

## search result

CD Wälzholz GmbH & Co. KG	Accounting /	Consolidated financial statements for the financial	08/30/2019
<b>Surname</b>	<b>Area</b>	<b>information</b>	<b>V. date</b>

**Corrigendum added on 08/30/2019:**

New version, replaces the disclosure of July 17, 2019

**CD Wälzholz GmbH & Co. KG**

Hagen

**Consolidated financial statements for the financial year from 07/01/2017 to 06/30/2018****Group management report for the financial year from July 01, 2017 to June 30, 2018**

of CD Wälzholz GmbH & Co. KG, Hagen

**I. Company basics****1. Business model of the company**

Waelzholz produces special materials from cold-rolled strip steel for complex applications and has been in the tradition of pioneering innovations since it was founded in 1829.

Long-term, partnership-based relationships with business partners are the basis for the sustainable growth of the independent, medium-sized family company that supplies customers from the automotive and automotive supply industries, the energy sector and from the area of specialized technical applications in the industrial goods sector.

With more than 2,400 employees, Waelzholz is active worldwide and produces high-quality cold-rolled steel strips and profiles at locations in Europe, North and South America and Asia. With a consistent internationalization strategy, the Waelzholz Group differentiates itself from the competition and provides its customers with high-quality products and tailor-made services exactly where they are needed.

Waelzholz operates in the premium segment. A technologically leading plant park as well as sophisticated, networked and reproducible processes enable and secure the high quality level of the steel strip products at all locations. As a technology leader, the company supplies steel materials that exactly meet customer requirements, within the tightest tolerances and with repeatable accuracy for every delivery lot.

The Waelzholz locations work with digitized workflows and globally networked information and organization platforms. In addition, they are increasingly digitally linked to the customer's planning systems. For Waelzholz, the continuous expansion of information technology, in addition to material and process technology, is one of the key competencies for successful global corporate development.

It is Waelzholz's aim to offer customers significant added value. This applies not only to innovative steel strip solutions, but also to precisely tailored supply chain models. Waelzholz has made logistics agreements with many customers, individually tailored to the respective needs. These different supply chain models, in which the suppliers are also included, make it possible to react flexibly and with short delivery times to changes in demand. A clever interlocking means that the net working capital is reduced not only for the customer, but also in the entire value chain.

**2. Research and Development**

In 2017, Waelzholz was awarded the "TOP 100" seal of approval for the fourth time as one of the most innovative medium-sized companies in Germany.

Waelzholz customers develop sustainable products in the key industries of today and tomorrow. Innovative material solutions are the basis for this. For Waelzholz, actively accompanying customers into the future means supporting partners from all stages of the value chain with its materials expertise right from the development phase. Always with the aim of ensuring customers the greatest possible degree of freedom for their product development and the efficiency of their processes.

As in previous years, up to 10% of the annual gross profit was used to further develop materials and production processes tailored to the special requirements of customers, such as future-oriented automotive drive concepts, among other things, the transfer of the leading quality level to the supply chain in which enables new growth markets.

The quality of Waelzholz products is the result of many years of continuous development. As a technology leader, Waelzholz promotes its own development work for the further development of products and processes, well above the scope customary in the industry. Research and development projects are carried out independently or jointly with customers, suppliers, and also with the involvement of universities and research institutions. Long-term development work is carried out within the framework of projects or orders with several renowned technical colleges and universities.

The high degree of specialization of the product portfolio, the clear focus on product and process innovations and a consistently implemented internationalization strategy differentiate Waelzholz from the competition and are key success factors for the company.

**II. Economic report****1. Macroeconomic, sector-specific framework conditions**

In their autumn report of September 25, 2018, the economic research institutes see great uncertainty about the future of the global economy. Global production expanded vigorously up to the summer, but the outlook has deteriorated noticeably recently. The trade conflicts, especially between the USA and China, are affecting the economic situation. The financial framework conditions for the emerging countries are now worse due to the withdrawal of international investors. World trade, which had risen sharply at the end of last year, has barely expanded since the beginning of the year.

The International Monetary Fund (IMF) predicts global economic growth of 3.7% for the calendar years 2018 and 2019, 0.2% less for both years than forecast in April. The steady expansion of the global economy, which has been ongoing since mid-2016, is expected to continue in 2018 and 2019. Global economic growth may have peaked in some major economies as volatility and macroeconomic risks have increased.

