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DON'T
STAPLE**OS AA01**Statement of details of parent law and other
information for an overseas company

Companies House

✓ **What this form is for**
You may use this form to
accompany your accounts
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✗ **What this form is NOT**
You cannot use this form
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with accounting require

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17/04/2021

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COMPANIES HOUSE

Part 1 Corporate company nameCorporate name of
overseas company ①

Takenaka Europe GmbH

UK establishment
number

B R 0 0 8 6 3 6

→ **Filling in this form**Please complete in typescript or in
bold black capitals.All fields are mandatory unless
specified or indicated by *① 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 ②

German GAAP, German Commercial Code

② 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**.③ Please insert the name of the
appropriate accounting organisation
or body.Name of organisation
or body ③

German Accounting Governing 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'**.

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

Name of organisation or body **1**

German Institute of Public Auditors

Part 3

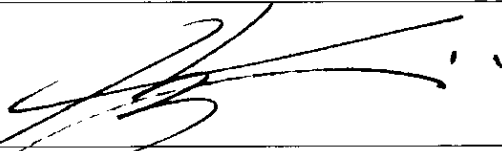
Signature

I am signing this form on behalf of the overseas company.

Signature

Signature

X



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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Contact name

Company name

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County/Region

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- ☐ The company name and, if appropriate, the registered number, match the information held on the public Register.
- ☐ You have completed all sections of the form, if appropriate.
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Annual financial statements as at 31 December 2018 and management report

AUDIT REPORT

Takenaka Europe GmbH
Düsseldorf

KPMG AG Wirtschaftsprüfungsgesellschaft



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02/12/2020
COMPANIES HOUSE

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To Takenaka Europe GmbH, Düsseldorf

1 Audit engagement

At the shareholders' meeting held on 8 March 2019 of

Takenaka Europe GmbH, Düsseldorf,

– hereinafter also referred to as 'Takenaka' or 'Company' –

we were elected as auditor for the financial year 2018. Accordingly, the management engaged us to audit the annual financial statements for the year ended 31 December 2018, together with the accounting records and the management report.

The terms governing this engagement are set out in the General Engagement Terms for German Public Auditors and Public Audit Firms [Allgemeine Auftragsbedingungen für Wirtschaftsprüfer und Wirtschaftsprüfungsgesellschaften] as amended on 1 January 2017, 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 Reproduction of the Independent Auditor's Report (translation)

Based on the results of our audit, we have issued the following audit opinion:



Independent Auditor's Report

To Takenaka Europe GmbH, Düsseldorf

Qualified Opinions

We have audited the annual financial statements of Takenaka Europe GmbH, Düsseldorf, which comprise the balance sheet as at 31 December 2018, and the income statement for the financial year from 1 January to 31 December 2018 and notes to the financial statements, including the recognition and measurement policies presented therein. In addition, we have audited the management report of Takenaka Europe GmbH for the financial year from 1 January to 31 December 2018.

In our opinion, on the basis of the knowledge obtained in the audit,

- except for the possible effects of the matter described in the 'Basis for the Qualified Opinions' section of our report, the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to business corporations and, except for these possible effects, give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2018 and of its financial performance for the financial year from 1 January to 31 December 2018, in accordance with German Legally Required Accounting Principles, and
- except for the possible effects of the matter described in the 'Basis for the Qualified Opinions' section of our report, the accompanying management report as a whole provides an appropriate view of the Company's position. Except for the possible effects of this matter, in all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

Pursuant to Section 322 (3) sentence 1 HGB [Handelsgesetzbuch: German Commercial Code], we declare that, except for the qualifications of the opinions on the annual financial statements and on the management report noted, our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.

Basis for the Qualified Opinions

The valuation of the investment in TAK Realty NY Inc., New York/USA, in the amount of kEUR 26,434 could not be verified with reasonable assurance, due to the fact, that no sufficient information is available for a reasonable fair value determination of the investment. Therefore, it cannot be suspended that changes should have been made, in particular with regard to adjustments to the investment, depreciation on financial assets, net income and equity. This matter also possibly affects the view, provided in the management report, of the development of the business, including the results of the business, and the position of the Company as well as the presentation of the opportunities and risks of future development.

We conducted our audit of the annual financial statements and of the management report in accordance with Section 317 HGB and the German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the 'Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report' section of our auditor's report. We are independent of the Company in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinions on the annual financial statements and on the management report.

Responsibilities of the Management for the Annual Financial Statements and the Management Report

Management is responsible for the preparation of annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to business corporations, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles. In addition, management is responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, management is responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, management is responsible for the preparation of a management report that as a whole provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, management is responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the management report.

Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report

Our objective is to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the annual financial statements and on the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and in compliance with the German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and this management report.

We exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the annual financial statements and of the management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.
- evaluate the appropriateness of accounting policies used by management and the reasonableness of estimates made by management and related disclosures.

- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.
- evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles.
- *evaluate the consistency of the management report with the annual financial statements, its conformity with German law, and the view of the Company's position it provides.*
- perform audit procedures on the prospective information presented by management in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by management as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Düsseldorf, 20 November 2019

KPMG AG
Wirtschaftsprüfungsgesellschaft
[Original German version signed by:]

[signature] Glunz
Wirtschaftsprüfer
[German Public Auditor]

[signature] Wrede
Wirtschaftsprüfer
[German Public Auditor]

“

3 Basic findings

3.1 Basis for the qualified opinions

The valuation of the investment in TAK Realty NY Inc., New York/USA, in the amount of kEUR 26,434 could not be verified. Sufficient audit evidence regarding the valuation of the investment amount was not provided.

We would like to point out that our statements below are to be read in conjunction with the qualification of our audit opinion.

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

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

- Due to the increase in sales by EUR 280.2 million to EUR 475.0 million, the net profit increased by EUR 15.9 million to EUR 19.8 million (previous year: EUR 3.9 million). The reason for the huge increase in sales is the completion of a large-scale project which was originally scheduled for completion in 2017.
- The gross profit margin decreased to 7.6 % (previous year: 9.1 %).
- The equity ratio increased from 22.8 % to 29.9 % due to the net profit of EUR 19.8 million in 2018 and the decrease of the balance sheet sum by EUR 38.4 million.
- According to management, the main risks are project-related risks, such as delays in the execution of the construction projects, rising material and subcontractor costs in turn-key-projects as well as construction or design quality issues. These risks are regularly observed and controlled and if necessary suitable counter-measures are taken.
- The Company believes that the high volume of construction in the past and having branches all over Europe are a competitive advantage and expects to further strengthen its market position.
- For 2019, the Company forecasts sales amounting to EUR 300 million and a positive annual net profit slightly below the level of prior year.

As a result of our audit, with the exception of the qualification described in Section 2, we found that the management report, as a whole, provides an appropriate view of the Company's position. In all material respects, with the exception of the qualification described in Section 2, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

3.3 Violations of regulations not concerning accounting

3.3.1 Late preparation of the financial statements

Contrary to the requirements of Section 264 (1) HGB, the Company did not prepare the annual financial statements and the management report as at 31 December 2018 within three months after the end of the financial year.

3.3.2 Late adoption of the financial statements

In contrast to the requirements of Section 42a (2) sentence 1 of the German Limited Liability Companies Act [GmbHG], the financial statements as at 31 December 2018 were not adopted by the shareholders within eight months after the end of the financial year.

3.3.3 Late disclosure of the financial statements

Contrary to the requirements set out in Section 325 (1a) HGB, the Company did not disclose the 'previous years' financial statements and management report as at 31 December 2017, within twelve months after the end of the financial year.

4 Performance of the audit

4.1 Scope of the audit

We have audited the annual financial statements of Takenaka Europe GmbH, Düsseldorf, which comprise the balance sheet, the income statement and the notes to the financial statements, including the accounting records, and the management report, for the financial year ended 31 December 2018.

Our responsibility is to express an opinion on the annual 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 regulations can be expected to have an impact on the annual financial statements or the management report.

Pursuant to Section 317 (4a) HGB, an audit is not intended to extend to whether the Company's ability to continue as a going concern or the effectiveness and efficiency of management can be assured.

4.2 Nature and scope of the audit procedures

The general principles of our audit approach are already presented in the Independent Auditor's Report (see Section 2 of this report). In addition, we provide the following information on our audit approach and audit performance:

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:

- valuation of shares in affiliated companies and investments
- compliance of the accounting principles followed by the foreign branches being part of Takenaka with German accounting principles
- completion, existence, accuracy and valuation of unfinished projects
- valuation of accounts receivable
- revenue recognition
- completeness of accruals and liabilities due to subcontractors regarding completed projects

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 annual financial statements

Performance of analytical reviews of items in the annual financial statements

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

- obtaining confirmations from lawyers and credit institutions
- obtaining confirmations from customers and suppliers on a specified sample

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 the audit results

Reporting in the audit report and the Independent Auditor's Report

Oral presentation of audit results to the management

We performed our audit (with interruptions) in the months of January to November 2019 until 20 November 2019. We carried out a preliminary audit in November 2018.

