In accordance with Regulation 32 of the Overseas Companies Regulations 2009.

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OS AA01
Statement of details of parent law and other information for an overseas company

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You may use this form to accompany your accounts disclosed under parent law.

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Part 1 Corporate company name

Corporate name of overseas company ❶	KYB Europe GmbH
UK establishment number	B R 0 0 3 7 0 2

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Please complete in typescript or in bold black capitals.

All fields are mandatory unless specified or indicated by *

❶ This is the name of the company in its home state.

Part 2 Statement of details of parent law and other information for an overseas company

A1 Legislation

Please give the legislation under which the accounts have been prepared and audited.

Legislation ❷	German Legally Required Accounting Principles

❷ This means the relevant rules or legislation which regulates the preparation of accounts.

A2 Accounting principles

Accounts

Have the accounts been prepared in accordance with a set of generally accepted accounting principles?

Please tick the appropriate box.

☐ **No.** Go to **Section A3.**

☑ **Yes.** Please enter the name of the organisation or other body which issued those principles below, and then go to **Section A3.**

Name of organisation or body ❸	Handelsgesetzbuch (Commercial code of Germany)

❸ Please insert the name of the appropriate accounting organisation or body.

OS AA01

Statement of details of parent law and other information for an overseas company

A3 Audited accounts

Audited accounts	Have the accounts been audited in accordance with a set of generally accepted auditing standards? Please tick the appropriate box. ☐ **No.** Go to **Part 3 'Signature'**. ☑ **Yes.** Please enter the name of the organisation or other body which issued those standards below, and then go to **Part 3 'Signature'**.	❶ Please insert the name of the appropriate accounting organisation or body.
Name of organisation or body ❶	Handelsgesetzbuch (Commercial code of Germany)	

Part 3 Signature

	I am signing this form on behalf of the overseas company.
Signature	Signature X DocuSigned by: Laura Falzon DD0A409EB5564B5 DocuSigned by: Andrew Marpole D371EA914F1B4B0... X
	This form may be signed by: Director, Secretary, Permanent representative.

OS AA01
Statement of details of parent law and other information for an overseas company

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You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name	ref: GEM SERVICES
Company name	KPMG LLP
Address	1 ST PETER'S SQUARE
Post town	MANCHESTER
County/Region	
Postcode	M 2 3 A E
Country	UNITED KINGDOM
DX	
Telephone	0161 618 7342

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KYB Europe GmbH Niederlassung Düsseldorf

07/12/22

I, Laura Falzon, permanent representative of the UK Establishment of KYB Europe GmbH certify that this is a true and accurate translation of the financial statements.

Laura Falzon

KYB Europe GmbH Niederlassung Düsseldorf

Hausanschrift / Address:
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Eingetragen beim Amtsgericht München
HRB 247880

Hauptniederlassung / Headquarters:
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Langfeldstraße 11 • 80939 München
Amtsgericht München
HRB 247880
UST-ID Nr.: DE 162922009

Geschäftsführer / Managing Directors:
Fumihiko Izumi (President)
Yuto Uchida (Vice President)
Takashi Saito
Kazuhiko Kanematsu
Toshiyuki Yamada
Kiichi Fukui
Yoshihisa Nambu

Bankverbindung / Bank details:
MUFG Bank
BIC: BOTKDEDX
IBAN: DE45 3001 0700 0000 2019 54
Deutsche Bank
BIC: DEUTDEDD
IBAN: DE32 3007 0010 0257 7377 00

AUDIT REPORT

Financial Statements as of 31 March 2016 and Management Report

KYB Europe GmbH
Krefeld

The English language text in section 6 of the audit report and in appendix 1 are translations provided for information purposes only. The original German text shall prevail in the event of any discrepancies between the English translation and the German original.
We do not accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

KPMG AG Wirtschaftsprüfungsgesellschaft

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Please note that for computational reasons, rounding differences to the exact mathematical figures (monetary units, percentages, etc.) may occur.

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1 Audit Engagement

At the shareholders' meeting held on 28 October 2015 of

KYB Europe GmbH, headquartered in **Krefeld,**
– hereinafter also referred to as "KYB" or "Company" –

we were appointed as auditors of the financial statements for the financial year from 1 April 2015 to 31 March 2016. Accordingly, the management board has engaged us to audit the financial statements for the year ended 31 March 2016, together with the accounting records and the management report.

This audit report has been prepared in accordance with the principles of Audit Standard 450 promulgated by the German Institute of Public Auditors [IDW].

We confirm that we have conducted our audit in compliance with the applicable independence regulations in accordance with Section 321 (4a) of the German Commercial Code [HGB].

The terms governing this engagement are set out in the General Terms and Conditions of Engagement for Auditors and Auditing Firms (Allgemeine Auftragsbedingungen für Wirtschaftsprüfer und Wirtschaftsprüfungsgesellschaften) as amended on 1 January 2002, which are attached to this report as Appendix 6. Our liability is governed by Clause 9 of the General Engagement Terms. Our liability towards third parties is defined under Clauses 1 (2) and 9 of the General Engagement Terms.

2 Basic Findings

2.1 Evaluation of the management's assessment of the Company's position

In our opinion, the following key statements in the group management report are noteworthy:

- The revenue of KYB Europe GmbH increased by EUR 4,562 thousand (2.8 %) from EUR 164,687 thousand in the previous year to EUR 169,249 thousand. KYB was able to further increase their revenue in some markets, especially in the European Union, while sales declined significantly in Russia. Overall, sales growth comparing to the previous year by 2.8 %.
- The gross profit margin (revenues less cost of purchased goods in relation to revenues) increased from 18.3 % in the previous year to 20.6 % and is above previous year's expectations. The gross profit (revenue less cost of purchased goods) increased by EUR 4,660 (15.4 %) thousand to EUR 34,834 thousand.
- The profit from continuing operations decreased by EUR 8,555 thousand to EUR 5,438 thousand. The main reason for that is the income of our sold participations to KYB Corporation Ltd. in previous fiscal year 2014/15. The personnel expenses increased by EUR 462 (5.0 %) thousand slightly disproportionately to the previous reporting period to EUR 9,760 thousand. Furthermore, the other operating expenses risen by EUR 3,433 (17.5 %) thousand to EUR 23,099 thousand.
- The net income for the 2015/16 business year is EUR 3,744 thousand (previous year EUR 13,006 thousand). This is corresponding to last year's expectations.
- Trade accounts receivable increased by EUR 4,784 thousand to EUR 38,183 thousand, receivables from affiliated companies increased by EUR 15,845 thousand to EUR 34,632 thousand. The increase in receivables from affiliated companies can be explained by the paid loan of EUR 15,200 thousand to KYB Headquarters B.V.
- KYB Europe GmbH is financed by means of current income, short-term bank loans, as well as the paid-in capital made available by the parent company KYB Europe Headquarters BV, Roermond/Netherlands.
- In the year under review KYB was able to fulfil their financial commitments at all times. Overall, KYB assesses the business during the reporting year as satisfactory. As per the date of the preparation of the management report the economic condition of the company is being assumed as being healthy
- According to KYB's expectations, the western European market is very stable. It is their strategy to improve distribution channels for products with high margin (coil springs, mounting kits, and protection kits), as well as to improve profitability, especially for shock absorbers, by means of price increases. As KYB's market share of shock absorbers in Germany is still very small (approx. 15 %), KYB still has a lot of possibilities to increase their sales volume, e.g. with the acquisition of new customers

- In Eastern Europe, especially in Poland, there is a tough competition. As KYB has a rather large market share of over 25 %, our competitors try to gain further market share. Therefore, we strive towards keeping up a stable price management.
- For financial year 2016/17 KYB expects a moderate increase in revenue and also a slightly higher gross margin compared to financial year 2015/16. Additionally, KYB expects constant values of delivery throughout 2016/17. For fiscal year 2016/17 KYB expects a slight decrease on net profit of the year.
- Due to the continued favorable exchange rate situation against the Japanese Yen, KYB's purchase prices have remained at the level of previous year. KYB expects further price reductions (2.5 %) in the fiscal year 2016/17 from their coil spring production which was established in the Czech Republic in 2013.
- The company's ability to continue as a going concern is dependent on the financial support of the parent company if short-term bank loans are not prolongated by the banks.
- Overall KYB does not expect any material risks now or in the future which might prejudice the continued existence of our company.

As a result of our audit we found that the management report presents fairly, in all material respects, the position of the Company and accurately presents the opportunities and risks of future development.

Please refer to Appendices 2 and 3 for the Company's business profile and the legal status.

2.2 Circumstances affecting the Company's development and continuation as a going concern

The Company's ability to continue as a going concern is dependent on the financial support of the parent company if short-term bank loans are not prolongated by the banks.

As per 31 March 2016, short-term bank loans amount to EUR 22.2 million. In case the short term bank loans are not prolonged on a regular basis, the Company is dependent on the financial support by the parent company.

3 Performance of the Audit

3.1 Scope of the audit

We have audited the financial statements of KYB Europe GmbH, including the accounting records and management report for the financial year ended 31 March 2016. The management of the Company is responsible for

- maintenance of the books and records
- preparing the financial statements and the management report in accordance with the regulations of German commercial law, and also for
- the explanations and evidence provided to us.

Our responsibility is to express an opinion on these financial statements and the management report based on our audit.

An audit of financial statements only covers compliance with other legal regulations to the extent that these other legal regulations can be expected to have an impact on the financial statements or the management report.

3.2 Nature and scope of audit procedures

We conducted our audit of the financial statements in accordance with Section 317 of the German Commercial Code [HGB] and the generally accepted standards for the audit of financial statements promulgated by the German Institute of Public Auditors [IDW]. The objective of our risk-oriented audit approach is to ensure that the statements made in the financial statements and management report of KYB Europe GmbH provide a reliable basis for decisions taken by users of these financial statements.

The main features underlying our audit approach are as follows:

Phase I: Development of an audit strategy focused on business risks

Obtaining an understanding of the Company's business as well as knowledge of the accounting systems and the internal control system

Establishing audit focus areas based on our risk assessment:

- appropriateness of the going concern assumption
- audit of the process of preparing the financial statements
- completeness and accuracy of branch consolidation procedures
- valuation, existence and accuracy of inventories
- valuation and existence of trade debtors
- existence of sales
- completeness of provisions.

Establishing the audit strategy and timeline for the audit

Selecting the audit team and planning the deployment of specialists

Phase II: Selection and implementation of control-based audit procedures

Selection of control-based audit procedures based on risk assessments and knowledge of business processes and systems

Assessment of the design and effectiveness of selected accounting-related controls

Phase III: Tests of details and analytical review of items in the financial statements

Performance of analytical reviews of items in the financial statements

Tests of details on a sample basis and assessment of individual items with a view to the accounting options and judgments exercised, e.g.:

- Obtaining confirmations from lawyers and credit institutions
- Obtaining confirmations of balances from customers and suppliers on a sample basis (random for customers and specified for suppliers)
- Making use of an actuarial report provided by an independent expert to audit pension provisions.

Review of disclosures in the notes and assessment of the management report

Phase IV: Overall assessment of audit results and reporting

Formation of the audit opinion on the basis of the overall assessment of audit results

Reporting in the audit report and the auditor's report

Detailed oral presentation of audit results to management

We performed our audit (with interruptions) in the months from April to July 2016 until 11 July 2016. We carried out a preliminary audit (with interruptions) in the months of November 2015 to March 2016.

All explanations and evidence requested by us were provided. The management board confirmed in writing that the financial statements and management report are complete.

4 Findings Concerning Accounting Records and Financial Reporting

4.1 Accounting records and related documents

The Company's accounting records have been properly kept and maintained. The accounting records and related documents are properly authorized, sufficiently explained and filed in an orderly manner. Based on our findings, the accounting records and related documents comply with German statutory requirements.

Based on our audit, we found that the Company's organizational and technical measures taken to ensure security of the accounting-relevant data and IT systems were appropriate.

4.2 Financial statements

The financial statements as of 31 March 2016, presented to us for audit, were properly derived from the Company's accounting records and other documents audited. The opening balance sheet figures were properly carried forward from the prior year financial statements. The statutory regulations concerning recognition, disclosure and valuation were observed.

The balance sheet and the income statement were prepared in accordance with the provisions of German commercial law governing the accounting of limited liability companies, including generally accepted accounting principles. The notes to the financial statements include all legally required information.

4.3 Management report

The management report prepared by the management complies with statutory regulations. The management report is consistent with the financial statements and our audit findings. It presents fairly, in all material respects, the position of the Company. As a result of our audit we conclude that the management report suitably presents the main opportunities and risks of future development and that the disclosures pursuant to Section 289 (2) HGB are complete and accurate.

5 Opinion on the Overall Presentation of the Financial Statements

5.1 Explanatory notes concerning the overall presentation

The general accounting policies are described in the notes to the financial statements (see Appendix 1.3).

The exercise of **accounting and valuation options as well as accounting judgments** for the following financial statement items has a material effect on the Company's net assets, financial position and results of operations:

Intangible assets and property, plant and equipment

The depreciation method used as well as the assessment of the expected useful lives of intangible assets and property, plant and equipment are the major elements in the valuation of fixed assets. KYB makes use of the straight-line depreciation method and considers the following useful lives:

Type of asset	Useful life in years
Workshop equipment	8 – 13
Forklifts (new)	8
Forklifts (used)	5
Other transport equipment (warehouse)	5
Company cars	5
Office equipment	4 – 5
Hardware	3
Software	3

With regard to the development of fixed assets, we refer to the fixed assets movement schedule which is included in the notes to the financial statements (Appendix 1.3).

Low-value assets up to EUR 150.00 are fully expensed in the year of acquisition. Assets purchased for more than EUR 150.00 and up to EUR 1,000.00 are capitalized in an accumulated amount per year and depreciated straight-line over five years starting in the year of the acquisition.

Merchandise goods

The goods are mainly purchased from KYB Group Companies and are in general capitalized with moving average purchase costs or the lower fair value. In addition, transportation costs and duties for purchased goods are capitalized.

Allowances for obsolescence are calculated based on turnover rates for stocks on hand.