According to the ECB (European Central Bank), the latest economic indicators and survey results in 2018 confirm overall sustained economic growth in the euro area. Real GDP growth is mainly supported by growth in private consumption and investment. Real gross domestic product is expected to increase by 2.0% in 2018, by 1.8% in 2019 and by 1.7% in 2020.

Germany is the largest steel producer in the EU and the seventh largest steel producer in the world. However, the latest data on crude steel production in Germany suggest that the upward trend of the past year has not continued. In the course of the year to date, generation has decreased by almost 3 percent. In September 2018 a minus of 2 percent was achieved, in the third quarter even a minus of 5 percent.

Waelzholz generates a large part of its sales with customers from the automotive sector. According to the Verband der Automobilindustrie e. V. (VDA) 84,766,863 units and thus 2.0% more than in the previous year. The domestic production of German manufacturers in 2017 was 5,645,584 units, a decrease of 1.8% compared to 2016. In a difficult environment, for example in connection with diesel or Brexit, the automotive industry in Germany was able to hold its own and maintain its position draw a gratifying résumé for 2017. In the past calendar year, the companies achieved sales of 422.8 billion euros and increased their sales by a good 4% - a new high.

The European Automobile Manufacturers Association (ACEA) states that 23,066,000 units were produced in Europe in 2017, a share of 23.3% in global automobile production. According to ACEA, China has overtaken Europe this year as well: With 29,512,000 units produced in 2017 and a world market share of 29.8%. For comparison: In 2002 Europe had a share of 33% and China 6% of the automobiles produced worldwide. This supports the Waelzholz strategy of having a fully integrated cold rolling mill in China since the beginning of 2014.

The development of automobile sales on the European market (EU28 + EFTA) was positive in the first three quarters of 2018 with an increase of 2.3% (around 12.3 million units). Looking at the five largest markets, Spain (+ 11.7%), France (+ 6.5%) and Germany (+ 2.4%) recorded respectable increases, in Italy (-2.8%) and Great Britain (-7 , 50%), on the other hand, demand for cars decreased.

Car sales in the USA (light vehicles) stood at 12,841,700 units by the end of September 2018, which is an increase of 0.3% compared to the same period of the previous year. The passenger car market in China grew slightly by 1.1% from January to September 2018 with 16,922,600 units. The Brazilian car market also recorded growth with 1,783,000 light vehicles and an increase of 13.1%.

The market situation in the cold rolling industry is characterized by economic and seasonal fluctuations. In addition to the close interlinking with the automotive industry on the customer side and price sensitivity through raw material markets on the supplier side, the business of the Waelzholz Group is influenced by economic and financial conditions. Associated with this is increasing competitive pressure. Waelzholz meets this development with innovative products, high process quality and reliability in long-term partnership with its customers and suppliers.

## 2. Course of business

The 2017/2018 financial year was very successful for Waelzholz. The group's economic situation is good. The result shown in the consolidated financial statements exceeded expectations.

Although the global economy grew only moderately, the Waelzholz Group was able to realize an increase in sales in the 2017/2018 financial year.

## 3. Location of the company

Waelzholz has a stable capital structure. This results mainly from the annual surplus and the retained profits in the subsidiaries.

The net financial liabilities (liabilities to banks as well as promissory note loans and bill liabilities minus securities, cash in hand and bank balances) have decreased compared to the previous year. The Waelzholz Group has significantly higher credit lines than are used on average.

Waelzholz invested in the modernization and expansion of the production facilities at home and abroad. The commissioning of new systems as well as the modifications of existing systems enabled the further optimization of the product quality as well as the more efficient design of production processes.

Trade payables have increased.

As in previous years, there is a surplus of equity plus long-term borrowed capital in relation to the long-term fixed assets.

Thus, the principle of equal deadlines is fully taken into account. Short-term receivables and bank balances exceed short-term liabilities.

The liquidity situation is good; no bottlenecks are expected in the future either.

## 4. Overall statement

The asset, financial and earnings position of the Waelzholz Group is very stable. The sales and earnings development exceeded the expectations of the planning. The financial management is geared towards making the liquidity necessary for the operative business available at the lowest possible cost at all times.