With exception of the qualification regarding the valuation of the investment in TAK Realty NY Inc., New York/USA, all explanations and evidence requested by us were provided. The management confirmed in writing that the accounting records, the annual financial statements and the management report are complete.

5 Findings on accounting and financial reporting

5.1 Accounting records and related documents

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

Based on our audit, we found that the organisational and technical measures taken by the Company are appropriate to ensure the security of IT systems and accounting-related data processed.

5.2 Annual financial statements

The annual financial statements as at 31 December 2018, presented to us for audit, were derived from the Company's accounting records and related documents. The opening balance sheet figures were properly carried forward from prior year's annual financial statements. Except for the qualification described in Section 2 of this report, the German legal recognition, presentation and measurement requirements have been observed, in all material respects.

Except for the qualification described in Section 2 of this report, the balance sheet and income statement have been prepared, in all material respects, in accordance with the provisions of German commercial law applicable to business corporations including the German Legally Required Accounting Principles. The notes to the financial statements include all legally required information.

Please note that we were unable to audit compliance with the formal requirements for non-disclosure of the auditor's fee under Section 285 (17) HGB by the end of our audit because the annual financial statements of the parent company required for this exemption were not yet available.

5.3 Management report

Except for the qualification described in Section 2 of this report the management report prepared by management complies, in all material respects, with German legal requirements.

6 Opinion on the overall presentation of the annual financial statements

6.1 Comments on the overall presentation

The accounting policies applied to the annual financial statement items comply, in all material respects, with the requirements of German commercial law applicable to corporations. These are described in the notes to the financial statements (see Appendix 1.3 Section 2).

The exercise of accounting and valuation options as well as accounting judgements with regard to the following annual financial statement items has a material effect on the Company's assets, liabilities, financial position and financial performance:

Unfinished projects

Unfinished projects are valued according to Section 255 (2) sentence 2 HGB based on costs of production (mainly including subcontractor costs). Using the option of Section 255 (2) sentence 3 HGB, no overheads for general and administrative expenses have been capitalised as at 31 December 2018, which is consistent with the handling in the previous year.

Payments received on account of orders

The payments received on account of orders in the amount of kEUR 177,269 (prior year kEUR 247,090) are disclosed as liabilities. Alternatively, Section 268 (5) sentence 2 HGB allows to set off the payments received on account of orders against the capitalised unfinished projects to the amount that unfinished projects are capitalised. In that case, the balance sheet total would be reduced by kEUR 160,399; the equity-ratio (equity in relation to balance sheet total) would be 50.2 % instead of 29.9 %.

Deferred taxes

In accordance with Section 274 (2) HGB the Company capitalised deferred tax assets amounting to kEUR 1,695 and recorded deferred tax liabilities amounting to kEUR 16. The deferred taxes are associated with tax loss carry forwards and timing differences mainly concerning the revenue recognition of projects. Under German GAAP there is no obligation but only an option to account for deferred tax assets which exceed the deferred tax liabilities.

Apart from the accounting policy options, valuations also depend on **estimates** made with regard to certain valuation components.

The valuation of assets and liabilities in accordance with Section 253 HGB requires the assessment of future developments and assumptions on the realisation of economic values in the future, which are subject to risks and uncertainties.

The orientation on future developments bears room for judgement which has to be exercised in the due preparation of the annual financial statements. The auditor, of course, can only assess the plausibility of the judgements made.

The **exercise of judgement** by the Company is relevant in the following areas:

Area	Judgement
– Financial assets	– Assessment of sustainability of impairments and estimation of future cash flows as well as of calculation parameters for the DCF calculation
– Reserves for expected losses on unfinished projects	– Estimation of project result
– Project-related accruals	– Assessment of likelihood of occurrence and impact of risks

Financial assets comprise amongst others the investment in Takenaka India Private Ltd., Gurgaon-Haryana/India, which was originally recorded at cost of kEUR 4,298. Due to additional capital contributions in February 2012 and September 2012 the gross book value of the investment amounted to kEUR 12,276 as at 31 December 2012.

Based on a discounted cash flow (DCF) analysis which was undertaken at the end of 2012 management identified a probably sustained impairment in value of kEUR 11,129 resulting in a net book value of the investment of kEUR 1,147 as at 31 December 2012. Already in 2010, an impairment loss of kEUR 2,544 was recorded in the financial statements. An additional impairment loss amounting to kEUR 8,585 was recorded in accordance with Section 253 (3) sentence 5 HGB in the financial statements as at 31 December 2012. As at 31 December 2017 the DCF analysis was updated resulting in a partly reversal of the impairment amounting to kEUR 6,617 due to an earned profit of kINR 69,731 as at 31 March 2018 and a positive business outlook in India.

