audit:

The Management Board and the Supervisory Board discussed the audit reports in detail on August 16, 2018. The auditor attended the joint meeting of the Executive Board and the Supervisory Board on August 16, 2018, which approved the annual financial statements as of December 31, 2017. The Supervisory Board took note of the audit result and approved it.

In the run-up to the Supervisory Board meeting on August 16, 2018, the Supervisory Board examined the annual financial statements and consolidated financial statements on a random basis and discussed queries on August 16, 2018 with the Executive Board and the auditor present. All questions could be clarified and necessary explanations were given. This applies in particular to the statements on the valuation of work in progress, the cash flow statement and the appropriation of earnings.

A. Balance

With regard to the explanations of the balance sheet, the asset, financial and earnings position and the management report, the Supervisory Board refers to the auditor's report (Section E. of the report and Group report).

B. Financial position

The 2017 annual financial statements show an annual surplus of € 742 thousand. The equity ratio fell from 36.8% to 28.5% due to the € 7 million increase in total assets and the appropriation of earnings.

The consolidated net income for 2017 was € 617 thousand and the equity ratio was 30%.

In particular, the Supervisory Board discussed semi-finished services, receivables and provisions with the auditor. Furthermore, the statements in the management report.

C. Proposal for the use of retained earnings

The net profit is as follows:

1. Lecture 01/01/2017	T € 5,855
2. Distribution of dividends	T € - 703
3. Annual surplus 2017	T € + 742
Balance sheet profit on December 31, 2017	T € 5,894

D. Summary result of the audit of the annual financial statements, consolidated financial statements and the 2017 management report

In summary, the Supervisory Board comes to the conclusion that there are no objections to be raised against the annual financial statements and consolidated financial statements of December 31, 2017 of BUG Verkehrsbau AG in the version of the audit reports of the auditing company EBNER STOLZ of June 29, 2018 and July 13, 2018, as well as against the management report are. The 2017 annual financial statements are thus approved and adopted by the Supervisory Board. The supervisory board again supports the establishment of a compliance system with the involvement of the supervisory board in the form of annual information.

In 2017, the Supervisory Board continuously monitored the Management Board in joint meetings (May 22, 2017, August 31, 2017 and December 19, 2017) in accordance with Section 171 (2) AktG. The quarterly reports were also submitted to the Supervisory Board.

Special committees of the supervisory board were not formed. The committee discussed and decided on all pending topics in its entirety. The resolutions were passed unanimously.

In particular, the expansion of the company structure due to company acquisitions, the rules of procedure, capacity utilization / tender results as well as the establishment of a compliance structure formed the focus of the negotiations of the Supervisory Board in the 2017 financial year.

Berlin, August 16, 2018

Dr. Hartwig Meyer, Chairman of the Supervisory Board

Prof. Dr. Ralf Leinemann, supervisory board