## III. Forecast report

World trade, which expanded strongly in the 2017 calendar year, has barely expanded since the beginning of the year. The trade conflicts, especially between the USA and China, are putting a strain on the further development of the world economy. The financial framework conditions for the emerging countries are now also deteriorating due to the withdrawal of international investors. In addition, the uncertain course of "Brexit" is leading to uncertainty in the financial markets. Overall, the outlook has deteriorated noticeably since summer 2018.

Despite the problem areas described above, the International Monetary Fund (IMF) forecasts that global economic growth will develop positively at 3.7% in 2018 and 2019.

For the US economy, the IMF expects economic growth of 2.9% in 2018 and 2.5% in 2019. According to the IMF, China will continue to be one of the fastest growing economies: with 6.6% growth in 2018 and 6.2% in 2019. Thanks to a recovery in private demand, the IMF also expects Brazil to grow by 1.4% in 2018 and 2.4% in 2019.

According to the IMF forecast, the euro zone will record growth of 2.0% in 2018 and 1.9% in 2019.

According to the economic research institutes, the upswing in the German economy is losing momentum. This has both demand-side and supply-side reasons. On the one hand, the international business in the most important German sales markets has weakened, on the other hand, companies are increasingly exposed to production-side bottlenecks, especially in terms of labor and the procurement of intermediate goods. On average, economic output is expected to grow by 1.7% in 2018 at rates of 1.9% in 2019 and 1.8% in 2020.

It is the declared goal of Waelzholz, as a technologically leading company, to further expand its international activities. In order to achieve this goal, extensive investment measures have been and are being carried out. In addition to the capacity expansion, the investment measures serve to further strengthen the efficiency of the production facilities, improve the overall productivity of the systems and continuously improve product and service quality.

## IV. Risk and Opportunity Report

As a medium-sized, technologically leading and internationally oriented steel processing company, Waelzholz is exposed to a multitude of opportunities, but also to various types of risks.

Following a sustainable and long-term oriented corporate policy, Waelzholz identifies these at an early stage in order to use opportunities responsibly and with foresight and to reduce and avoid risks with foresight.

## 1. Risk report

### Industry-specific risks

As an international group of companies, Waelzholz is influenced by different developments in the raw material and sales markets as well as by economic fluctuations in individual regions. The automotive industry, the most important and largest sales market, is also a cyclical sector that can trigger greater fluctuations in demand for Waelzholz products.

In addition, a reorientation can be observed in the automotive sector. There is an increasing demand for alternative drive technologies and great progress is being made in the area of safe, automated and networked driving. These innovations create challenges for the European automotive industry to keep pace with international developments. This offers great opportunities. New business models will be established, for which Waelzholz is strategically preparing.

Since the crisis financial year 2008/2009, Waelzholz has developed tools to identify economic risks at an early stage and to maintain a high degree of flexibility, especially in the cost sector. This means that it is possible to react promptly to changes in the market level through suitable cost and capacity adjustment measures. In addition, the company has efficient working capital management.

### Income-oriented risks

Waelzholz is exposed to price fluctuations on both the procurement and the sales side.

In the 2017/2018 financial year, prices on both the purchasing and the sales side rose significantly compared to the previous year. Waelzholz endeavors to control price changes through negotiations on the customer and supplier side in such a way that these have a positive effect on the company's results.

Waelzholz competes with nationally and internationally operating companies in the cold rolling industry. As the industry continues to consolidate, the number of competitors will continue to decrease. Waelzholz pursues an active consolidation strategy and assumes that it will be able to further expand its international market share in the medium term.

### Financial risks

Due to the good liquidity and equity situation of the Waelzholz Group, no liquidity risks are discernible.

Potential currency risks that could affect the company's net assets, financial position and results of operations are limited by means of hedging transactions.

The liquidity situation is good. No bottlenecks are to be expected.

## 2. Opportunity report

In their autumn report, the economic research institutes see the world economy in an upswing that will last until 2020. The consistent global orientation of Waelzholz with an international share of around 55% of total sales and the focus on premium products and services offer the group important opportunities for the future.