As at 31 December 2018 the expected future free cash flows were derived from the three year's forecasted budget for the Indian subsidiary. The applied WACC as at 31 December 2018 was calculated with 10.2 % considering a risk free rate of 1.0 %, an inflation differential for India with 2.60 %, a market risk premium of 7.0 % and a country risk premium of 1.7 %. The used beta for the Indian construction industry is 0.7. Summarised no further adjustment was necessary as at 31 December 2018.

The Company maintains a detailed project controlling which enables to monitor the profitability and the current status of the individual projects. The project controlling provides information for the calculation of the **reserves for expected losses on unfinished projects** as well as for the **project-related accruals**.

Reserves for expected losses on unfinished projects are recognised for those projects where the total expected direct costs (direct labor and material costs as well as subcontractor costs) plus an unchanged mark-up of 3.0 % for general and administrative costs exceed the contracted amount. As per 31 December 2018, the Company records no reserve.

Project-related accruals comprise accruals for services not yet invoiced by subcontractors and for warranties.

The **accrual for services not yet invoiced by subcontractors** of kEUR 36,144 (previous year: kEUR 23,709) generally covers expected charges from subcontractors for completed projects and has been calculated on an individual basis taking into consideration the difference between the finally updated cost budgets and the actual project costs recorded until year-end.

Warranty accruals in the total amount of kEUR 17,912 (previous year: kEUR 10,374) have been set up to cover uncertain warranty claims raised by clients after completion of the projects. Apart from warranty accruals which have been recognised for individual warranty claims of kEUR 17,128 (previous year: kEUR 9,726), the Company also recorded a lump sum provision amounting to kEUR 784 (previous year: kEUR 647), which has been calculated with 0.3 % (previous year: 0.3 %) on the basis of the average of the annual sales of the last five years which are not individually reserved for.

The individual warranty claims mainly relate to the projects Sungwoo WMU Bavaria in Germany as well as Foxconn (former: Sony), KIA Factory and Jaguar Land Rover in Slovakia.

Takenaka recorded a warranty provision of EUR 3.3 million (EUR 3.9 million as at 31 December 2017) regarding the project Sungwoo WMU Bavaria which was handed over in November 2017. Floor cracks spread out in 25 % of the total floor and water leakages occurred in the press shop. The calculation of the provision assumes that it will be required to perform a relatively expensive soil improvement by injection.

The provision for Foxconn (former: Sony) of EUR 2.4 million (previous year: EUR 2.4 million) was set up as at 31 December 2014 to cover repair works. Due to a possible design mistake serious problems with an instable floor occur because of inadequate groundwork. However, during 2015 the floor swinging decreased and in addition it might be possible to counter-claim against the city Zilina who sold the land but did not inform about the critical ground situation caused by the former river bed. The warranty period ended as at 31 December 2017. However, the provision was not released and remains unchanged as at 31 December 2018, since Takenaka management concluded that a probable legal obligation is existing according to the Slovakia Commercial Code.

The provision for the KIA Factory of EUR 1.7 million (previous year: EUR 1.7 million) concerns water leakages of the roof. Management intends to repair all defects as they appear. The warranty period also ended as at 31 December 2017 for the KIA factory. However, also in this case the provision was not released since Takenaka management concluded that a probable legal obligation is existing according to the Slovakia Commercial Code.

For Jaguar Land Rover (JLR) provisions were recorded as at 31 December 2018 for two big projects with EUR 2.1 million and with EUR 3.8 million. The calculation of the provision is based on the takeover certificates and the list of defects which will be remediated by Takenaka within the periods agreed between Takenaka and JLR. Although the constructions were only recently completed, those deficiencies are, based on management representation, difficult to trace back to the individual subcontractors as the causes of the defects are difficult to prove. The usage of those provisions is expected mainly in 2019 and 2020.

6.2 Conclusion on the overall presentation of the annual financial statements

Based on an overall consideration of the accounting policies described above and except for the qualification described in Section 2 of this report we are of the opinion that the annual financial statements give a true and fair view of the assets, liabilities and financial position of the Company and of its financial performance in accordance with German Legally Required Accounting Principles.

7 Concluding remarks

This audit report has been prepared in accordance with the principles of Auditing Standard 450 (as amended), promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW).

We hereby confirm pursuant to Section 321 (4a) HGB that we have conducted our audit in accordance with the applicable independence regulations.

The Independent Auditor's Report is presented in Section 2.