In case goods have turnover rates which exceed two years the following write-off rates are applied consistently with prior year:

Years	Obsolescence reserve (in %)
more than 4	30
at least 3 and up to less than 4	20
at least 2 and up to less than 3	10

However, an exception is made for those goods which were included in the sales catalogue of KYB within the last two years before year-end. For those current goods no obsolescence reserves are set up at all. On the other hand, goods which were not sold within the last five years before year-end are devaluated down to EUR 1 for the first time in 2015/2016. The effect of that change in the valuation policies amounts to EUR 42 thousand.

The following table provides an overview of the development of the valuation components:

	31/3/2016	31/3/2015	Change
	EUR (thousands)	EUR (thousands)	EUR (thousands)
Purchase costs for goods on stock	63,116	45,630	-2,928
Goods in transit	9,974	4,112	-1,760
	73,116	49,742	-4,688
Allowances for obsolescence	-1,732	-1,917	-436
Incidental Merchandise	320	120	-11
Inventories	**71,678**	**47,945**	**-5,135**

Trade receivables

The assessment of the future solvency of debtors and of the related bad debt risks is the most important element in the valuation of trade receivables.

The **individual allowance** amounts to EUR 159 thousand as of 31 March 2016 (previous year-end: EUR 87 thousand).

The Company also records a **general bad debt allowance** in an amount of EUR 474 thousand (prior year: EUR 316 thousand). Thereof EUR 123 thousand relate to the German branch, EUR 254 thousand to the Italian branch, EUR 52 thousand to the French branch and EUR 46 thousand to the UK branch.

The general bad debt allowance is calculated at 0.5 % of the receivables not specifically provided for and less VAT.

In addition, there is a second component of the general bad debt allowance dependent on days overdue and country specific allowance rates as follows:

Country	Overdue		
	>30 days %	>60 days %	>90 days %
Austria, Finland, Germany, Norway, Switzerland	2	3	4
Azerbaijan, Belarus, Bulgaria, Croatia, Czechia, Estonia, Georgia, Hungary, Kazakhstan, Latvia, Lithuania, Panama, Poland, Romania, Russia, Serbia, Slovakia, Sweden, Ukraine, Uzbekistan	10	15	20
Bosnia	18	27	36
Moldova, Turkmenistan	22	33	44

Deferred taxes

In exercising the option disclosed in section 274 (1) sentence 2 HGB deferred tax assets amounting to EUR 153 thousand from the UK and the French branch and deferred tax liabilities amounting to EUR 160 thousand from deferred income tax expense as well as a deferred tax asset on tax loss carry forwards of EUR 354 thousand for the Spanish branch have not been recognized.

Warranty provisions

Based on a warranty agreement dated 5 January 2006 between Kayaba Industry Co. Ltd., Tokyo/Japan, and KYB the production risks are compensated by the production companies and only the remaining other warranty costs are to be taken over by the distribution companies within the Group. The Company receives yearly payments to compensate for future warranty claims relating to goods purchased in the respective year from the manufacturing companies which are taken to income. In turn, KYB sets up a warranty provision based on own past experience and judgement. As at 31 March 2016, KYB accrued EUR 354 thousand (prior year-end: EUR 337thousand).

The following **grooming transactions** had a material effect on the overall presentation of the financial statements:

Management fee agreement with KYB Europe Headquarters GmbH

Since June 2010, the Company has a Management fee agreement with KYB Europe Headquarters GmbH. The total management fee in 2015 amounts to EUR 567 thousand (prior year: EUR 540 thousand).

Loan granted to KYB Europe Headquarters B.V., Roermond/The Netherlands

Effective 29 July 2015, the Company has granted a loan of EUR 15,200 thousand to KYB Europe Headquarters B.V. The loan has a maturity date of 29 July 2016 and bears interest of six months Euribor plus 0.75 % per annum.

Stock kept for sales to the Russian market via KYB Eurasia LLC, Moskow/Russia

The Company maintains warehouses at the premises of an external service provider at Riga/Latvia. The warehouses contains goods of EUR 15,957 thousand held for the Russian market which are sold to KYB Eurasia LLC upon orders from that company.

As regards other significant agreements with related parties as well as with third parties we refer to our comments in Appendix 2 (business profile).

5.2 Conclusion on the overall presentation of the Financial Statements

In the financial statements as of 31 March 2016, the Company exercised accounting and valuation options largely consistently with the prior year, with the exception of the devaluation of goods that were not sold for the last five years to EUR 1. The most significant instances of judgment from the point of view of the overall presentation consist of the valuation of inventories.

The material transactions referred to in Section 5.1 of this report have overall contributed to a considerable increase in the Company's bank debts, inventories as well as intercompany payables and receivables.

Based on an overall consideration of the accounting policies and material transactions described above, we are of the opinion that the financial statements provide a true and fair view of the Company's net assets, financial position and results of operations in accordance with German generally accepted accounting principles.

6 Auditor's Report (Translation)

For the financial statements and management report we have issued an unqualified auditor's report. The English language text below is a translation of the auditor's report:

"

Auditor's Report (Translation)

We have audited the annual financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system, and the management report of KYB Europe GmbH, Krefeld, for the financial year from 1 April 2015 to 31 March 2016. The maintenance of the books and records and the preparation of the annual financial statements and management report in accordance with German commercial law are the responsibility of the Company's management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and the management report based on our audit.

We conducted our audit of the annual financial statements in accordance with Section 317 of the German Commercial Code [HGB] and the generally accepted standards for the audit of financial statements promulgated by the German Institute of Public Auditors [IDW]. Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with German principles of proper accounting and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements and the management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall presentation of the annual financial statements and management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the annual financial statements comply with the legal requirements and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with German principles of proper accounting. The management report is consistent with the annual financial statements and as a whole provides a suitable view of the Company's position and suitably presents the opportunities and risks of future development.

Without qualifying this opinion we refer to the discussion in the management report. In the section "Risk report" it is disclosed that the Company's ability to continue as a going concern is dependent on the financial support of the parent company if short-term bank loans are not prolongated.

Düsseldorf, 11 July 2016

KPMG AG
Wirtschaftsprüfungsgesellschaft

KPMG AG WIRTSCHAFTSPRÜFUNGSGESELLSCHAFT WIRTSCHAFTS-PRÜFUNGS-GESELLSCHAFT SIEGEL BERLIN

Kuntz
Wirtschaftsprüfer
[German Public Auditor]

Dr. Widmayer
Wirtschaftsprüfer
[German Public Auditor]

Appendices

Appendix 1

Financial Statements as of 31 March 2016 and Management Report

1.1 Balance sheet

1.2 Income statement

1.3 Notes

1.4 Management Report

KYB Europe GmbH, Krefeld

Balance sheet as of 31 March 2016
(Translation)

Assets

	31/3/2016		31/3/2015	
	EUR	EUR	EUR	EUR
A. Fixed Assets				
I. Intangible assets				
Acquired software		200,056.70		27,979.02
II. Property, plant and equipment				
Other equipment and office equipment		1,613,381.59		2,085,833.86
		1,813,438.29		2,113,812.88
B. Current assets				
I. Inventories				
Merchandise		71,678,139.56		47,945,448.77
II. Receivables and other assets				
1. Trade receivables	38,183,333.88		33,399,563.02	
2. Receivables from affiliated companies	34,632,017.37		18,786,545.12	
3. Other assets	1,509,407.09	74,324,758.34	2,489,034.77	54,675,142.91
III. Cash and cash equivalents		3,401,460.46		7,357,424.49
		149,404,358.36		109,978,016.17
C. Prepayments and accrued income		446,331.35		616,164.95
		151,664,128.00		**112,707,994.00**

Shareholders' equity and liabilities

	31/3/2016 EUR	31/3/2015 EUR
A. Equity		
I. Subscribed capital	700,000.00	700,000.00
II. Capital reserve	3,219,349.33	3,219,349.33
III. Retained earnings	51,521,941.35	38,515,908.45
IV. Net income for the year	3,743,818.10	13,006,032.90
	59,185,108.78	55,441,290.68
B. Provision		
1. Provisions for pensions	139,941.14	96,076.00
2. Tax provisions	367,165.20	254,722.46
3. Other provisions	9,890,574.35	10,358,416.47
	10,397,680.69	10,709,214.93
C. Liabilities		
1. Liabilities to banks	22,200,000.00	12,000,000.00
2. Trade payables	4,965,785.36	4,417,825.03
3. Liabilities to affiliated companies	52,680,283.44	27,764,075.92
4. Other liabilities	2,235,269.73	2,375,587.44
	82,081,338.53	46,557,488.39
	151,664,128.00	**112,707,994.00**

KYB Europe GmbH, Krefeld

Income statement for the period from 1 April 2015 to 31 March 2016 (Translation)

	2015/16		2014/15	
	EUR	EUR	EUR	EUR
1. Revenue		169,249,803.28		164,687,042.26
2. Other operating income		4,200,183.27		10,661,153.07
3. Cost of purchased goods		-134,416,042.78		-134,512,511.74
4. Personnel expenses				
a) Wages and salaries	-7,665,034.34		-7,304,322.86	
b) Social security and pension benefits – of which relating to pension benefits: EUR 43,865.14 (prior year: EUR 67,101.00) –	-2,095,052.55	-9,760,086.89	-1,993,481.12	-9,297,803.98
5. Amortization of intangible assets and depreciation of property, plant and equipment		-759,944.07		-857,926.76
6. Other operating expenses		-23,099,045.12		-19,665,756.78
7. Income from investments – all from affiliated company –		0.00		3,366,062.73
8. Other interest and similar income		87,666.19		11,451.30
9. Interest and similar expenses		-64,460.60		-398,729.34
10. Profit from continuing operations		5,438,073.28		13,992,980.76
11. Income Taxes		-1,480,324.47		-933,160.35
12. Other taxes		-213,930.71		-53,787.51
13. Net income for the year		**3,743,818.10**		**13,006,032.90**

KYB Europe GmbH, Krefeld

Notes to the financial statements for the financial year 2015/2016 (Translation)

I. Basic Principles of the Accounting

As in the previous years, the profit and loss account has been prepared in accordance with the total cost method as stipulated by § 275 para. 2 of the German Commercial Code (HGB).

KYB Europe GmbH is a large incorporated company within the meaning of § 267 para. 3 of the German Commercial Code (HGB).

The individual financial statements have been prepared in accordance with the accounting standards under commercial law (German Commercial Code (HGB)) in the version of the German Accounting Law Modernisation Act (BilMoG), as well as the additional statutory regulations for limited liability companies (GmbHG).

For the purposes of improved clarity, the remarks which are to be provided in accordance with statutory regulations next to the items on the balance sheet, as well as the remarks which are to be provided optionally in the notes to the balance sheet, are listed in the notes.

II. Financial Accounting and Valuation Principles

Intangible Assets

Intangible assets recorded in fixed assets acquired from third parties in return for payment are capitalised at their acquisition costs and depreciated on a straight-line basis --pro rata temporis in the year of acquisition-- in accordance with their anticipated period of use. EDP programs acquired in return for payment are depreciated with a useful life of three years.

Tangible Assets

Tangible assets are valued at their acquisition or production costs less scheduled depreciation. The depreciation on additions to fixed assets is stated on a pro rata temporis basis in all cases. Insofar as the fair values of individual assets fall short of their book value, additional unplanned write-downs are carried out where the impairment is anticipated to be long-term.

The following periods of use have been taken as a basis:

	Period of Use	Depreciation Rate
	Years	%
Acquired software	3	33.33
Other equipment and office equipment	5 - 13	7,69 - 20

Acquisition or production costs for depreciable movable assets which are capable of independent use are recorded in full as operating expenses in the financial year of their acquisition, manufacture or contribution if the acquisition or production costs for the individual asset --reduced by any VAT amount they may contain-- do not exceed EUR 150. For low value assets whose acquisition or production costs --reduced by any VAT amount they may contain-- are more than EUR 150 and up to EUR 1,000, an annual collective item within the meaning of the § 6 para. 2a of the German Income Tax Act (EStG) is formed. The annual collective item is released over five years in a profit-reducing manner. Insofar as an asset is removed from the business assets prematurely, the collective item is not reduced.

Inventories

All goods are valued at moving average prices or lower fair values as of the balance sheet date. Moreover, transport costs and customs duties on purchased goods are carried as an asset. Storage risks are taken into account in the form of marketability discounts. In the reporting period goods were written down to a value of EUR 1 with no sales in the last five years for the first time. From this change in valuation, additional expenditure of EUR 42 thousand has been realized.

Receivables and Other Assets

Receivables and other assets are carried at their nominal value or the lower fair value as of the balance sheet date. Valuation allowances are made for doubtful accounts and uncollectible accounts are derecognized.

Cash and Cash Equivalents are reported at notional values.

The **prepayments and accrued income** are recognized in the amount of payments made, as far as these expenses represent a period after the reporting date.

Equity

The equity has developed as follows:

	EUR (thousands)
April 1, 2015	55,441
Net income for the financial year 2015/2016	3,744
March 31, 2016	59,185

Provisions for Pensions

At the French branch there is a collective agreement on a performance-oriented pension plan. The fair value of the assets to be netted according to § 246 HGB [German Commercial Code] is EUR 110 thousand and corresponds to acquisition cost. Expenses netted amount to EUR 43 thousand, income netted amounts to EUR 0 thousand. The pension liability of EUR 251 thousand was determined on the basis of an actuarial expertise using Tables Prospectives par Génération and prepared as of December 31, 2015 (projected unit credit method). The provision was determined on the basis of an interest rate of 2.25 %. Moreover, in the determination of the provisions for pensions and similar commitments, annual wage and salary increases of 2.0 % were taken as the basis and an employee turnover rate of 0.0 % p. a. assumed.

Tax Provisions

Tax provisions relate to taxes on income of the German, British and Italian branch and are set up in the anticipated amount to be paid.

Other Provisions

Other provisions were formed with the settlement amounts for all identifiable risks from impending losses and uncertain commitments as of the balance sheet date which will probably be claimed against the company according to a reasonable commercial assessment.

Liabilities

Liabilities are shown on the balance sheet with the settlement amounts.