Internationalization, application-oriented innovation, a high degree of specialization and sustainable partnerships with customers and suppliers are essential success factors for Waelzholz and differentiate the company from the competition.

Positive effects are achieved in particular through product innovations, but also through measures in the area of cost and capacity adjustments.

The Waelzholz Group has a solvent customer base. Bad debt losses are very rare. We have worked with the company's key customers for many years, many of which have been contractually agreed.

The system integration of the Halden site (formerly Friedr. Gustav Theis Kaltwalzwerke GmbH) was completed in 2018 for all management systems (quality, environment, energy). The Halden location was certified for the first time in accordance with the new standard editions ISO 9001: 2015 and IATF 16949: 2016. The QM system for the service centers in Iserlohn and Lüdenscheid as well as in Thiers (France), Gliwice (Poland) and Senago (Italy) was rebuilt and certified according to ISO 9001: 2015.

## 3. Overall statement

Despite Waelzholz's solid and forward-looking position, risks from global economic influences cannot be ruled out. Political changes that have an impact on sales markets cannot be predicted. The developments in the field of e-mobility and autonomous driving will lead to major upheavals in the automotive industry. Waelzholz is preparing for this upheaval with innovative products, optimized processes and manufacturing methods. The acquisition of Theis GmbH is a further step in completing the product portfolio of the Waelzholz Group.

Due to its financial stability, Waelzholz is well equipped to meet future challenges. There are currently no identifiable risks that could jeopardize the continued existence of the company.

## V. Risk reporting on the use of financial instruments

In addition to receivables, the financial instruments in the Waelzholz Group also include bank and promissory note loans as well as supplier liabilities, currency contracts, leasing within the usual framework and pension funds.

The financial requirements are mainly covered from the cash flow generated and from existing credit lines.

Liabilities were and will be paid within the agreed payment deadlines using discounts.

In the short-term area, the company finances itself through the use of credit lines in addition to corresponding payment terms with the suppliers.

The aim of financial and risk management is to protect the company's assets and success against financial risks of all kinds.

Waelzholz pursues a conservative risk policy when managing its financial positions. Waelzholz uses suitable hedging transactions to cushion potential currency risks that could affect the company's asset, financial and earnings position.

Credit assessments in new customer business and ongoing reports from our existing customers lead to a significantly reduced risk of bad debts. If default and credit risks are discernible for financial assets, appropriate value adjustments are made. In addition, Waelzholz avails itself of the option of trade credit insurance in order to be able to exclude financial damage for the company as far as possible.

Hagen, September 28, 2018 as amended on November 21, 2018

CD Wälzholz GmbH & Co. KG

## Consolidated balance sheet as of June 30, 2018

### assets

	06/30/2018	06/30/2017
	EUR	EUR
A. Fixed assets		

	06/30/2018	06/30/2017
	EUR	EUR
I. Intangible Assets	120,884	126.904
II. Tangible assets	165.226.991	126.179.568
III. Financial assets	32,391,000	35,047,517
	197,738,875	161.353.989
<b>B. Current Assets</b>		
I. Inventories	204.422.080	151.877.533
II. Receivables and other assets	136.122.671	113,021,925
III. Securities	215.434	110,816
IV. Cash in hand, Bundesbank and Postbank balances, bank balances	28,713,087	29,098,171
	369.473.272	294.108.445
C. Prepaid expenses	3,220,794	2,669,119
D. Deferred Taxes	6,623,968	6,177,183
	577.056.909	464.308.736
<b>liabilities</b>		
	06/30/2018	06/30/2017
	EUR	EUR
A. Equity	219.329.355	192.801.214
B. Difference from capital consolidation	11,064,936	0
C. Provisions	153,638,316	114.287.833
D. Liabilities	193.024.302	157.205.767
E. Prepaid expenses	0	13,922
	577.056.909	464.308.736

**Annex to the consolidated balance sheet as of June 30, 2018 in accordance with section 5 (5) sentence 3 of the PubLG in conjunction with section 13 (3) of the PubLG**

	2017/2018	2016/2017
	EUR	EUR
Sales within the meaning of Section 277 (1) of the German Commercial Code (HGB)	903.106.020	686.894.180
Income from investments	1,159,986	1,580,731
Wages, salaries, social security contributions and expenses for pensions and support	159.862.030	128.498.127

The valuation and depreciation methods as well as the number of employees are given in the notes to the consolidated financial statements.