Düsseldorf, 20 November 2019
KPMG AG
Wirtschaftsprüfungsgesellschaft



Glunz
Wirtschaftsprüfer
[German Public Auditor]



Wrede
Wirtschaftsprüfer
[German Public Auditor]



Appendix 1
Annual financial
statements as at
31 December 2018
and management report
(translation)

1.1 Balance sheet (translation)

1.2 Income statement (translation)

**1.3 Notes to the financial statements
(translation)**

1.4 Management report (translation)

Takenaka Europe GmbH, Düsseldorf

Balance sheet as at 31 December 2018 (translation)

Assets

	31 Dec. 2018		31 Dec 2017	
	EUR	EUR	EUR	EUR
A. Fixed assets				
I. Intangible assets				
Acquired EDP software		216,551.32		260,287.52
II. Property and equipment				
1. Buildings including leasehold improvements	40,881.40		183,991.72	
2. Other equipment, office equipment and fixtures	689,747.84	730,629.24	610,197.51	794,189.23
III. Financial assets				
1. Shares in affiliated companies	34,715,642.01		34,715,642.01	
2. Investments	49,090,023.74	83,805,665.75	26,434,047.05	61,149,689.06
		84,752,846.31		62,204,165.81
B. Current assets				
I. Inventories				
1. Unfinished projects	160,399,204.31		224,123,864.12	
2. Prepayments	594,341.43	160,993,545.74	751,317.79	224,875,181.91
II. Accounts receivable and other assets				
1. Trade receivables	29,586,217.88		23,203,052.94	
– thereof with a residual term of more than one year EUR 21,345.45 (previous year: EUR 2,926,997.06) –				
2. Receivables due from affiliated companies	88.11		0.00	
– all from trade and services –				
3. Other assets	11,033,308.63	40,619,614.62	5,667,648.97	28,870,701.91
– thereof with a residual term of more than one year EUR 530,726.32 (previous year: EUR 440,449.40) –				
III. Cash balances and bank deposits		109,053,521.74		118,154,731.00
		310,666,682.10		371,900,614.82
C. Prepaid expenses		455,587.65		366,762.76
D. Deferred tax assets		1,694,958.18		1,449,208.36
		397,570,074.24		435,920,751.75

Liabilities and Shareholders' Equity

	31 Dec. 2018	31 Dec 2017
	EUR	EUR
A. Shareholders' equity		
I. Capital subscribed	9,200,000.00	9,200,000.00
II. Capital surplus	7,669,337.62	7,669,337.62
III. Earning reserves		
Other earnings	3,728,459.41	3,728,459.41
IV. Accumulated income	98,392,197.80	78,592,456.32
	118,989,994.83	99,190,253.35
B. Accruals and provisions		
1. Tax accruals	934,130.73	2,894,875.22
2. Other accruals and provisions	55,683,229.57	36,389,488.81
	56,617,360.30	39,284,364.03
C. Liabilities		
– Numbers 1 and 3 with a residual term of up to one year –		
1. Payments received on account of orders	177,268,985.28	247,089,950.81
2. Trade payables	38,759,912.27	47,639,932.06
– thereof with a residual term of up to one year		
EUR 12,966,217.37 (previous year: EUR 23,209,189.79) –		
– thereof with a residual term of more than one year		
and up to five years EUR 25,793,694.90		
(previous year: EUR 24,430,742.27) –		
3. Other liabilities	5,917,828.58	2,693,311.09
– thereof for taxes: EUR 3,181,035.86		
(previous year: EUR 1,695,906.61) –		
– thereof relating to social security: EUR 602,573.71		
(previous year: EUR 531,715.57) –		
	221,946,726.13	297,423,193.96
D. Deferred tax liabilities	15,992.98	22,940.41
	397,570,074.24	435,920,751.75

Takenaka Europe GmbH, Düsseldorf

Income statement for the period from 1 January to 31 December 2018 (translation)

	2018	2017
	EUR	EUR
1. Sales	474,999,657.23	194,764,358.38
2. Cost of sales	-438,666,096.00	-176,986,392.07
3. Gross profit	36,333,561.23	17,777,966.31
4. Selling expenses	-982,980.64	-763,445.14
5. General and administrative expenses	-16,849,469.65	-14,677,954.75
6. Other operating income	6,115,966.00	3,743,592.03
7. Other operating expenses	-1,691,306.14	-2,948,654.50
8. Income from investments – all from affiliated companies –	536,898.59	0.00
9. Income from write-up to financial assets	0.00	6,616,938.74
10. Other interest and similar income	355,313.36	83,220.04
11. Depreciation on financial assets	0.00	-3,138,439.08
12. Interest and similar expenses	-28,318.47	-40,547.77
13. Income taxes	-3,965,634.07	-2,719,184.40
– thereof from changes in deferred taxes		
EUR 259,420.38 (previous year: EUR 225,952.21) –		
14. Profit after taxes	19,824,030.21	3,933,491.48
15. Other taxes	-24,288.73	-32,104.36
16. Net profit for the year	19,799,741.48	3,901,387.12
17. Profit carried forward	78,592,456.32	74,691,069.20
18. Accumulated income	98,392,197.80	78,592,456.32

Takenaka Europe GmbH, Düsseldorf

Notes to the financial statements for the financial year 2018 (translation)

(1) General information

Takenaka Europe GmbH, located in Düsseldorf, is registered in the commercial register Düsseldorf under the number HRB 4453.