Conversion of Foreign Currencies

Business transactions in foreign currency are generally stated at the historical exchange rate at the time of the initial posting. Balance sheet items are valued as of the effective date as follows:

Long-term foreign currency receivables are recognised at the foreign exchange offered rate upon the recognition of the receivable or at the lower fair value, based on the foreign exchange spot rate on the balance sheet date (imparity principle). Short-term foreign currency receivables (residual term of one year or less), as well as cash and bank balances or other short-term assets in foreign currencies are converted at the foreign exchange spot rate on the balance sheet date.

Long-term foreign currency liabilities are valued at the foreign currency bid rate upon the recognition of the liability or at the higher closing rate value, on the basis of the foreign currency spot rate as of the balance sheet date (imparity principle). Short-term foreign currency liabilities (residual term of one year or less) are converted at the foreign currency spot rate on the balance sheet date.

Deferred Taxes

Deferred taxes are recognised on the basis of the differences in the amounts recognised on the commercial balance sheet and the tax balance sheet, insofar as these are anticipated to diminish in subsequent business years. Moreover, deferred tax assets are formed on the existing corporate and trade tax losses carried forward, insofar as offsetting of the losses can be expected within the next five years. Deferred taxes on the assets and liabilities side are balanced against each other. An overall tax burden would be recognised in the balance sheet as deferred tax liability. In the case of tax relief no use would be made of the corresponding capitalisation option.

III. Explanations on the Balance Sheet

Fixed Assets

The development in the fixed assets is shown in the attached development in fixed assets.

Receivables and Other Assets

Receivables and other assets show residual terms of up to one year. Receivables from affiliated companies are EUR 19,432 thousand (previous year EUR 18,787 thousand) trade receivable, EUR 15,200 thousand (previous year EUR 0 thousand) concern receivables against the shareholder KYB Headquarters B.V. and are only related to a short term loan.

Other assets of EUR 0 thousand (previous year EUR 137 thousand) have a residual term of more than one year.

Prepayments and accrued income

Prepayments and accrued income (EUR 446 thousand) essentially relate to rents (EUR 249 thousand) and prepayments to suppliers (EUR 62 thousand).

Provisions

Other provisions (EUR 9,890 thousand) essentially relate to customer bonuses (EUR 7,527 thousand), outstanding invoices (EUR 948 thousand), personnel related provisions (EUR 715 thousand), warranties (EUR 354 thousand), as well as rent obligations (EUR 186 thousand).

Liabilities

The liabilities due to banks of EUR 22,200 thousand (previous year EUR 12,000 thousand) are due within one year.

The amounts owed to group companies (EUR 52,680 thousand; previous year EUR 27,764 thousand) relate to supplies and services to an amount of EUR 52,680 thousand (previous year EUR 27,764 thousand) and are due within one year.

The **other liabilities** are made up as follows:

	Mar 31, 2016	Mar 31, 2015
	(EUR thousands)	
Tax liabilities	1,389	1,580
Social security	380	368
Customers with Credit Balances	36	213
Miscellaneous	430	214
	2,235	2,375

Within the other liabilities there are liabilities amounting to EUR 2,235 thousand (previous year EUR 2,375 thousand) which have a term of up to one year.

Deferred taxes

In the financial year, there was overall a deferred tax asset not reported in the balance sheet. Deferred taxes are not reported, as the existing net asset item is not recognised on the balance sheet considering the option according to § 274 of the German Commercial Code (HGB). The deferred taxes are determined on the basis of the combined profit tax rate of the company of 30 %, which is anticipated to result at the time of the reversal of the differences of French and British Branch. The combined profit tax rate comprises corporation tax, trade tax and solidarity surcharge.

IV. Explanations of the Income Statement

Revenue

The geographical distribution of revenue is as follows:

	2015/2016	2014/2015
	(EUR thousands)	
European Union	124,265	109,412
Russia	28,824	40,076
Rest of Europe	10,131	9,646
Asia	414	312
Miscellaneous	5,616	5,241
	169,250	164,687

All revenues relate to the sale of automobile spare parts.

Other Operating Income

Other operating income (EUR 4,200 thousand) essentially includes exchange rate gains (EUR 4,090 thousand, prior year: EUR 1,252 thousand) as well as other period income of EUR 45 thousand (prior year: EUR 14 thousand) from the reversal of valuation allowances on receivables.

Other Operating Expenses

Other operating expenses relate primarily to freight charges (EUR 7,535 thousand), currency exchange losses (EUR 4,671 thousand; prior year: EUR 867 thousand), rents (EUR 2,888 thousand), advertising expenses (EUR 2,152 thousand), legal and consulting expenses (EUR 1,271 thousand), EDP-costs (EUR 700 thousand), automobile expenses (EUR 638 thousand), expenditure for third-party work (566 thousand), as well as travel expenses (522 thousand). Other operating expenses included other period expenses of EUR 1 thousand from the sale of assets.

Other Interest and Similar Income, as well as Interest and Similar Expenditure

Other interest and similar income amounting to EUR 79 thousand to the shareholder KYB Headquarters B.V.. Interest and similar expenses amounting to EUR 41 thousand expenses to the shareholder KYB Headquarters B.V. Remaining amount relate to third-party. Interest expenses of 5 thousand (previous year: 2 thousand) relate to interest accruing on long-term reserves.

Income Taxes

Income taxes are made up as follows:

	2015/2016
	(EUR thousands)
Trade tax previous years	13
Trade tax for the assessment period 2015/2016	510
Corporation tax previous years (income)	-10
Corporation tax for the assessment period 2015/2016	463
Taxes on income and profit of the foreign branches	504
	1,480

Other Taxes

The other taxes (214 thousand) mainly include other taxes of the French branch (188 thousand) and car taxes (10 thousand).

V. Other Information

Other Financial Commitments and Off-Balance Sheet Transactions

The other financial commitments are due as follows:

	Apr 16-Mar 2017	Apr 17-Mar 2018	Apr 18-Mar 2019	Apr 19 and thereafter	Total
			EUR thousands		
Rents and leasing commitments	2,372	2,322	943	1,545	7,182

The significant financial commitments concern rent agreements for the Head Office in Krefeld and the further branch locations in Europe. In the case of the rental properties for the different businesses, rent is to be given preference over acquisition in order not to have to bear the resale risk of the respective property if the service contracts for individual properties are terminated. A further advantage is the smaller capital commitment. Risks may be associated with the respective contractual obligations, insofar as individual properties can no longer be commercially used. Negotiations on extending a contractual period include opportunities and risks with respect to pricing.

Overall the other financial commitments for these tenancy agreements amount to EUR 6,622 thousand, of which EUR 2,158 thousand is due for payment in the 2016/2017 business year, and EUR 4,464 thousand after that. The other financials commitments from leasing and tenancy agreements relate to other assets and other office equipment. Overall the other financial commitments from these agreements amount to EUR 560 thousand, of which EUR 214 thousand is due within the 2016/2017 business year, and EUR 346 thousand thereafter.

Employees

The number of employees at the branches was as follows during the business year:

Branch/sales office	Average 2015/2016	Mar 31, 2016
Germany	59	58
France	40	37
Great Britain	34	34
Spain	23	23
Italy	10	10
Total	166	162

Transactions with Related Parties

With the exception of the remuneration for the Company's management, there are no business relationships with related persons.

Within the framework of normal business activities the company maintains business relationships with numerous companies, including affiliated companies, which are deemed to be related companies.

Summary of the important transactions with related companies according to type of business (in EUR thousands):

Type of Relationship / Type of Business	Direct Parent Company	Subsidiary Company	Other Affiliated Companies/ Miscellaneous
Asset purchases	-	-	134,232
Asset sales	-	-	35,096
Purchasing of services	-	-	567
Provision of services	-	-	-
Transfer of use of assets (lease, rent, leasing)	-	-	-
Financing received (including cash pooling)	-	-	-
Originated financing	15.200	-	-

Fee of the Auditor of the Annual Accounts

In the business year the total fee of the auditor of the annual accounts was 135 thousand, consisting only fees for the audit of the annual accounts.

Managing Directors

Members of the Company's management in the business year:

- Tadao Ogoshi, merchant, Düsseldorf/Germany (until June 23, 2016),
- Michael Howarth, merchant, Düsseldorf/Germany,
- Eiji Hisada, merchant, Düsseldorf/Germany (since March 23, 2016),
- Hajime Sato, merchant, Tokyo/Japan (until March 23, 2016),
- Osamu Kunihara, merchant, Tokyo/Japan,
- Takashi Kitahata, merchant, Tokyo/Japan (since March 23, 2016)

The total remuneration of the company management in the financial period is 384 thousand.

In the financial period 2015/2016 no pension payments were made to former members of the Company's management; no provisions for pension obligations for this group of individuals were required.

Consolidated Accounts

KYB Europe GmbH is included in the consolidated financial statements prepared by Kayaba Industry Co. Ltd., Tokyo/Japan, who prepare consolidated financial statements for the largest group of entities, according to accounting principles generally accepted in Japan. These are available from the headquarters of the company and are published on the Japanese EDINET (Electric Disclosure for Investor's NETwork) under the number EO2147.

Starting 2012 KYB Europe GmbH is in addition included in the consolidated financial statements of KYB Europe Headquarters B.V., Roermond/Netherlands (smallest group), which are prepared according to International Financial Reporting Standards (IFRS) as applicable in the EU. These consolidated financial statements are available at the legal office of KYB Headquarters B.V.

Appropriation of the Retained Earnings and Net Income for the year

The company management proposes carrying forward the accumulated profits of 55,266 thousand, which are made up of the net income for the year of 3,744 thousand and the retained earnings of 51,522 thousand, to new account.

Krefeld, July 11, 2016

KYB Europe GmbH

Michael Howarth	Eiji Hisada	Osamu Kunihara	Takashi Kitahata
Managing Director	Managing Director	Managing Director	Managing Director

KYB Europe GmbH, Krefeld

Development in Fixed Assets
for the fiscal year 2015/16 (Translation)

		Acquisition Costs				
		1/4/2015	Currency conversion	Additions	Disposals	31/3/2016
		EUR	EUR	EUR	EUR	EUR
I.	**Intangible assets**					
	Acquired software	376,036.03	-4,063.64	262,394.83	-6,900.00	627,467.22
II.	**Poperty, plant and equipment**					
	Oher equipment and office equipment	6,834,348.72	-34,354.44	232,109.79	-72,216.23	6,959,887.84
III.	**Financial assets**					
	Shares in affiliated companies	0.00	0.00	0.00	0.00	0.00
		7,210,384.75	**-38,418.08**	**494,504.62**	**-79,116.23**	**7,587,355.06**

Accumulated Depreciation					Book Values	
1/4/2015	Currency conversion	Additions	Disposals	31/3/2016	31/3/2016	31/3/2015
EUR	EUR	EUR	EUR	EUR	EUR	EUR
348,057.01	-4,063.64	86,298.66	-2,881.51	427,410.52	200,056.70	27,979.02
4,748,514.86	-22,563.38	673,645.41	-53,090.64	5,346,506.25	1,613,381.59	2,085,833.86
0.00	0.00	0.00	0.00	0.00	0.00	0.00
5,096,571.87	**-26,627.02**	**759,944.07**	**-55,972.15**	**5,773,916.77**	**1,813,438.29**	**2,113,812.88**

KYB Europe GmbH, Krefeld

Management report for the financial year 2015/2016

A. Fundamentals of the company

KYB Europe GmbH markets shock absorbers, springs and mounting kits as spare parts ("aftermarket"), essentially to the European and, due to supply by our affiliate company, to Russian automobile industry. The products are primarily produced by the parent company of the KYB Group, KYB Corporation Ltd., Tokyo/Japan, which supplies the OEM market, but also the group member companies in Spain, Thailand, Czech Republic and Brazil. Our range is rounded to a lesser extent by products from other manufacturers.

Beside KYB Europe GmbH there are two other large brands which dominates the aftermarket business for shock absorbers in Europe. KYB Europe GmbH possesses the second-largest market share in Europe. In order to further increase the turnover and market shares of the KYB Group particular on the five largest markets in Europe, KYB Corporation Ltd., has founded KYB Europe GmbH in 1989 and subsequently our branches in Great Britain (1997), France (1998), Italy (2002) and Spain (2003). Since the beginning of fiscal year 2013 now all branches are run as independent sales organizations.

Moreover, in order to increase our turnover in Africa, the Middle and Near East, we founded KYB Middle East FZE, Dubai/United Arab Emirates in 2005. Until February 3, 2015 we held shares of this company of 100%. Additionally, in 2012 KYB Eurasia LLC, Moscow/Russia was founded. The company supplies mainly Russia and neighboring CIS countries. The warehouse was closed in May 2015. However, the KYB Eurasia LLC as a distributor remains. Until August 29, 2014 we held shares of this company of 100%. In January 2016 a warehouse in Istanbul, Turkey, was opened in order to increase sales in Turkey. This is managed by our Spanish branch.

B. Economic Report

Business Developments and Developments in the Industry

In the beginning of 2015 the German ministry of economics (BMWI) has predicted the growth of the German GDP with 1.5%, which can be exceeded with the actual value of 1.7%. The growth forecast of the European Commission for Europe in the year 2015 regarding a growth of the economy by 2.1 % was not in line with the actual development for the year 2015. It was in fact a growth of 1.7%. In accordance with the overall economic development, the market for shock absorbers in Europe in 2015/2016 has been stable.

Business Trend: Turnover, Assets, and Financial Situation

In fiscal year 2015/2016 revenue was above our expectations in fiscal year 2014/2015. The reason for this is the increased sales to third parties, which means a higher margin. Taking into account the missing dividends from KYB Middle East FZE (due to its sale), the level of profit before tax was as forecasted.

The revenue of KYB Europe GmbH increased by EUR 4,562 thousand (2.8 %) from EUR 164,687 thousand in the previous year to EUR 169,249 thousand. The turnover is presented geographically as follows:

	2015/2016		2014/2015		Change	
	EUR thousand	**%**	**EUR thousand**	**%**	**EUR thousand**	**%**
European Union	124,265	73.5	109,412	66.4	14,853	13.6
Russia	28,824	17.0	40,076	24.3	-11,252	-28.1
Rest of Europe	10,131	6.0	9,646	5.9	485	5.0
Asia	414	0.2	312	0.2	102	32.7
Miscellaneous	5,615	3.3	5,241	3.2	374	7.1
	169,249	**100.0**	**164,687**	**100.0**	**4,562**	**2.8**

We were able to further increase our revenue in some markets, especially in the European Union, while revenue declined significantly in Russia. Overall, sales growth comparing to the previous year by 2.8%.