**Notes to the consolidated financial statements as of June 30, 2018**

**A. General information**

CD Wälzholz GmbH & Co. KG, Hagen, is based in Hagen. It is entered in the commercial register of the Hagen District Court under HRA 1920.

CD Wälzholz GmbH & Co. KG, Hagen, is preparing consolidated financial statements as of June 30, 2018 in accordance with the provisions of the German Commercial Code (HGB).

**B. Scope of Consolidation**

The consolidation group of CD Wälzholz GmbH & Co. KG, Hagen, includes the following companies:

**Shareholdings in accordance with Section 313, Paragraph 2, No. 1 of the German Commercial Code (HGB)**

1. CD Wälzholz GmbH, Hagen,
  2. Waelzholz Service Center GmbH, Hagen,
  3. CD Wälzholz Verwaltungs-GmbH, Hagen,
  4. CD Wälzholz Beteiligungs GmbH, Hagen,
  5. CD Wälzholz-Kern-Liebers GmbH, Schramberg,
  6. CD Wälzholz Oberkochen GmbH, Oberkochen,
- The operative business has been taken over by CD Wälzholz GmbH & Co. KG, Hagen, since 2010/2011.
7. Waelzholz International GmbH, Götzis, Austria,
  8. Waelzholz North America LLC, Cleveland, Ohio, USA,
  9. Waelzholz France SAS, Thiers, France,
  10. Wälzholz New Material Co. Ltd., Taicang, PR China,
  11. Taicang Wälzholz-Kern-Liebers New Material Co. Ltd., Taicang, PR China, (100% subsidiary of CD Wälzholz-Kern-Liebers GmbH, Schramberg, and
  12. Friedr. Gustav Theis Kaltwalzwerke GmbH, Hagen, \*
  13. Kuhbier + Knörr Verwaltungsgesellschaft mbH, Lüdenscheid, \*
  14. Kuhbier + Knörr GmbH & Co. KG, Lüdenscheid, \*
  15. Waelzholz Italia srl, Senago, Italy, \*
  16. Waelzholz Polska Sp.zoo, Gliwice, Poland, \*

\* Expansion of the scope of consolidation as of August 01, 2017

CD Wälzholz GmbH & Co. KG, Hagen, is the parent company for the subsidiaries listed in the list of shareholdings under items 1 to 16, whereby these were included in the consolidated financial statements in accordance with the principles of full consolidation.

### C. Consolidation Principles

The consolidated financial statements of CD Wälzholz GmbH & Co. KG, Hagen, were prepared on June 30, 2018, the reporting date of the parent company.

The capital consolidation according to the previously applied book value method has been retained in accordance with Art. 66 Paragraph 3 Clause 4 EGHGB. The capital subject to consolidation is accordingly set at the amount that corresponds to the book value of the assets to be included in the consolidated financial statements, minus the debts and taking into account the prepaid expenses.

The asset-side difference resulting from the capital consolidation from companies included before June 30, 2001 was offset against equity with no effect on profit or loss at that time. The asset-side differences resulting from the first-time consolidations from 2001/2002 are capitalized as goodwill and amortized on a straight-line basis over 10 years, the last time in 2011/2012.

The capital consolidation is carried out by exercising the option in Section 301 (2) of the German Commercial Code (HGB) on the basis of the valuations at the time of the first-time inclusion of the subsidiaries in the consolidated financial statements. This point in time is the date of acquisition for the subsidiaries acquired up to 2003/2004 and those established from 2005/2006.

As of August 01, 2017, the scope of consolidation was expanded through the acquisition of Friedr. Gustav Theis Kaltwalzwerke GmbH, Hagen, and its subsidiaries. The capital consolidation is carried out on the basis of the valuations at the time of acquisition. The increase in sales compared to the previous year is due to this expansion of the scope of consolidation. Due to the integration of the business operations of Friedr. Gustav Theis Kaltwalzwerke GmbH in companies of the Wälzholz group can be identified because of the partly identical customers and suppliers of the Wälzholz group and the Friedr.

In the context of debt consolidation within the meaning of Section 303 (1) HGB, loans, other receivables and liabilities between the companies included in the consolidated financial statements have been omitted.