At the balance sheet date Takenaka Europe GmbH is a large incorporated Company as defined in Section 267 (3) of the German Commercial Code (HGB).

The applied accounting and valuation policies comply with the German Commercial Code and the German Limited Liability Companies Act (GmbHG).

The accounting and valuation policies have been consistently applied in the financial statements as at 31 December 2018 compared to the previous year.

For the presentation of the income statement the cost of sales method is applied.

(2) Accounting and valuation policies

Intangible assets acquired from third parties are capitalised at acquisition cost and are amortised straight line over the useful life.

Property and equipment are stated at acquisition cost less regular depreciation and write-downs due to impairment, where necessary. The depreciation is recognised over the estimated useful life of the assets. Low value items with acquisition cost up to EUR 410 (since 1 January 2018: EUR 800) are fully depreciated in the year of acquisition and are shown for reasons of simplification in the fixed assets movement as additions und disposals in the same year.

Financial assets are recognised at acquisition cost net of impairment in case of a permanent decrease in value.

Unfinished projects included in inventories are capitalised at production cost referring to Section 255 (2) sentence 2 HGB. Using the option of Section 255 (2) sentence 3 HGB overheads for general and administrative expenses are not capitalised. Expected losses from unfinished projects are set off against the gross value of the unfinished projects.

Accounts receivable and other assets are stated at nominal value or lower fair value on the balance sheet date. For receivables bearing obvious collectability risks, appropriate value discounts are made; bad debts are written off.

Cash at banks is recognised at nominal value.

Prepaid expenses concern expenses paid before the reporting date that relate to expenses for a certain period after that date.

Other accruals and provisions are generally recognised with the settlement amount deemed necessary under prudent business judgement, to cover all contingent liabilities on the balance sheet date. Accruals with a residual maturity above one year are discounted at the average market rate corresponding to their maturity.

For completed projects included in sales, accruals are set-up for services not yet invoiced by sub-contractors.

The value of the lump sum warranty provision represents 0.3 % (previous year 0.3 %) of the average turnover of the last five years for which no individual guarantee provisions were recognised.

Liabilities are stated at their settlement amount.

The translation of **foreign currency assets and liabilities** in EUR considers spot exchange rates at balance sheet date in accordance with of Section 256a HGB.

The assets and liabilities of the **branches in the Czech Republic, Poland, Hungary, Romania and in the United Kingdom** were converted at the spot exchange rates on the balance sheet date and the items in the income statement were converted at the annual average exchange rates.

Deferred tax assets on tax loss carry forwards and on temporary differences have been accounted for based on the selection of the accounting policy choice of Section 274 (1) sentence 2 HGB.

(3) Notes to the balance sheet and to the income statement

Fixed assets

The development of fixed asset categories is shown in a separate appendix to the notes.

Deferred taxes

In accordance with Section 274 HGB the company capitalised deferred taxes.

Deferred taxes were netted at the level of individual taxpayers as follows:

Permanent establishment	Tax rate	Deferred tax assets on loss carry forwards	Deferred tax assets on temporary differences	Deferred tax liabilities on temporary differences	Deferred tax assets	Deferred tax liabilities
	%	kEUR	kEUR	kEUR	kEUR	kEUR
Poland	19.0	392	201	213	380	-
Germany	31.2	713	-	125	588	-
Slovakia	21.0	22	638	-	660	-
Hungary	9.0	115	-	48	67	-
Czech Republic	19.0	-	-	16	-	16
		1,242	839	402	1,695	16

Deferred tax assets on temporary differences mainly refer to different tax bases of warranty provisions.

Deferred tax assets at the Polish, German, Slovakian and Hungarian production facilities involve a total of kEUR 1,242 of tax losses carried forward, which are expected to be utilised within the next three years.

Equity

In accordance with Section 268 (8) HGB, the amount of deferred tax assets less deferred tax liabilities of kEUR 1,679 is blocked for profit distribution. This holds unless freely available reserves plus retained earnings and less a potential loss carry-forward of at least the same amount are available.