The gross profit margin (revenue less cost of purchased goods in relation to revenues) increased from 18.3 % in the previous year to 20.6 % and is above previous year's expectations. The gross profit (revenues less cost of purchased goods) increased by EUR 4,660 (15.4 %) thousand to EUR 34,834 thousand. Especially by the 2013 founded spring plant in Czech Republic we were able to realise price cuts of 2.7 %.

The profit from continuing operations decreased by EUR 8,555 thousand to EUR 5,438 thousand. The main reason for that is the income of our sold participations to KYB Corporation Ltd. in previous fiscal year 2014/2015. The personnel expenses increased by EUR 462 (5.0 %) thousand slightly disproportionately to the previous reporting period to EUR 9,760 thousand. Furthermore, the other operating expenses risen by EUR 3,433 (17.5 %) thousand to EUR 23,099 thousand.

Due to the negative development of the RUB/EUR exchange rate, the net foreign exchange position decreased from EUR 375 thousand to EUR 581 thousand. Due to sold shares of KYB Middle East FZW, Dubai we didn´t received a dividend in current fiscal year (previous year EUR 3,366 thousand).

The income taxes (EUR 1,480 thousand) essentially relate to the German head office and the branches in UK and Italy.

The net income for the 2015/2016 business year is EUR 3,744 thousand (previous year EUR 13,006 thousand). This is corresponding to last year expectations.

The balance sheet total increased by EUR 38,956 thousand to EUR 151,664 thousand.

During the fiscal year inventories increased by EUR 23,733 thousand to EUR 71,678 thousand. The main reason for this is the newly established warehouse in Riga for the supply of our Russian sister company as well as the newly established warehouse in Istanbul to supply the Turkish market. Moreover, there were difficulties in selling at an affiliated company. Supplies, which were intended for this company were taken over by us which means an increased inventory level.

Trade receivable increased by EUR 4,784 thousand to EUR 38,183 thousand, receivables from affiliated companies increased by EUR 15,845 thousand to EUR 34,632 thousand. The increase in receivables from affiliated companies can be explained by the paid loan of EUR 15,200 thousand to KYB Headquarters B.V..

On the liabilities side, provisions have been decreased by EUR 311 thousand to EUR 10,398. This is mainly caused by reduction of provision for customer bonus by increasing provision for unpaid invoices. The trade payables have increased by EUR 548 thousand compared to the previous year to EUR 4,966 thousand. Liabilities to affiliated companies also increased by EUR 24,916 thousand to EUR 52,680 thousand. Reason is again the newly established warehouses in Riga and Istanbul, as well as the deliveries to customers of our affiliates in their name and on their behalf.

KYB Europe GmbH is financed by means of current income, short-term bank loans, as well as the paid-in capital made available by the parent company KYB Europe Headquarters BV, Roermond/Netherlands.

As of March 31, 2016 the short-term liabilities to banks amounted to EUR 22,200 thousand. During the fiscal year the bank loans have been increased from EUR 12,000 thousand by EUR 10,200 thousand to EUR 22,200 thousand. This increase was necessary to pay the loan to KYB Headquarters B.V. and to finance the significant increase in inventories.

In the year under review we were able to fulfil our financial commitments at all times. Overall, we assess the business during the reporting year as satisfactory. As per the date of the preparation of the management report we assess the economic condition of the company being healthy.

Financial and Non-financial Performance Indicators

KYB Europe GmbH is exclusively a sales company for car shock absorbers and accessories procured by the KYB affiliated group.

Our financial performance indicators are gross margin, revenue, and net profit of the year.

Unchanged from the previous year, our scope of delivery comprises 95 % of all car types represented in Europe, and in 2015/2016 90 % of the articles on offer were available for delivery on a daily basis. Thus according to the delivery and stock availability of previous forecast.

C. Events after the Reporting Period

After the balance sheet date, there were no subsequent events that would have had material influence on the assets, profit or financial situation of the company.

D. Anticipated Development with Forecast, Opportunities and Risks

Forecast Report

The German ministry of economics (BMWI) expects the gross domestic product to grow in 2016 by 1.7 %. In Europe, the economy is expected to increase by 1.9 % in 2016 (European Commission). Therefore, for 2016 a stable growth of the shock absorber market can be expected.

The aftermath of the Ukraine / Russia crisis have still a certain negative impact on our sales in these regions. For the next financial year 2016/2017, we expect a slight increase in total revenues.

According to our expectations, the western European market is very stable. It is our strategy to improve our distribution channels for products with high margin (coil springs, mounting kits, and protection kits), as well as to improve profitability, especially for shock absorbers, by means of price increases. As our market share of shock absorbers in Germany is still very small (approx. 15%), we still have a lot of possibilities to increase our sales volume, e.g. with the acquisition of new customers

In Eastern Europe, especially in Poland, there is a tough competition. As KYB has a rather large market share of over 25%, our competitors try to gain further market share. Therefore, we strive towards keeping up a stable price management.

For financial year 2016/2017 we expect a moderate increase in revenues and also a slightly higher gross margin compared to financial year 2015/2016. Additionally, we expect constant values of delivery throughout 2016/2017. For fiscal year 2016/2017 we expect a slight decrease in the net income for the year.

We continue to assess our expectations regarding the development for the upcoming year as slightly improved.

Risk Report

KYB Europe GmbH forms part of the KYB group which is listed at the stock exchange in Japan and as such included in the Internal Control over Financial Reporting (ICOFOR) according to J-SOX. Within the group reporting, budgeting reporting and controlling processes are implemented which are operating effectively. At the entity level, these processes are implemented for our branches.

Management is closely involved in the current business and the risk communication. Growth and market information are continuously monitored.

In order to avoid any exchange rate risks, all sales transactions are carried out in Euro. The risk of credit default is limited by applying customer specific credit limits.

Currently and also in the future, the sales in Russia and the former CIS countries are being carried out by KYB Eurasia LLC. Therefore, we do not have a credit risk anymore, but we face lower margins due to our role as a mere intermediate distributor.

As a company within the KYB group we depend on the strategic decisions of the corporate headquarters in Japan.

The company's ability to continue as a going concern is dependent on the financial support of the parent company if short-term bank loans are not prolongated by the banks.

Overall we do not expect any material risks now or in the future which might prejudice the continued existence of our company.

Opportunity report

Due to the continued favorable exchange rate situation against the Japanese Yen, our purchase prices have remained at the level of previous year. We expect further price reductions (2.5 %) in the fiscal year 2016/2017 (01.04.2016-31.03.2017) from our coil spring production which was established in the Czech Republic in 2013.

In Western Europe the market share of KYB shock absorbers for replacement grows for vehicles due to the high product quality and our excellent customer service. In the European markets, we were able to record high sales growth in fiscal year 2015/2016. KYB enjoys in these markets, a very high reputation due to the high product quality and the wide range of products for European, Russian and Asian vehicles.

The major part of our revenue has been achieved in the European Union.

In addition to selling shock absorbers, the sale of springs in the UK, introduced in 2002 and on the continental mainland Europe and in Russia in 2009 shows as basically positive. The spring sale will be expanded in the future, since founded spring factory in the Czech Republic in 2013 and started the production 2014.

Krefeld, July 11, 2016

KYB Europe GmbH

Michael Howarth	Eiji Hisada	Osamu Kunihara	Takashi Kitahata
Managing Director	Managing Director	Managing Director	Managing Director

Business Profile

Field of activity	The Company's business comprises the distribution of shock absorbers and related products in the after-sales market in Europe. The supply of trade goods is mainly provided by affiliated companies of the KYB group.
Business premises	The Company's main warehouses and business facilities are managed at hired premises in Krefeld/Germany and Cergy-Pontsoise/France as well as in two third party managed warehouses at Poznan/Poland and Riga/Latvia. In addition hired premises exist in Coslada-Madrid/Spain, Lainate/Italy and Warrington/UK.
Personnel	In the financial year 2015/16 the Company employed 166 persons on average (prior year: 174 persons). Details can be found in the notes to the financial statements.
Pension scheme	In the French branch a collective bargaining agreement is in place which qualifies as a defined benefit plan. The latest actuarial calculation was prepared as of 31 March 2016 in accordance with the actuarial projected unit credit method, applying a retirement age of 63 to 65 years (management) and 60 to 62 years (other employees) as well as the French mortality tables "Tables Prospectives par Génération".
Significant contracts	■ Lease contract of warehouse and office in Krefeld/Germany with ProLogis Germany XII B.V., Schiphol/Netherlands ■ Warranty agreement with Kayaba Industry Co. Ltd., Tokyo/Japan ■ Agreement concerning logistic services with Raben Polska Sp.z.o.o., Poznan/Poland ■ Management fee agreement with KYB Europe Headquarters GmbH, Krefeld/Germany Currently all significant contracts are not terminated.

Legal Status

Formation of the Company	9 June 1989
Company's name	KYB Europe GmbH
Legal seat	Krefeld
Articles of incorporation	The current version of the articles of incorporation is dated 12 January 1995 and was adjusted for the last time on 24 October 2006.
Commercial register	District Court of Krefeld, No. HRB 9952. The latest trade register excerpt is dated 8 April 2016.
Company's purpose	The purpose of the business of KYB Europe GmbH is the export, import and production as well as the distribution of mechanical, electrical and electrotechnical systems and related products.
Financial year	1 April through 31 March of the following calendar year
Subscribed capital	EUR 700,000.00
Share capital	Sole shareholder is KYB Europe Headquarters B.V., Roermond/The Netherlands.
Prior year's financial statements	At the shareholders' meeting held on 13 July 2015 (1) the financial statements and the management report as of 31 March 2015, which were prepared by the management board, audited by us and provided with an unqualified auditor's report, were presented and the financial statements were approved; (2) it was resolved that the accumulated profit in the amount of EUR 51,521,941.35 consisting of cumulative profits brought forward in the amount of EUR 38,515,908.45 and the profit of the year in the amount of EUR 13,006,032.90 be carried forward.
Size of the Company	The Company is a large corporation as defined by section 267 (3) Commercial Code [HGB].

Subsidiaries/Associates	The Company is included in the consolidated financial statements of Kayaba Industry Co. Ltd., Tokyo/Japan (largest group).
Management board	The members of the management board are listed in the Company's notes to the financial statements (Appendix 1.3).
Tax status	The last tax audit was finalized in 2011 and covered the taxable periods 2006 until 2008. The tax audit report is dated 16 February 2011 and revealed no significant findings. The last wage tax audit was finalized in July 2015 and covered the taxable periods from September 2012 to March 2015. The tax audit report is dated 8 July 2015 and revealed no significant findings.

Our Precision, Your Advantage

KYB Europe GmbH Niederlassung Düsseldorf

07/12/22

I, Laura Falzon, permanent representative of the UK Establishment of KYB Europe GmbH, certify that this is a true copy of the financial statements.

Laura Falzon

Appendix 4

Jahresabschluss zum 31. März 2016 und Lagebericht

4.1 Bilanz

4.2 Gewinn- und Verlustrechnung

4.3 Anhang

4.4 Lagebericht

KYB Europe GmbH, Krefeld

Bilanz zum 31. März 2016

Aktiva

	31.3.2016		31.3.2015	
	EUR	EUR	EUR	EUR
A. Anlagevermögen				
I. Immaterielle Vermögensgegenstände				
Entgeltlich erworbene Software		200.056,70		27.979,02
II. Sachanlagen				
Andere Anlagen, Betriebs- und Geschäftsausstattung		1.613.381,59		2.085.833,86
		1.813.438,29		2.113.812,88
B. Umlaufvermögen				
I. Vorräte				
Waren		71.678.139,56		47.945.448,77
II. Forderungen und sonstige Vermögensgegenstände				
1. *Forderungen aus Lieferungen und Leistungen*	38.183.333,88		33.399.563,02	
2. Forderungen gegen verbundene Unternehmen	34.632.017,37		18.786.545,12	
3. Sonstige Vermögensgegenstände	1.509.407,09	74.324.758,34	2.489.034,77	54.675.142,91
III. Kassenbestand und Guthaben bei Kreditinstituten		3.401.460,46		7.357.424,49
		149.404.358,36		109.978.016,17
C. Rechnungsabgrenzungsposten		446.331,35		616.164,95
		151.664.128,00		**112.707.994,00**

Passiva

	31.3.2016 EUR	31.3.2015 EUR
A. Eigenkapital		
I. Gezeichnetes Kapital	700.000,00	700.000,00
II. Kapitalrücklage	3.219.349,33	3.219.349,33
III. Gewinnvortrag	51.521.941,35	38.515.908,45
IV. Jahresüberschuss	3.743.818,10	13.006.032,90
	59.185.108,78	55.441.290,68
B. Rückstellungen		
1. Rückstellungen für Pensionen	139.941,14	96.076,00
2. Steuerrückstellungen	367.165,20	254.722,46
3. Sonstige Rückstellungen	9.890.574,35	10.358.416,47
	10.397.680,69	10.709.214,93
C. Verbindlichkeiten		
1. Verbindlichkeiten gegenüber Kreditinstituten	22.200.000,00	12.000.000,00
2. Verbindlichkeiten aus Lieferungen und Leistungen	4.965.785,36	4.417.825,03
3. Verbindlichkeiten gegenüber verbundenen Unternehmen	52.680.283,44	27.764.075,92
4. Sonstige Verbindlichkeiten	2.235.269,73	2.375.587,44
	82.081.338,53	46.557.488,39
	151.664.128,00	112.707.994,00

KYB Europe GmbH, Krefeld

Gewinn- und Verlustrechnung für die Zeit vom 1. April 2015 bis 31. März 2016

	2015/16		2014/15	
	EUR	EUR	EUR	EUR
1. Umsatzerlöse		169.249.803,28		164.687.042,26
2. Sonstige betriebliche Erträge		4.200.183,27		10.661.153,07
3. Aufwendungen für bezogene Waren		-134.416.042,78		-134.512.511,74
4. Personalaufwand				
a) Löhne und Gehälter	-7.665.034,34		-7.304.322,86	
b) Soziale Abgaben und Aufwendungen für Altersversorgung	-2.095.052,55	-9.760.086,89	-1.993.481,12	-9.297.803,98
– davon für Altersversorgung EUR 43.865,14 (i. Vj. EUR 67.101,00) –				
5. Abschreibungen auf immaterielle Vermögensgegenstände des Anlagevermögens und Sachanlagen		-759.944,07		-857.926,76
6. Sonstige betriebliche Aufwendungen		-23.099.045,12		-19.665.756,78
7. Erträge aus Beteiligungen		0,00		3.366.062,73
– sämtlich aus verbundenen Unternehmen –				
8. Sonstige Zinsen und ähnliche Erträge		87.666,19		11.451,30
9. Zinsen und ähnliche Aufwendungen		-64.460,60		-398.729,34
10. Ergebnis der gewöhnlichen Geschäftstätigkeit		5.438.073,28		13.992.980,76
11. Steuern vom Einkommen und vom Ertrag		-1.480.324,47		-933.160,35
12. Sonstige Steuern		-213.930,71		-53.787,51
13. Jahresüberschuss		**3.743.818,10**		**13.006.032,90**

KYB Europe GmbH, Krefeld

Anhang für das Geschäftsjahr 2015/2016

I. Grundlagen der Rechnungslegung

Wie in den Vorjahren wurde die Gewinn- und Verlustrechnung nach dem Gesamtkostenverfahren gemäß § 275 Abs. 2 HGB aufgestellt.