Sales and other income from deliveries and services as well as income from investments and from profit transfer agreements as well as interest income between the companies included in the consolidated financial statements have been offset against the corresponding expenses in accordance with Section 305 (1) HGB.

Deferred tax assets in the amount of EUR 6,063 thousand result from the individual financial statements of the parent company and its subsidiaries. In addition, as a result of consolidation measures, deferred tax assets of EUR 561 thousand have been set up at group level, which are offset against deferred tax liabilities.

An elimination of interim results has been carried out for inventories with significant interim results that are wholly or partly based on deliveries and services by companies included in the consolidated financial statements, in accordance with Section 304 (1) of the German Commercial Code (HGB). The relief provision of Section 304 (2) HGB has been used for insignificant amounts.

All balance sheet items of the foreign subsidiaries Waelzholz North America LLC, Cleveland, Ohio, USA, Wälzholz New Material Co. Ltd., Taicang, PR China, and Taicang Wälzholz-Kern-Liebers New Material Co. Ltd., Taicang, are converted in the consolidated financial statements. PR China, and Waelzholz Polska Sp.zoo, Gliwice, Poland, with the mean spot exchange rate on the balance sheet date. The equity of these subsidiaries has been converted at the historical rate and the differences from the conversion to the mean spot exchange rate are recognized directly in equity in the equity difference from currency conversion item.

### D. Accounting and valuation principles

Intangible assets are valued at acquisition cost less scheduled straight-line depreciation.

Tangible assets are valued at acquisition or production costs that are subject to tax capitalization, less scheduled depreciation. Additions to immovable and movable assets have all been depreciated using the straight-line method.

The financial assets are shown at acquisition cost taking into account the lower of cost or market principle.

Inventories are valued at the group acquisition or production cost or the lower market value. Inventory risks resulting from long storage periods or from reduced usability have been taken into account by means of impairments.

Receivables, other assets and cash and cash equivalents are generally stated at their nominal value. Recognizable risks are taken into account through appropriate value adjustments. The balances at the syndicate banks were netted against the corresponding liabilities to these banks due to the same maturities.

The existing foreign currency receivables were valued at the mean spot exchange rate.

In order to hedge against currency fluctuations, currency forwards were concluded in some cases, which are taken into account in the valuation as of June 30, 2018. For existing foreign currency receivables, currency forwards amounting to approx. 80% have been concluded. In addition, the existing foreign currency receivables are valued at the mean spot exchange rate.

Expenditures before the balance sheet date are recognized as prepaid expenses on the assets side, provided that they represent expenses for a certain time after this day.

The valuation of provisions for pensions was based on the projected unit credit valuation method. The valuation under commercial law was based on the following parameters:

- Interest rate of 3.46% (previous year: 3.86%) for an average period of 10 years
- Expected salary increases are taken into account at 2.00% or 0.00%, depending on the pension model
- Expected pension increases are taken into account at 2.00% or 1.00%, depending on the pension model
- Life table according to Prof. Dr. Klaus Heubeck "2005 G mortality tables".

The tax provisions and other provisions take into account all uncertain obligations to an appropriate extent. They are set in the amount of the settlement amount necessary according to a reasonable commercial assessment. Provisions with a term of more than one year are discounted in accordance with the provisions of the German Commercial Code (HGB).

The liabilities are generally stated at the settlement amount. Short-term foreign currency debts are valued at the mean spot exchange rate on the reporting date.

The associated company Waelzholz Brasmatal Laminação Ltda., Diadema / Sao Paulo, Brazil, uses valuation methods that differ from the consolidated financial statements; an adjustment to the uniform group valuation has not been made in accordance with Section 312 (5) of the German Commercial Code (HGB).

### E. Information on the consolidated balance sheet and the consolidated income statement

#### 1. Fixed assets

The development of the individual items of fixed assets in the financial year can be found in the consolidated fixed asset movement schedule.

#### 2. Other provisions

The other provisions essentially include expenses for outstanding incoming invoices, personnel expenses, expenses for customer bonuses, expenses for warranty obligations and for neglected maintenance.