Tax accruals

The tax accruals concern provisions made for income tax relating to the Czech (kEUR 427), German (kEUR 278), Dutch (kEUR 226) and Belgian (kEUR 3) branches.

Other accruals and provisions

Other accruals and provisions amounting to kEUR 55,683 largely concern subcontractor services for completed projects (kEUR 36,144) that have not yet been billed as well as for warranty services (kEUR 17,912).

Sales

Sales were geographically distributed is as follows:

Country	2018	2017
	kEUR	kEUR
Slovakia	225,843	285
Czech Republic	77,703	55,462
Poland	65,898	37,534
Germany	54,810	40,777
Hungary	24,769	23,160
United Kingdom	13,979	4,041
Belgium	6,598	26,364
Netherlands	3,946	5,038
Romania	1,105	0
Spain	198	420
France	116	1,084
Italy	35	599
	475,000	194,764

Cost of materials

The cost of materials in the 2018 financial year amount to kEUR 438,666 (2017: kEUR 176,986).

The cost of materials solely relate to expenses for purchased services.

Personnel expenses

Personnel expenses forming part of the cost of sales and the general and administrative expenses amount to kEUR 8,894 in the 2018 financial year (of which wages and salaries account for kEUR 5,699, social security costs kEUR 3,026 and old-age pensions kEUR 169). In 2017, personnel expenses amounted to kEUR 7,560 (of which wages and salaries accounted for kEUR 3,816, social security costs kEUR 3,584 and old-age pensions kEUR 160).

Income relating to the prior periods

Other operating income includes income relating to prior periods amounting to kEUR 3,044, mainly resulting from the release of other accruals (kEUR 2,446), thereof mainly related to the release of warranty provisions in Germany (kEUR 1,747), Czech (kEUR 398), Belgium (kEUR 147) and Poland (kEUR 126).

Exchange gains and losses

Invoices in foreign currency for acquired or manufactured assets are converted into the functional currency at the respective applicable monthly rate (average rate of the previous month) of the transaction. Income or expenses, which result from the subsequent payment in foreign currency, are included in the income statement under other operating income or expenses.

The assets and liabilities of the foreign branches whose functional currency is not EUR are converted from local currency into EUR using the spot exchange rate on the balance sheet date. The income statements of the foreign branches whose functional currency is not EUR are translated at average rates of the reporting period just as the annual results. The resulting exchange differences are recognised in the income statement.

Overall, exchange rate gains of kEUR 2,388 (previous year kEUR 573) were taken into consideration in other operating income, and exchange losses of kEUR 916 (previous year kEUR 2,132) in other operating expenses.

(4) Other notes

Other financial commitments

Future expenses for rent and lease contracts are as follows:

	kEUR
Due within the next year	1,975
Due within two to five years	3,550
Due after five years	192
	5,717

Number of employees

In 2018, the average number of employees excluding directors was 393 (previous year 398). Of these, on average 81 employees were employed in the German branch and 312 employees were employed in the other European branches.

General management

The management of the Company consisted of the following members, who, with the exception of Prof. Dr.-Ing. Beom-Yong Sung, are authorised to represent the Company alone:

- Masayuki Takinami, businessman, Düsseldorf, Chairman of the Management Board
- Beom-Yong Sung, businessman, Bad Homburg,
- Shoichiro Shibuta, businessman, Yokohama, Japan
- Takeshi Yanagi, businessman, Düsseldorf (from 1 April 2019)
- Hideyuki Okamoto, businessman, Düsseldorf (until 31 March 2019)

The total remuneration for the members of the management in 2018 amounted to kEUR 749.

Shares in affiliated companies/investments

As at the balance sheet date, the Company holds shares in affiliated companies/investments as follows:

Affiliated Companies	Share	Local currency	Subscribed capital	Shareholders' equity as at 31 Dec. 2018	Result 2018
	%		in local currency	in local currency	in local currency
Takenaka Belgium N.V., Machelen, Belgium	99.99	kEUR	62	171	-24
Takenaka Netherlands B.V., Amsterdam, the Netherlands	100.00	kEUR	1,361	662	0
Takenaka India Private Ltd., Gurgaon-Haryana, India ¹	99.999	kINR	750,000	141,391	-16,721
TAK Realty UK Ltd., London, UK	39.02	kGBP	61,500	62,725	1,206
TAK Realty NY Inc., New York, USA	16.67	kUSD	180,000	177,289	-1,781
TAK CAPITAL U.S.A. Inc., City of Wilmington, USA ²	20.00	kUSD	130,000	130,839	839

Appropriation of net profit

The general management proposes to the shareholder to carry forward the net profit amounting to EUR 19,799,741.48.