KYB Europe GmbH ist eine große Kapitalgesellschaft im Sinne von § 267 Abs. 3 HGB.

Der Einzelabschluss wurde nach deutschen handelsrechtlichen Rechnungslegungs-vorschriften (HGB) in der Fassung des Bilanzrechtsmodernisierungsgesetzes (BilMoG) sowie den ergänzenden gesetzlichen Vorschriften für Gesellschaften mit beschränkter Haftung (GmbHG) aufgestellt.

Im Interesse einer besseren Klarheit und Übersichtlichkeit werden die nach den gesetzlichen Vorschriften bei den Posten der Bilanz anzubringenden Vermerke ebenso wie die Vermerke, die wahlweise in der Bilanz oder im Anhang anzubringen sind, im Anhang aufgeführt.

II. Bilanzierungs- und Bewertungsgrundsätze

Immaterielle Vermögensgegenstände

Entgeltlich von Dritten erworbene immaterielle Vermögensgegenstände des Anlagevermögens werden zu Anschaffungskosten aktiviert und ihrer voraussichtlichen Nutzungsdauer entsprechend linear, im Zugangsjahr zeitanteilig, abgeschrieben. Dabei werden entgeltlich erworbene EDV-Programme über eine betriebsgewöhnliche Nutzungsdauer von drei Jahren abgeschrieben.

Sachanlagen

Sachanlagen sind mit den Anschaffungs- bzw. Herstellungskosten abzüglich planmäßiger Abschreibungen bewertet. Die Abschreibungen auf Zugänge des Sachanlagevermögens erfolgen grundsätzlich zeitanteilig. Soweit die beizulegenden Werte einzelner Vermögensgegenstände ihren Buchwert unterschreiten, werden zusätzlich außerplanmäßige Abschreibungen bei voraussichtlich dauernder Wertminderung vorgenommen.

Folgende Nutzungsdauern wurden zu Grunde gelegt:

	Nutzungsdauer	Abschreibungssatz
	Jahre	%
Software	3	33,33
Andere Anlagen, Betriebs- und Geschäftsausstattung	5 - 13	7,69 - 20

Anschaffungs- oder Herstellungskosten von abnutzbaren beweglichen Vermögensgegenständen des Anlagevermögens, die einer selbstständigen Nutzung fähig sind, werden im Geschäftsjahr der Anschaffung, Herstellung oder Einlage in voller Höhe als Betriebsausgaben erfasst, wenn die Anschaffungs- oder Herstellungskosten, vermindert um einen darin enthaltenen Vorsteuerbetrag, für den einzelnen Vermögensgegenstand EUR 150 nicht übersteigen. Für geringwertige Vermögensgegenstände, deren Anschaffungs- oder Herstellungskosten, vermindert um einen darin enthaltenen Vorsteuerbetrag, mehr als EUR 150 und bis zu EUR 1.000 betragen, wird ein jährlicher Sammelposten im Sinne des § 6 Abs. 2a EStG gebildet. Der jährliche Sammelposten wird über fünf Jahre gewinnmindernd aufgelöst. Scheidet ein Vermögensgegenstand vorzeitig aus dem Betriebsvermögen aus, wird der Sammelposten nicht vermindert.

Vorräte

Waren werden grundsätzlich zu gleitenden Durchschnittspreisen oder zu niedrigeren beizulegenden Werten am Bilanzstichtag bewertet. Darüber hinaus werden Transportkosten und Zölle auf bezogene Waren aktiviert. Lagerrisiken werden durch Gängigkeitsabschläge berücksichtigt. Im Berichtsjahr wurden erstmalig Waren ohne Verkauf in den letzten fünf Jahren auf einen Wert von EUR 1 abgeschrieben. Aus dieser geänderten Bewertung hat sich ein zusätzlicher Aufwand von TEUR 42 ergeben.

Forderungen und sonstige Vermögensgegenstände

Forderungen und sonstige Vermögensgegenstände werden zum Nennwert oder dem niedrigeren beizulegenden Wert am Bilanzstichtag angesetzt. Auf zweifelhafte Forderungen werden Wertberichtigungen gebildet und nicht einbringliche Forderungen werden ausgebucht.

Kassenbestand und Bankguthaben werden zu Nennwerten ausgewiesen.

Die **aktiven Rechnungsabgrenzungsposten** sind in Höhe der geleisteten Zahlungen angesetzt, soweit diese Aufwand für eine Zeit nach dem Bilanzsticktag darstellen.

Eigenkapital

Das Eigenkapital hat sich wie folgt entwickelt:

	TEUR
1. April 2015	55.441
Jahresüberschuss 2015/2016	3.744
31. März 2016	59.185

Rückstellungen für Pensionen und ähnliche Verpflichtungen

In der französischen Niederlassung gilt eine tarifliche Vereinbarung über einen leistungsorientierten Pensionsplan. Der beizulegende Zeitwert der nach § 246 HGB zu verrechnenden Vermögensgegenstände beträgt TEUR 110 und entspricht den Anschaffungskosten. Die verrechneten Aufwendungen betragen TEUR 43, die verrechneten Erträge betragen TEUR 0. Die Pensionsverpflichtung in Höhe von TEUR 251 wurde auf der Basis eines zum 31. Dezember 2015 erstellten versicherungsmathematischen Gutachtens (projected unit credit method) basierend auf den Tables Prospectives par Génération ermittelt. Der Rückstellungsermittlung wurde ein Zinssatz von 2,25 % zugrunde gelegt. Des Weiteren wurden bei der Ermittlung der Rückstellungen für Pensionen und ähnliche Verpflichtungen jährliche Lohn- und Gehaltssteigerungen von 2,0 % zugrunde gelegt sowie eine Fluktuation in Höhe von 0,0 % p. a. unterstellt.

Steuerrückstellungen

Die Steuerrückstellungen betreffen Steuern von Einkommen und vom Ertrag der deutschen, britischen, und der italienischen Betriebsstätte und sind in Höhe des voraussichtlichen Erfüllungsbetrages gebildet.

Sonstige Rückstellungen

Sonstige Rückstellungen wurden für alle erkennbaren Risiken aus Drohverlusten und ungewissen Verpflichtungen zum Bilanzstichtag mit den Erfüllungsbeträgen gebildet, mit denen die Gesellschaft nach vernünftiger kaufmännischer Beurteilung wahrscheinlich in Anspruch genommen wird.

Verbindlichkeiten

Verbindlichkeiten werden mit den Erfüllungsbeträgen bilanziert.

Fremdwährungsumrechnung

Geschäftsvorfälle in fremder Währung werden grundsätzlich mit dem historischen Kurs zum Zeitpunkt der Erstverbuchung erfasst. Bilanzposten werden zum Stichtag wie folgt bewertet:

Langfristige Fremdwährungsforderungen werden zum Devisenbriefkurs bei Entstehung der Forderung oder zum niedrigeren beizulegenden Wert, unter Zugrundelegung des Devisenkassamittelkurses am Abschlussstichtag, angesetzt (Imparitätsprinzip). Kurzfristige Fremdwährungsforderungen (Restlaufzeit von einem Jahr oder weniger) sowie Kassenbestand und Bankguthaben oder andere kurzfristige Vermögensgegenstände in Fremdwährungen werden zum Devisenkassamittelkurs am Bilanzstichtag umgerechnet.

Langfristige Fremdwährungsverbindlichkeiten werden zum Devisengeldkurs bei Entstehung der Verbindlichkeit oder zum höheren Stichtagskurswert, unter Zugrundelegung des Devisenkassamittelkurses am Abschlussstichtag, bewertet (Imparitätsprinzip). Kurzfristige Fremdwährungsverbindlichkeiten (Restlaufzeit von einem Jahr oder weniger) werden zum Devisenkassamittelkurs am Bilanzstichtag umgerechnet.

Latente Steuern

Latente Steuern werden auf die Unterschiede in den Bilanzansätzen der Handelsbilanz und der Steuerbilanz angesetzt, sofern sich diese in späteren Geschäftsjahren voraussichtlich abbauen. Darüber hinaus werden aktive latente Steuern auf die bestehenden körperschaft- und gewerbesteuerlichen Verlustvorträge gebildet, soweit innerhalb der nächsten fünf Jahre eine Verlustverrechnung zu erwarten ist. Aktive und passive latente Steuern werden saldiert ausgewiesen. Eine sich insgesamt ergebene Steuerbelastung würde in der Bilanz als passive latente Steuer angesetzt werden. Im Falle einer Steuerentlastung würde vom entsprechenden Aktivierungswahlrecht kein Gebrauch gemacht werden.

III. Erläuterungen zur Bilanz

Anlagevermögen

Die Entwicklung des Anlagevermögens ist im beigefügten Anlagespiegel dargestellt.

Forderungen und sonstige Vermögensgegenstände

Die Forderungen weisen sämtliche Restlaufzeiten von bis zu einem Jahr auf. Von den Forderungen gegen verbundene Unternehmen betreffen mit TEUR 19.432 (i. Vj. TEUR 18.787) Lieferungen und Leistungen, TEUR 15.200 (i. Vj. TEUR 0) betreffen Forderungen gegen die Gesellschafterin KYB Headquarters B.V. und entfallen ausschließlich auf einen kurzfristigen Kredit.

Von den sonstigen Vermögensgegenständen haben TEUR 0 (i. Vj. TEUR 137) eine Restlaufzeit von mehr als einem Jahr.

Aktiver Rechnungsabgrenzungsposten

Aktive Rechnungsabgrenzungsposten (TEUR 446) betreffen im Wesentlichen Mieten (TEUR 249) sowie Vorauszahlungen an Lieferanten (TEUR 62).

Rückstellungen

Sonstige Rückstellungen (TEUR 9.890) betreffen im Wesentlichen Kundenboni (TEUR 7.527), ausstehende Rechnungen (TEUR 948), personalbezogene Rückstellungen (TEUR 715), Gewährleistungsverpflichtungen (TEUR 354), sowie Mietverpflichtungen (TEUR 186).

Verbindlichkeiten

Die Verbindlichkeiten gegenüber Kreditinstituten in Höhe von TEUR 22.200 (i. Vj. TEUR 12.000) sind innerhalb eines Jahres fällig.

Die Verbindlichkeiten gegenüber verbundenen Unternehmen TEUR 52.680 (i. Vj. TEUR 27.764) betreffen mit TEUR 52.680 (i. Vj. TEUR 27.764) Lieferungen und Leistungen und sind innerhalb eines Jahres fällig. Verbindlichkeiten gegenüber der Gesellschafterin bestehen wie im Vorjahr nicht.

Die **sonstigen Verbindlichkeiten** setzen sich wie folgt zusammen:

	31.03.2016	31.03.2015
	TEUR	TEUR
Steuerverbindlichkeiten	1.389	1.580
Verbindlichkeiten im Rahmen der sozialen Sicherheit	380	368
Kreditorische Debitoren	36	213
Übrige	430	214
	2.235	2.375

Innerhalb der sonstigen Verbindlichkeiten sind Verbindlichkeiten mit einer Laufzeit von bis zu einem Jahr von TEUR 2.235 (i. Vj. TEUR 2.375) enthalten.

Latente Steuern

Im Geschäftsjahr ergab sich insgesamt eine - nicht bilanzierte - aktive latente Steuer. Latente Steuern werden nicht ausgewiesen, da der bestehende Aktivüberhang unter Ausnutzung des Wahlrechts des § 274 HGB bilanziell nicht angesetzt wird. Die Ermittlung der latenten Steuern erfolgt auf Basis des kombinierten Ertragssteuersatzes der Gesellschaft von 30 %, der sich voraussichtlich im Zeitpunkt der Umkehrung der Differenzen ergibt und beruhen auf temporären Unterschieden zwischen der Handels- und der Steuerbilanz der französischen und der britischen Betriebsstätte. Der kombinierte Ertragssteuersatz umfasst Körperschaftsteuer, Gewerbesteuer und Solidaritätszuschlag.

IV. Erläuterungen zur Gewinn- und Verlustrechnung

Umsatzerlöse

Die geographische Verteilung der Umsatzerlöse stellt sich wie folgt dar:

	2015/2016	2014/2015
	TEUR	TEUR
Europäische Union	124.265	109.412
Russland	28.824	40.076
Übriges Europa	10.131	9.646
Asien	414	312
Sonstige	5.616	5.241
	169.250	164.687

Alle Umsätze resultieren aus dem Verkauf von Kfz-Ersatzteilen.