The securities, which serve exclusively to fulfill the partial retirement obligations and are not accessible to all other creditors, have been netted against the provision for partial retirement obligations in accordance with Section 246, Paragraph 2, Clause 2 of the German Commercial Code (HGB).

The fair value of the assets is the market value as of June 30, 2018.

#### F. Other information

The deferred taxes relate to temporary differences, which essentially result from the different valuation of the pension, anniversary and partial retirement provisions according to commercial and tax law

The group has the following other financial obligations from rental, lease and lease agreements:

year	KEUR
2018/2019	2,708
2019/2020 to 2022/2023	4,838
	7,546

As of the balance sheet date, there are contingent liabilities from guarantees in the amount of EUR 10 thousand (previous year: EUR 10 thousand). The risk of a claim under the guarantee is assessed as low.

The average number of employees in the fully consolidated group companies in the financial years was:

2017/2018	2016/2017
2,068	1,652

The subsidiaries listed below, which were included in the consolidated financial statements of CD Wälzholz GmbH & Co. KG, Hagen, make use of the relief provision of Section 264 (3) HGB with regard to disclosure:

CD Wälzholz GmbH, Hagen,

Waelzholz Service Center GmbH, Hagen,

CD Wälzholz Oberkochen GmbH, Oberkochen.

CD Wälzholz Verwaltungs-GmbH, Hagen, has sole power of representation as of June 30, 2018.

Managing directors authorized to represent the general partner CD Wälzholz Verwaltungs-GmbH, Hagen, in the 2017/2018 financial year were:

Dr.-Ing. Hans-Toni Junius, Dipl.-Wirtsch.-Ing., Schwerte,  
Chairman of the Management Board,

Dr.-Ing. Heino Buddenberg, Dipl.-Ing., Hagen, and

Dr. rer. pole. Matthias Gierse, Dipl.-Volksw., Essen.

In accordance with Section 314, Paragraph 3, Clause 2 in conjunction with Section 286, Paragraph 4 of the German Commercial Code (HGB), the remuneration of the managing directors and the remuneration paid to former members of the management body and their surviving dependents is waived; as well as the information on the pension provisions formed for this group of people.

The reporting company is in negotiations to conclude a new syndicated loan agreement. The contract was not signed by the end of the exam.

No other events of particular importance occurred after the end of the financial year.

The annual result of the parent company is used in accordance with company law regulations.

#### Hagen, September 28, 2018 as amended on November 21, 2018

The consolidated financial statements as of June 30, 2018 were approved on December 10, 2018.

The following unqualified audit certificate was issued for the complete consolidated financial statements and the group management report:

#### Auditor's report

We have audited the consolidated financial statements prepared by CD Wälzholz GmbH & Co. KG, Hagen - 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 July 01, 2017 to June 30, 2018. The preparation of the consolidated financial statements and the group management report in accordance with German commercial law is the responsibility of the company's legal representatives. Our task is to provide an assessment of the consolidated financial statements and the group management report on the basis of the audit we have carried out.

We conducted our audit of the consolidated financial statements in accordance with Section 317 of the German Commercial Code (HGB), taking into account the German principles of proper auditing established by the Institut der Wirtschaftsprüfer (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, with sufficient certainty be recognized. When determining the audit procedures, 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. As part of the audit, 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 assessed primarily on the basis of random samples. The audit includes assessing the annual financial statements of the companies included in the consolidated financial statements, the delimitation of 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.

Hagen, November 26th, 2018

WWP Weckerle Wilms Partner GmbH  
Wirtschaftsprüfungsgesellschaft

## Steuerberatungsgesellschaft

*signed Dr. Weckerle, auditor**signed Bißmeier, auditor*

## Development of the consolidated fixed asset movement schedule as of June 30, 2018

	Acquisition or manufacturing costs					
	1.7.2017	Currency conversion differences	Accesses	Rebooking	Departures	06/30/2018
	EUR	EUR	EUR	EUR	EUR	EUR
I. Intangible Assets	19,899,051	3.236	115.908	0	18th	20,597,596
II. Tangible assets	466.754.228	-29,122	56,597,740	0	5,108,976	522,958,851
III. Financial assets	35,047,517	-4,038,108	1,407,216	0	25,625	32,391,000
total	521.700.796	-4,063,994	58.120.864	0	5,134,619	575.947.447