Sonstige betriebliche Erträge

Sonstige betriebliche Erträge (TEUR 4.200) beinhalten im Wesentlichen Wechselkursgewinne (TEUR 4.090, i. Vj. TEUR 1.252). In den sonstigen betrieblichen Erträgen sind periodenfremden Erträge in Höhe von TEUR 45 (i. Vj. TEUR 14) aus der Auflösung von Wertberichtigungen auf Forderungen enthalten.

Sonstige betriebliche Aufwendungen

Sonstige betriebliche Aufwendungen betreffen in erster Linie Frachten (TEUR 7.535), Währungskursverluste (TEUR 4.671; i. Vj. TEUR 867), Mieten (TEUR 2.888), Werbungskosten (TEUR 2.152), Rechts- und Beratungskosten (TEUR 1.271), EDV-Kosten (TEUR 700), Aufwendungen für Automobile (TEUR 638), Aufwendungen für Fremdarbeiten (TEUR 566), sowie Aufwendungen für Geschäftsreisen (TEUR 522). In den sonstigen betrieblichen Aufwendungen sind periodenfremde Aufwendungen in Höhe von TEUR 1 aus der Veräußerung von Anlagevermögen enthalten.

Sonstige Zinsen und ähnliche Erträge sowie Zinsen und ähnliche Aufwendungen

Sonstige Zinsen und ähnliche Erträge betreffen mit TEUR 79 Erträge gegenüber der Gesellschafterin KYB Headquarters B.V.. Zinsen und ähnliche Aufwendungen betreffen mit TEUR 41 Aufwendungen gegenüber der Gesellschafterin KYB Headquarters B.V. Zinsaufwendungen in Höhe von TEUR 5 (i. Vj. TEUR 2) betreffen die Aufzinsung langfristiger Rückstellungen. Der Rest entfällt auf Dritte.

Steuern vom Einkommen und vom Ertrag

Die Steuern vom Einkommen und vom Ertrag setzen sich wie folgt zusammen:

	2015/2016
	TEUR
Gewerbesteuer Vorjahre	13
Gewerbesteuer für den Veranlagungszeitraum 2015/2016	510
Körperschaftsteuer Vorjahre	-10
Körperschaftsteuer für den Veranlagungszeitraum 2015/2016	463
Steuern vom Einkommen und vom Ertrag der ausländischen Niederlassungen	504
	1.480

Sonstige Steuern

Die sonstigen Steuern (TEUR 214) betreffen überwiegend Steuern der französischen Niederlassung (TEUR 188) und KFZ-Steuer (TEUR 10).

V. Sonstige Angaben

Sonstige finanzielle Verpflichtungen und außerbilanzielle Geschäfte

Die sonstigen finanziellen Verpflichtungen stellen sich wie folgt dar:

	Apr 16-Mär 2017	Apr 17-Mär 2018	Apr 18-Mär 2019	Apr 19 und danach	Gesamt
	TEUR	TEUR	TEUR	TEUR	TEUR
Mieten und Leasingverpflichtungen	2.372	2.322	943	1.545	7.182

Die wesentlichen sonstigen finanziellen Verpflichtungen betreffen Mietverträge für die Hauptverwaltung in Krefeld und die weiteren Niederlassungsstandorte in Europa. Bei den Mietobjekten für die Betriebe ist die Anmietung einem Erwerb vorzuziehen, um im Falle der Beendigung von Leistungsverträgen einzelner Objekte nicht das Verwertungsrisiko der jeweiligen Immobilie tragen zu müssen. Ein weiterer Vorteil liegt in der geringeren Kapitalbindung. Risiken können sich aus der jeweiligen Vertragsbindung ergeben, sofern einzelne Objekte nicht mehr wirtschaftlich genutzt werden könnten. Verhandlungen über eine Vertragslaufzeitverlängerung beinhalten Chancen sowie Risiken für die Preisgestaltung.

Insgesamt betragen die sonstigen finanziellen Verpflichtungen für diese Mietverträge TEUR 6.622, davon sind TEUR 2.158 im Geschäftsjahr 2016/2017 und TEUR 4.464 darüber hinaus fällig. Die anderen sonstigen Verpflichtungen aus Leasing und Mietverträgen betreffen sonstige Anlagen und andere Büroeinrichtungen. Insgesamt betragen die sonstigen finanziellen Verpflichtungen aus diesen Verträgen TEUR 560, davon sind innerhalb des Geschäftsjahres 2016/2017 TEUR 214 und danach TEUR 346 fällig.

Mitarbeiter

Die Anzahl der Mitarbeiter in den Niederlassungen war während des Geschäftsjahres wie folgt:

Niederlassung/Verkaufsbüro	Durchschnitt 2015/2016	31.03.2016
Deutschland	59	58
Frankreich	40	37
Großbritannien	34	34
Spanien	23	23
Italien	10	10
Gesamt	166	162

Geschäfte mit nahe stehenden Unternehmen und Personen

Außer den Vergütungen für die Geschäftsführung bestehen keine Geschäftsbeziehungen zu nahe stehenden Personen.

Im Rahmen der normalen Geschäftstätigkeit unterhält die Gesellschaft Geschäftsbeziehungen zu zahlreichen Unternehmen, darunter auch verbundene Unternehmen, die als nahe stehende Unternehmen gelten.

Zusammenfassung der wesentlichen Geschäfte mit nahe stehenden Unternehmen nach Geschäftsarten (in TEUR):

Art der Beziehung / Art des Geschäfts	Direktes Mutter-unternehmen	Tochterunternehmen	Übrige verbundene Unternehmen / sonstige
Käufe von Vermögensgegenständen	-	-	134.232
Verkäufe von Vermögensgegenständen	-	-	35.096
Bezug von Dienstleistungen	-	-	567
Erbringung von Dienstleistungen	-	-	-
Nutzungsüberlassung an Vermögensgegenständen (Pacht, Miete, Leasing)	-	-	-
Erhaltene Finanzierungen (inkl. Cash Pooling)	-	-	-
Ausgereichte Finanzierungen	15.200	-	-

Honorar des Abschlussprüfers

Das Gesamthonorar des Abschlussprüfers belief sich im abgeschlossenen Geschäftsjahr auf TEUR 135 und resultiert ausschließlich aus Honoraren für Abschlussprüfungsleistungen.

Geschäftsführer

Mitglieder der Geschäftsführung waren im Geschäftsjahr:

- Tadao Ogoshi, Kaufmann, Düsseldorf/Deutschland (bis 23. Juni 2016)
- Michael Howarth, Kaufmann, Düsseldorf /Deutschland
- Eiji Hisada, Kaufmann, Düsseldorf/Deutschland (ab 23. März 2016)
- Hajime Sato, Kaufmann, Tokio/Japan (bis 23. März 2016)
- Osamu Kunihara, Kaufmann, Tokio/Japan
- Takashi Kitahata, Kaufmann, Tokio/Japan (ab 23. März 2016)

Die Gesamtbezüge der Geschäftsführung belaufen sich im Geschäftsjahr 2016 auf TEUR 384.

Im Geschäftsjahr 2016 wurden keine Pensionszahlungen an ehemalige Mitglieder der Geschäftsführung vorgenommen; Rückstellungen für Pensionsverpflichtungen für diesen Personenkreis waren nicht erforderlich.

Konzernabschluss

Die KYB Europe GmbH wird in den nach allgemein anerkannten japanischen Grundsätzen der Rechnungslegung (accounting principles generally accepted in Japan) aufgestellten Konzernabschluss der Kayaba Industry Co. Ltd., Tokio/Japan, einbezogen, die den Konzernabschluss für den größten Kreis von Unternehmen aufstellt. Dieser ist am Sitz der Gesellschaft erhältlich und wird im japanischen EDINET (Electric Disclosure for Investor's NETwork) unter der Nummer EO2147 veröffentlicht.

Darüber hinaus wird die KYB Europe GmbH seit dem Jahr 2012 in den nach den in der Europäischen Union geltenden International Financial Reporting Standards (IFRS) aufgestellten Konzernabschluss der KYB Europe Headquarters B.V., Roermond/ Niederlande (kleinster Kreis) einbezogen. Dieser Konzernabschluss ist am Sitz der KYB Europe Headquarters B.V. erhältlich.

Ergebnisverwendung

Die Geschäftsführung schlägt vor, den Bilanzgewinn von TEUR 55.266 der sich aus dem Jahresüberschuss von TEUR 3.744 und dem Gewinnvortrag von TEUR 51.522 ergibt, auf neue Rechnung vorzutragen.

Krefeld, 11. Juli 2016

KYB Europe GmbH

Michael Howarth	Eiji Hisada	Osamu Kunihara	Takashi Kitahata
Geschäftsführer	Geschäftsführer	Geschäftsführer	Geschäftsführer

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KYB Europe GmbH, Krefeld

Entwicklung des Anlagvermögens im Geschäftsjahr 2015/16

	Anschaffungskosten 1.4.2015	Kursdifferenzen	Zugänge	Abgänge	31.3.2016
	EUR	EUR	EUR	EUR	EUR
I. Immaterielle Vermögensgegenstände					
Entgeltlich erworbene Software	376.036,03	-4.063,64	262.394,83	-6.900,00	627.467,22
II. Sachanlagen					
Andere Anlagen, Betriebs- und Geschäftsausstattung	6.834.348,72	-34.354,44	232.109,79	-72.216,23	6.959.887,84
III. Finanzanlagen					
Anteile an verbundenen Unternehmen	0,00	0,00	0,00	0,00	0,00
	7.210.384,75	**-38.418,08**	**494.504,62**	**-79.116,23**	**7.587.355,06**

Kumulierte Abschreibungen					Buchwerte	
1.4.2015	Kurs-differenzen	Zugänge	Abgänge	31.3.206	31.3.2016	31.3.2015
EUR	EUR	EUR	EUR	EUR	EUR	EUR
348.057,01	-4.063,64	86.298,66	-2.881,51	427.410,52	200.056,70	27.979,02
4.748.514,86	-22.563,38	673.645,41	-53.090,64	5.346.506,25	1.613.381,59	2.085.833,86
0,00	0,00	0,00	0,00	0,00	0,00	0,00
5.096.571,87	**-26.627,02**	**759.944,07**	**-55.972,15**	**5.773.916,77**	**1.813.438,29**	**2.113.812,88**

KYB Europe GmbH, Krefeld

Lagebericht für das Geschäftsjahr 2015/2016

A. Grundlagen des Unternehmens

KYB Europe GmbH vertreibt Stoßdämpfer, Federn und Mounting-Kits als Ersatzteile ("Aftermarket") im Wesentlichen an die europäische und russische Automobilwirtschaft. Die Produkte werden im Wesentlichen von der Konzernobergesellschaft der KYB Gruppe, KYB Corporation Ltd., Tokio/Japan, die den OEM-Markt beliefert, hergestellt, aber auch bei Konzerngesellschaften in Spanien, Thailand, Tschechien und Brasilien. Unser Sortiment wird in geringerem Umfang durch Produkte von Fremdherstellern abgerundet.

Neben der KYB Europe GmbH beherrschen noch zwei andere große Marken das Aftermarketgeschäft für Stoßdämpfer in Europa. KYB Europe GmbH besitzt dabei den zweitgrößten Marktanteil in Europa. Um die Umsätze und Marktanteile der KYB Gruppe, insbesondere auf den fünf größten Märkten in Europa weiter zu steigern, hat die KYB Corporation Ltd. 1989 die KYB Europe GmbH und später unsere Niederlassungen in Großbritannien (1997), Frankreich (1998), Italien (2002) und Spanien (2003) gegründet. Seit Beginn des Geschäftsjahres 2013 werden nunmehr alle Niederlassungen als eigenständige Vertriebsorganisationen geführt.

Ferner haben wir, um die Umsätze in Afrika, im Mittleren und im Nahen Osten zu steigern in 2005 die KYB Middle East FZE, Dubai/ Vereinigte Arabische Emirate gegründet. Bis zum 02. Februar 2015 hielten wir an dieser Gesellschaft eine Beteiligung über 100 %. In 2012 wurde darüber hinaus die KYB Eurasia LLÇ, Moskau/Russland, gegründet. Die Gesellschaft beliefert den Westen Russlands und die angrenzenden GUS-Staaten. Das Lager wurde im Mai 2015 geschlossen. Bis zum 29. August 2014 hielten wir 100% der Anteile an dieser Gesellschaft. Im Januar 2016 wurde ein Lager in Istanbul, Türkei, eröffnet, um unsere Umsätze in der Türkei steigern zu können. Dieses wird von unserer spanischen Niederlassung geführt.

B. Wirtschaftsbericht

Gesamtwirtschaftliche und branchenbezogene Rahmenbedingungen

Die zu Anfang 2015 getroffene Prognose des BMWI für das Wachstum des Bruttoinlandsproduktes für 2015 mit 1,5 % konnte mit dem tatsächlichen Wert des Jahres 2015 von 1,7 % übertroffen werden. Die Wachstumsprognose der Europäischen Kommission für Europa in 2015 über ein Wachstum der Wirtschaft um 2,1 % stimmte mit der tatsächlichen Entwicklung Jahres 2015 (Wachstum um 1,7 %) nicht überein. Auf dem Hintergrund der gesamtwirtschaftlichen Entwicklung kann die Entwicklung des Stoßdämpfermarktes 2015/2016 als stabil bezeichnet werden.

Geschäftsverlauf: Ertrags-, Finanz- und Vermögenslage

Im Geschäftsjahr 2015/2016 lagen unsere Umsatzerlöse über den Erwartungen des Geschäftsjahres 2014/2015. Der Grund hierfür liegt in den gesteigerten Umsätzen gegenüber Dritten, was eine höhere Marge bedeutet. Der Gewinn vor Steuern lag erwartungsgemäß, wegen der, aufgrund der Veräußerung der KYB Middle East FZE, weggefallenen Dividenden auf dem prognostizierten Niveau.

Der Umsatz der KYB Europe GmbH ist um TEUR 4.562 (2,8 %) von TEUR 164.687 im Vorjahr auf TEUR 169.249 im Geschäftsjahr gestiegen. Der Umsatz lässt sich tabellarisch wie folgt darstellen:

	2015/2016		2014/2015		Veränderung	
	TEUR	%	TEUR	%	TEUR	%
Europäische Union	124.265	73,5	109.412	66,4	14.853	13,6
Russland	28.824	17,0	40.076	24,3	-11.252	-28,1
Übriges Europa	10.131	6,0	9.646	5,9	485	5,0
Asien	414	0,2	312	0,2	102	32,7
Sonstige	5.615	3,3	5.241	3,2	374	7,1
	169.249	**100,0**	**164.687**	**100,0**	**4.562**	**2,8**

Die anteiligen Umsätze konnten auf einigen Märkten, weiter gesteigert werden, insbesondere der Umsatz in der europäischen Union, während der Umsatz in Russland deutlich rückläufig war. Insgesamt gesehen liegt ein Umsatzanstieg im Vergleich zum Vorjahr um 2,8 % vor.

Die Bruttomarge (Umsatzerlöse abzüglich Aufwendungen für bezogene Waren in Relation zu den Umsatzerlösen) stieg von 18,3 % im Vorjahr auf nunmehr 20,6 % und liegt damit über den Erwartungen des Vorjahres. Der Rohgewinn (Umsatzerlöse abzüglich Aufwendungen für bezogene Waren) stieg insgesamt um TEUR 4.660 (15,4 %) auf TEUR 34.834. Im besonderen Maße hervorzuheben sind hier die Preissenkungen (2,7 %), die wir im aktuellen Geschäftsjahr durch das 2013 gegründete Federnwerk in der Tschechischen Republik realisieren konnten.

Das Ergebnis der gewöhnlichen Geschäftstätigkeit sank um TEUR 8.555 auf TEUR 5.438. Grund hierfür ist in besonderem Maße der Erlös aus den Verkäufen unserer Beteiligungen an die KYB Corporation Ltd. im vorherigen Geschäftsjahr 2014/2015. Die Personalaufwendungen erhöhten sich um TEUR 462 (5,0 %) leicht unterproportional zum vorherigen Berichtszeitraum auf TEUR 9.760. Weiterhin sind die sonstigen betrieblichen Aufwendungen um TEUR 3.433 (17,5 %) auf TEUR 23.099 gestiegen.

Auf Grund der negativen RUB/EUR Wechselkursentwicklung verschlechterte sich die Netto-Währungsposition von TEUR 375 auf TEUR 581. Aufgrund der verkauften Anteile an der KYB Middle East FZE, Dubai erhielten wir im laufenden Geschäftsjahr keine Dividende (i. Vj TEUR 3.366).

Die Steuern vom Einkommen und vom Ertrag (TEUR 1.480) entfallen im Wesentlichen auf die deutsche Niederlassung sowie die Niederlassungen in UK und Italien.

Der Jahresüberschuss für das Geschäftsjahr 2015/2016 beträgt TEUR 3.744 (i.Vj. TEUR 13.006) und liegt im Rahmen der Erwartungen des Vorjahres.

Die Bilanzsumme erhöht sich um TEUR 38.956 auf TEUR 151.664.

Über das Wirtschaftsjahr gesehen, haben sich die Vorräte um TEUR 23.733 auf TEUR 71.678 erhöht. Der wesentliche Grund hierfür ist das neu gegründete Lager in Riga für die Belieferung unserer russischen Schwestergesellschaft sowie das neugegründete Lager in Istanbul für die Belieferung des türkischen Marktes. Des Weiteren bestanden bei einem verbundenen Unternehmen Absatzschwierigkeiten. Lieferungen, die für dieses Unternehmen bestimmt waren, wurden durch uns übernommen was einen erhöhten Vorratsbestand begründet.

Die Forderungen aus Lieferungen und Leistungen erhöhten sich um TEUR 4.784 auf TEUR 38.183; die Forderungen gegen verbundene Unternehmen erhöhten sich um TEUR 15.845 auf TEUR 34.632. Der Forderungsanstieg gegenüber verbundenen Unternehmen ist zu erklären durch den an die KYB Headquarters B.V. ausgezahlten Kredit über TEUR 15.200.

Auf der Passivseite haben sich die Rückstellungen um TEUR 311 auf TEUR 10.398 reduziert. Dies ist im Wesentlichen mit dem Rückgang der Rückstellungen für Kundenboni bei Erhöhung der Rückstellungen für ausstehende Rechnungen zu begründen. Die Verbindlichkeiten aus Lieferungen und Leistungen haben sich gegenüber dem Vorjahr um TEUR 548 auf TEUR 4.966 erhöht. Ebenfalls erhöht haben sich die Verbindlichkeiten gegenüber verbundenen Unternehmen um TEUR 24.916 auf TEUR 52.680. Auch hier liegt der Grund, wie bei den Vorräten, an den neugegründeten Lägern in Riga und Istanbul, sowie die Lieferungen an Kunden unserer verbundenen Unternehmen in deren Namen und auf deren Rechnung.

KYB Europe GmbH finanziert sich über laufende Einkünfte, kurzfristige Bankdarlehen sowie das von der Muttergesellschaft KYB Europe Headquarters B.V. zur Verfügung gestellte Eigenkapital.

Zum 31. März 2016 betrugen die kurzfristigen Bankverbindlichkeiten TEUR 22.200. Während des Wirtschaftsjahres erhöhte sich das Bankendarlehen von TEUR 12.000 um TEUR 10.200 auf TEUR 22.200. Diese Erhöhung war erforderlich um den Kredit an die KYB Headquarters B.V. auszahlen zu können sowie zur Finanzierung des deutlich erhöhten Vorratsbestands.

Im Berichtsjahr waren wir jederzeit in der Lage, unsere finanziellen Verpflichtungen zu erfüllen. Insgesamt bewerten wir den Geschäftsverlauf im Berichtsjahr als zufriedenstellend. Zum Zeitpunkt der Aufstellung des Lageberichts beurteilen wir die wirtschaftliche Lage der Gesellschaft als gesund.

Finanzielle und nichtfinanzielle Leistungsindikatoren

Die KYB Europe GmbH ist eine reine Vertriebsgesellschaft für PKW-Stoßdämpfer und Zubehörteile, die im Wesentlichen vom KYB-Konzernverbund beschafft werden.

Unsere finanziellen Leistungsindikatoren sind die Bruttomarge, die Umsatzerlöse sowie der Jahresüberschuss.

Unverändert zum Vorjahr umfasst unser Lieferumfang 95 % aller in Europa vertretenen PKW-Fabrikate. In 2015/2016 waren über 90 % der angebotenen Artikel täglich lieferbar. Damit entsprechen Lieferumfang und Lieferbereitschaft der Vorjahresprognose.

C. Nachtragsbericht

Nach dem Bilanzstichtag haben sich keine Ereignisse ergeben, die einen materiellen Einfluss auf die Vermögenswerte, das Ergebnis oder die finanzielle Situation der Gesellschaft haben.

D. Prognose-, Chancen- und Risikobericht

Prognosebericht

Das BMWI geht für 2016 von einem Wachstum des deutschen Bruttoinlandsproduktes von 1,7 % aus. Für 2016 erwartet die Europäische Kommission für die EU ein weiteres Wachstum um 1,9 %. Für 2016 wird demgemäß auch ein stabiles Wachstum des Stoßdämpfermarktes erwartet.

Die Nachwirkungen der Ukraine/Russland Krise haben in gewisser Weise noch einen negativen Einfluss auf unsere Umsätze in dieser Region gehabt. Für das folgende Geschäftsjahr 2016/2017 erwarten wir dennoch wieder einen leichten Anstieg der Gesamtumsätze.

Gemäß unseren Erwartungen ist der westeuropäische Markt sehr stabil. Unsere Strategie ist es unsere Absatzwege für Produkte mit hohem Gewinn (Federn, Montage-Kit und Schutz-Kit) zu verbessern sowie durch die Erhöhung der Verkaufspreise, speziell für Stoßdämpfer, unsere Profitabilität zu verbessern. Da wir in Deutschland immer noch einen sehr geringen Anteil (15%) am Stoßdämpfermarkt halten, haben wir besonders in Deutschland noch viel Raum unsere Absätze zu erhöhen (z.B. durch Neukundengewinnung).

In Osteuropa, besonders aber in Polen, besteht ein harter Wettbewerb. Da KYB einen durchaus hohen Marktanteil von über 25 % hält, versuchen unsere Konkurrenten unseren Marktanteil zu verringern. Daher sind wir um ein stabiles Preismanagement bemüht.

Für das Geschäftsjahr 2016/2017 erwarten wir eine moderate Umsatzsteigerung sowie eine leicht steigende Bruttomarge gegenüber dem Geschäftsjahr 2015/2016. Des Weiteren erwarten wir bezüglich des Lieferumfangs in 2016/2017 konstante Werte. Für den Jahresüberschuss erwarten wir einen leichten Rückgang für das Geschäftsjahr 2016/2017.

Unverändert beurteilen wir die Erwartungen für die Entwicklung im kommenden Jahr als leicht verbessert.

Risikobericht

KYB Europe GmbH ist Konzerngesellschaft der in Japan börsennotierten KYB Gruppe und als solche in das Internal Control over Financial Reporting (ICOFR) nach J-SOX eingebunden. Im Rahmen des Group Reportings bestehen wirksame Budgetierungs-, Reporting- und Controllingprozesse. Diese sind auf Unternehmensebene für unsere Branches implementiert.

Die Geschäftsführung ist stark in das laufende Geschäft sowie die Risiko-Kommunikation eingebunden. Wachstums- und Marktinformationen werden kontinuierlich überwacht.

Ein Wechselkursrisiko auf der Kundenseite wird vermieden, indem alle Verkäufe in Euro erfolgen. Das Zahlungsausfallrisiko begrenzen wir durch die Verwendung kundenspezifischer Kreditlimits. Aktuell und auch in Zukunft, erfolgen die Verkäufe in Russland und den ehemaligen GUS-Staaten durch die KYB Eurasia LLC. Durch diese Vorgehensweise haben wir kein Ausfallrisiko mehr, allerdings müssen wir eine geringere Marge in Kauf nehmen, da wir nur noch als Zwischenhändler agieren.

Als Unternehmen des KYB-Konzernverbunds sind wir von den strategischen Entscheidungen der Konzernzentrale in Japan abhängig.

Soweit die kurzfristigen Bankkredite nicht verlängert werden, ist der Fortbestand der Gesellschaft von der Aufrechterhaltung der finanziellen Unterstützung durch die Konzernobergesellschaft abhängig.

Auf Grund der zu erwartenden Verbesserung unseres Ergebnisses erwarten wir jetzt und in der Zukunft keine weiteren materiellen Risiken, die den Fortbestand unserer Gesellschaft beeinträchtigen könnten.

Chancenbericht

Durch die weiterhin günstige Wechselkurssituation gegenüber dem japanischen Yen sind unsere Einkaufspreise auf dem Niveau des Vorjahres geblieben. Weitere Preissenkungen (2,5%) erwarten wir im Geschäftsjahr 2016/2017 (01.04.2016-31.03.2017) von dem in 2013 gegründeten Federnwerk in der Tschechischen Republik

In Westeuropa wächst der Marktanteil von KYB bei Ersatz-Stoßdämpfern für Fahrzeuge durch die hohe Produktqualität und unseren hervorragenden Kundendienst weiter. In den europäischen Märkten, konnten wir im Geschäftsjahr 2015/2016 hohe Umsatzzuwächse verzeichnen. KYB genießt in diesen Märkten eine sehr hohe Reputation auf Grund der hohen Produktqualität und der großen Produktpalette für europäische, russische und asiatische Kraftfahrzeuge.

Der wesentliche Teil des Umsatzanstieges wurde in der Europäischen Union erzielt.

Neben dem Verkauf von Stoßdämpfern zeigt sich der Verkauf von Federn in Großbritannien, bereits im Jahr 2002 eingeführt, und auf dem kontinentaleuropäischen Festland bzw. in Russland auch in 2009 als grundsätzlich positiv. Der Federnverkauf soll in Zukunft weiter ausgebaut werden, da in der im Jahre 2013 gegründeten Federnfabrik in der Tschechischen Republik die Produktion in 2014 aufgenommen wurde.

Krefeld, 11. Juli 2016

KYB Europe GmbH

Michael Howarth	Eiji Hisada	Osamu Kunihara	Takashi Kitahata
Geschäftsführer	Geschäftsführer	Geschäftsführer	Geschäftsführer

Bestätigungsvermerk des Abschlussprüfers

Wir haben den Jahresabschluss – bestehend aus Bilanz, Gewinn- und Verlustrechnung sowie Anhang – unter Einbeziehung der Buchführung und den Lagebericht der KYB Europe GmbH, Krefeld, für das Geschäftsjahr vom 1. April 2015 bis 31. März 2016 geprüft. Die Buchführung und die Aufstellung von Jahresabschluss und Lagebericht nach den deutschen handelsrechtlichen Vorschriften liegen in der Verantwortung der Geschäftsführung der Gesellschaft. Unsere Aufgabe ist es, auf der Grundlage der von uns durchgeführten Prüfung eine Beurteilung über den Jahresabschluss unter Einbeziehung der Buchführung und über den Lagebericht abzugeben.

Wir haben unsere Jahresabschlussprüfung nach § 317 HGB unter Beachtung der vom Institut der Wirtschaftsprüfer (IDW) festgestellten deutschen Grundsätze ordnungsmäßiger Abschlussprüfung vorgenommen. Danach ist die Prüfung so zu planen und durchzuführen, dass Unrichtigkeiten und Verstöße, die sich auf die Darstellung des durch den Jahresabschluss unter Beachtung der Grundsätze ordnungsmäßiger Buchführung und durch den Lagebericht vermittelten Bildes der Vermögens-, Finanz- und Ertragslage wesentlich auswirken, mit hinreichender Sicherheit erkannt werden. Bei der Festlegung der Prüfungshandlungen werden die Kenntnisse über die Geschäftstätigkeit und über das wirtschaftliche und rechtliche Umfeld der Gesellschaft sowie die Erwartungen über mögliche Fehler berücksichtigt. Im Rahmen der Prüfung werden die Wirksamkeit des rechnungslegungsbezogenen internen Kontrollsystems sowie Nachweise für die Angaben in Buchführung, Jahresabschluss und Lagebericht überwiegend auf der Basis von Stichproben beurteilt. Die Prüfung umfasst die Beurteilung der angewandten Bilanzierungsgrundsätze und der wesentlichen Einschätzungen der Geschäftsführung sowie die Würdigung der Gesamtdarstellung des Jahresabschlusses und des Lageberichts. Wir sind der Auffassung, dass unsere Prüfung eine hinreichend sichere Grundlage für unsere Beurteilung bildet.

Unsere Prüfung hat zu keinen Einwendungen geführt.

Nach unserer Beurteilung aufgrund der bei der Prüfung gewonnenen Erkenntnisse entspricht der Jahresabschluss den gesetzlichen Vorschriften und vermittelt unter Beachtung der Grundsätze ordnungsmäßiger Buchführung ein den tatsächlichen Verhältnissen entsprechendes Bild der Vermögens-, Finanz- und Ertragslage der Gesellschaft. Der Lagebericht steht in Einklang mit dem Jahresabschluss, vermittelt insgesamt ein zutreffendes Bild von der Lage der Gesellschaft und stellt die Chancen und Risiken der zukünftigen Entwicklung zutreffend dar.

Ohne diese Beurteilung einzuschränken, verweisen wir auf die Ausführungen im Lagebericht. Dort ist in dem Abschnitt „Risikobericht" dargestellt, dass der Fortbestand der Gesellschaft von der finanziellen Unterstützung der Konzernobergesellschaft abhängig ist, falls die kurzfristigen Bankkredite nicht verlängert werden.

Düsseldorf, den 11. Juli 2016

KPMG AG
Wirtschaftsprüfungsgesellschaft

KPMG AG
WIRTSCHAFTSPRÜFUNGSGESELLSCHAFT
WIRTSCHAFTS-
PRÜFUNGS-
GESELLSCHAFT
SIEGEL
BERLIN

Kuntz
Wirtschaftsprüfer

Dr. Widmayer
Wirtschaftsprüfer

Appendix 6

General Engagement Terms

[Translator's notes are in square brackets]

General Engagement Terms

for

Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften

[German Public Auditors and Public Audit Firms]

as of January 1, 2002

This is an English translation of the German text, which is the sole authoritative version

1. Scope

(1) These engagement terms are applicable to contracts between Wirtschaftsprüfer [German Public Auditors] or Wirtschaftsprüfungsgesellschaften [German Public Audit Firms] (hereinafter collectively referred to as the "Wirtschaftsprüfer") and their clients for audits, consulting and other engagements to the extent that something else has not been expressly agreed to in writing or is not compulsory due to legal requirements.

(2) If, in an individual case, as an exception contractual relations have also been established between the Wirtschaftsprüfer and persons other than the client, the provisions of No. 9 below also apply to such third parties.

2. Scope and performance of the engagement

(1) Subject of the Wirtschaftsprüfer's engagement is the performance of agreed services – not a particular economic result. The engagement is performed in accordance with the Grundsätze ordnungsmäßiger Berufsausübung [Standards of Proper Professional Conduct]. The Wirtschaftsprüfer is entitled to use qualified persons to conduct the engagement.

(2) The application of foreign law requires – except for financial attestation engagements – an express written agreement.

(3) The engagement does not extend – to the extent it is not directed thereto – to an examination of the issue of whether the requirements of tax law or special regulations, such as, for example, laws on price controls, laws limiting competition and Bewirtschaftungsrecht [laws controlling certain aspects of specific business operations] were observed; the same applies to the determination as to whether subsidies, allowances or other benefits may be claimed. The performance of an engagement encompasses auditing procedures aimed at the detection of the defalcation of books and records and other irregularities only if during the conduct of audits grounds therefor arise or if this has been expressly agreed to in writing.

(4) If the legal position changes subsequent to the issuance of the final professional statement, the Wirtschaftsprüfer is not obliged to inform the client of changes or any consequences resulting therefrom.

3. The client's duty to inform

(1) The client must ensure that the Wirtschaftsprüfer – even without his special request – is provided, on a timely basis, with all supporting documents and records required for and is informed of all events and circumstances which may be significant to the performance of the engagement. This also applies to those supporting documents and records, events and circumstances which first become known during the Wirtschaftsprüfer's work.

(2) Upon the Wirtschaftsprüfer's request, the client must confirm in a written statement drafted by the Wirtschaftsprüfer that the supporting documents and records and the information and explanations provided are complete.

4. Ensuring independence

The client guarantees to refrain from everything which may endanger the independence of the Wirtschaftsprüfer's staff. This particularly applies to offers of employment and offers to undertake engagements on one's own account.

5. Reporting and verbal information

If the Wirtschaftsprüfer is required to present the results of his work in writing, only that written presentation is authoritative. For audit engagements the long-form report should be submitted in writing to the extent that nothing else has been agreed to. Verbal statements and information provided by the Wirtschaftsprüfer's staff beyond the engagement agreed to are never binding.

6. Protection of the Wirtschaftsprüfer's intellectual property

The client guarantees that expert opinions, organizational charts, drafts, sketches, schedules and calculations – expecially quantity and cost computations – prepared by the Wirtschaftsprüfer within the scope of the engagement will be used only for his own purposes.

7. Transmission of the Wirtschaftsprüfer's professional statement

(1) The transmission of a Wirtschaftsprüfer's professional statements (long-form reports, expert opinions and the like) to a third party requires the Wirtschaftsprüfer's written consent to the extent that the permission to transmit to a certain third party does not result from the engagement terms.

The Wirtschaftsprüfer is liable (within the limits of No. 9) towards third parties only if the prerequisites of the first sentence are given.

(2) The use of the Wirtschaftsprüfer's professional statements for promotional purposes is not permitted; an infringement entitles the Wirtschaftsprüfer to immediately cancel all engagements not yet conducted for the client.

8. Correction of deficiencies

(1) Where there are deficiencies, the client is entitled to subsequent fulfillment [of the contract]. The client may demand a reduction in fees or the cancellation of the contract only for the failure to subsequently fulfill [the contract]; if the engagement was awarded by a person carrying on a commercial business as part of that commercial business, a government-owned legal person under public law or a special government-owned fund under public law, the client may demand the cancellation of the contract only if the services rendered are of no interest to him due to the failure to subsequently fulfill [the contract]. No. 9 applies to the extent that claims for damages exist beyond this.

(2) The client must assert his claim for the correction of deficiencies in writing without delay. Claims pursuant to the first paragraph not arising from an intentional tort cease to be enforceable one year after the commencement of the statutory time limit for enforcement.

(3) Obvious deficiencies, such as typing and arithmetical errors and formelle Mängel [deficiencies associated with technicalities] contained in a Wirtschaftsprüfer's professional statements (long-form reports, expert opinions and the like) may be corrected – and also be applicable versus third parties – by the Wirtschaftsprüfer at any time. Errors which may call into question the conclusions contained in the Wirtschaftsprüfer's professional statements entitle the Wirtschaftsprüfer to withdraw – also versus third parties – such statements. In the cases noted the Wirtschaftsprüfer should first hear the client, if possible.

9. Liability

(1) The liability limitation of § ["Article"] 323 (2)["paragraph 2"] HGB ["Handelsgesetzbuch": German Commercial Code] applies to statutory audits required by law.

(2) Liability for negligence; An individual case of damages

If neither No. 1 is applicable nor a regulation exists in an individual case, pursuant to § 54a (1) no. 2 WPO ["Wirtschaftsprüferordnung": Law regulating the Profession of Wirtschaftsprüfer] the liability of the Wirtschaftsprüfer for claims of compensatory damages of any kind – except for damages resulting from injury to life, body or health – for an individual case of damages resulting from negligence is limited to € 4 million; this also applies if liability to a person other than the client should be established. An individual case of damages also exists in relation to a uniform damage arising from a number of breaches of duty. The individual case of damages encompasses all consequences from a breach of duty without taking into account whether the damages occurred in one year or in a number of successive years. In this case multiple acts or omissions of acts based on a similar source of error or on a source of error of an equivalent nature are deemed to be a uniform breach of duty if the matters in question are legally or economically connected to one another. In this event the claim against the Wirtschaftsprüfer is limited to € 5 million. The limitation to the fivefold of the minimum amount insured does not apply to compulsory audits required by law.

(3) Preclusive deadlines

A compensatory damages claim may only be lodged within a preclusive deadline of one year of the rightful claimant having become aware of the damage and of the event giving rise to the claim – at the very latest, however, within 5 years subsequent to the event giving rise to the claim. The claim expires if legal action is not taken within a six month deadline subsequent to the written refusal of acceptance of the indemnity and the client was informed of this consequence.

The right to assert the bar of the preclusive deadline remains unaffected. Sentences 1 to 3 also apply to legally required audits with statutory liability limits.

10. Supplementary provisions for audit engagements

(1) A subsequent amendment or abridgement of the financial statements or management report audited by a Wirtschaftsprüfer and accompanied by an auditor's report requires the written consent of the Wirtschaftsprüfer even if these documents are not published. If the Wirtschaftsprüfer has not issued an auditor's report, a reference to the audit conducted by the Wirtschaftsprüfer in the management report or elsewhere specified for the general public is permitted only with the Wirtschaftsprüfer's written consent and using the wording authorized by him.

(2) If the Wirtschaftsprüfer revokes the auditor's report, it may no longer be used. If the client has already made use of the auditor's report, he must announce its revocation upon the Wirtschaftsprüfer's request.

(3) The client has a right to 5 copies of the long-form report. Additional copies will be charged for separately.

11. Supplementary provisions for assistance with tax matters

(1) When advising on an individual tax issue as well as when furnishing continuous tax advice, the Wirtschaftsprüfer is entitled to assume that the facts provided by the client – especially numerical disclosures – are correct and complete; this also applies to bookkeeping engagements. Nevertheless, he is obliged to inform the client of any errors he has discovered.

(2) The tax consulting engagement does not encompass procedures required to meet deadlines, unless the Wirtschaftsprüfer has explicitly accepted the engagement for this. In this event the client must provide the Wirtschaftsprüfer, on a timely basis, all supporting documents and records – especially tax assessments – material to meeting the deadlines, so that the Wirtschaftsprüfer has an appropriate time period available to work therewith.

(3) In the absence of other written agreements, continuous tax advice encompasses the following work during the contract period:

a) preparation of annual tax returns for income tax, corporation tax and business tax, as well as net worth tax returns on the basis of the annual financial statements and other schedules and evidence required for tax purposes to be submitted by the client

b) examination of tax assessments in relation to the taxes mentioned in (a)

c) negotiations with tax authorities in connection with the returns and assessments mentioned in (a) and (b)

d) participation in tax audits and evaluation of the results of tax audits with respect to the taxes mentioned in (a)

e) participation in Einspruchs- und Beschwerdeverfahren [appeals and complaint procedures] with respect to the taxes mentioned in (a).

In the afore-mentioned work the Wirtschaftsprüfer takes material published legal decisions and administrative interpretations into account.

(4) If the Wirtschaftsprüfer receives a fixed fee for continuous tax advice, in the absence of other written agreements the work mentioned under paragraph 3 (d) and (e) will be charged separately.

(5) Services with respect to special individual issues for income tax, corporate tax, business tax, valuation procedures for property and net worth taxation, and net worth tax as well as all issues in relation to sales tax, wages tax, other taxes and dues require a special engagement. This also applies to:

a) the treatment of nonrecurring tax matters, e. g. in the field of estate tax, capital transactions tax, real estate acquisition tax

b) participation and representation in proceedings before tax and administrative courts and in criminal proceedings with respect to taxes, and

c) the granting of advice and work with respect to expert opinions in connection with conversions of legal form, mergers, capital increases and reductions, financial reorganizations, admission and retirement of partners or shareholders, sale of a business, liquidations and the like.

(6) To the extent that the annual sales tax return is accepted as additional work, this does not include the review of any special accounting prerequisities nor of the issue as to whether all potential legal sales tax reductions have been claimed. No guarantee is assumed for the completeness of the supporting documents and records to validate the deduction of the input tax credit.

12. Confidentiality towards third parties and data security

(1) Pursuant to the law the Wirtschaftsprüfer is obliged to treat all facts that he comes to know in connection with his work as confidential, irrespective of whether these concern the client himself or his business associations, unless the client releases him from this obligation.

(2) The Wirtschaftsprüfer may only release long-form reports, expert opinions and other written statements on the results of his work to third parties with the consent of his client.

(3) The Wirtschaftsprüfer is entitled – within the purposes stipulated by the client – to process personal data entrusted to him or allow them to be processed by third parties.

13. Default of acceptance and lack of cooperation on the part of the client

If the client defaults in accepting the services offered by the Wirtschaftsprüfer or if the client does not provide the assistance incumbent on him pursuant to No. 3 or otherwise, the Wirtschaftsprüfer is entitled to cancel the contract immediately. The Wirtschaftsprüfer's right to compensation for additional expenses as well as for damages caused by the default or the lack of assistance is not affected, even if the Wirtschaftsprüfer does not exercise his right to cancel.

14. Remuneration

(1) In addition to his claims for fees or remuneration, the Wirtschaftsprüfer is entitled to reimbursement of his outlays: sales tax will be billed separately. He may claim appropriate advances for remuneration and reimbursement of outlays and make the rendering of his services dependent upon the complete satisfaction of his claims. Multiple clients awarding engagements are jointly and severally liable.

(2) Any set off against the Wirtschaftsprüfer's claims for remuneration and reimbursement of outlays is permitted only for undisputed claims or claims determined to be legally valid.

15. Retention and return of supporting documentation and records

(1) The Wirtschaftsprüfer retains, for ten years, the supporting documents and records in connection with the completion of the engagement – that had been provided to him and that he has prepared himself – as well as the correspondence with respect to the engagement.

(2) After the settlement of his claims arising from the engagement, the Wirtschaftsprüfer, upon the request of the client, must return all supporting documents and records obtained from him or for him by reason of his work on the engagement. This does not, however, apply to correspondence exchanged between the Wirtschaftsprüfer and his client and to any documents of which the client already has the original or a copy. The Wirtschaftsprüfer may prepare and retain copies or photocopies of supporting documents and records which he returns to the client.

16. Applicable law

Only German law applies to the engagement, its conduct and any claims arising therefrom.