¹ Information based on the financial statements for the period from 1 April 2018 to 31 March 2019.

² In August 2018, the Company acquired a 20.0 % stake in TAK CAPITAL U.S.A. Inc, City of Wilmington/USA for a consideration of USD 26 million.

Consolidated financial statements

Takenaka Europe GmbH, Düsseldorf, is a 100 % subsidiary of Takenaka Corporation, Osaka, Japan, which prepares and publishes consolidated financial statements in Japan for the smallest and largest consolidated group. This consolidated financial statement can be viewed at the business premises of the parent company.

Applying the exemption provided in Section 292 HGB, Takenaka Europe GmbH waives the preparation of consolidated financial statements and a consolidated management report.

The exempting financial statements of the parent company Takenaka Corporation, Osaka, Japan, pursuant to Section 292 HGB are prepared according to the International Financial Reporting Standards (IFRS/IAS). The main differences in accounting and valuation methods between the International Financial Reporting Standards (IFRS/IAS) and applicable German law are as follows:

On the basis of the percentage of completion (PoC) method, the degree of completion of large-scale contracts is taken into account. As the criteria involved are different from those used with the completed contract method pursuant to German commercial law provisions, using the PoC method tends to lead to earlier recognition of revenue and earnings, irrespective of the whether the customer has actually been billed.

Takenaka Europe GmbH publishes a German translation of the IFRS consolidated financial statements of its ultimate parent company within the meaning of Section 325 HGB.

Professional fees of the auditor

Information about the total fees billed by the auditor are included in the consolidated financial statements of the ultimate parent company, which are translated into German language and which include this company. The consolidated financial statements are published in Germany.

Significant events after the end of the financial year

On 29 April 2019, a contribution in the amount of kEUR 1,000 was made to the share capital for the formation of the Company's new 100 % German subsidiary named "Neues Atrium Property GmbH", in Düsseldorf. The company was established for the acquisition and management of real estate, the delivery of all types of services connected with real estate, in its own name or on behalf of others, with the exception of activities only permissible under a licence. On 1 August 2019 the newly formed company purchased the building located at Grafenberger Allee 136 in Düsseldorf, along with all existing lease agreements, including the lease agreed with our own company.

Düsseldorf, 20 November 2019

Takenaka Europe GmbH

Masayuki Takinami

Shoichiro Shibuta

Beom-Yong Sung

Takeshi Yanagi

Takenaka Europe GmbH, Düsseldorf

Fixed assets movements for the financial year 2018 (translation)

	Acquisition costs				
	1 Jan. 2018	Foreign exchange adjustments	Additions	Disposals	31 Dec. 2018
	EUR	EUR	EUR	EUR	EUR
I. Intangible assets					
Acquired EDP software	1,723,263.85	-9,086.32	77,832.78	42.58	1,791,967.73
II. Property and equipment					
1. Buildings including leasehold improvements	516,922.29	0.00	36,539.51	222,283.99	331,177.81
2. Other equipment, office equipment and fixtures	3,463,264.74	-31,521.44	380,113.03	89,082.49	3,722,773.84
	3,980,187.03	-31,521.44	416,652.54	311,366.48	4,053,951.65
III. Financial assets					
1. Shares in affiliated companies	46,759,142.35	0.00	0.00	3,138,440.08	43,620,702.27
2. Investments	26,434,047.05	0.00	22,655,976.69	0.00	49,090,023.74
	73,193,189.40	0.00	22,655,976.69	3,138,440.08	92,710,726.01
	78,896,640.28	-40,607.76	23,150,462.01	3,449,849.14	98,556,645.39

Accumulated depreciation				Net book values		
1 Jan. 2018	Foreign exchange adjustments	Depreciation	Disposals	31 Dec. 2018	31 Dec. 2018	31 Dec. 2017
EUR	EUR	EUR	EUR	EUR	EUR	EUR
<u>1,462,976.33</u>	<u>-11,112.49</u>	<u>123,595.15</u>	<u>42.58</u>	<u>1,575,416.41</u>	<u>216,551.32</u>	<u>260,287.52</u>
332,930.57	0.00	179,649.83	222,283.99	290,296.41	40,881.40	183,991.72
2,853,067.23	-27,596.50	296,446.86	88,891.59	3,033,026.00	689,747.84	610,197.51
<u>3,185,997.80</u>	<u>-27,596.50</u>	<u>476,096.69</u>	<u>311,175.58</u>	<u>3,323,322.41</u>	<u>730,629.24</u>	<u>794,189.23</u>
12,043,500.34	0.00	0.00	3,138,440.08	8,905,060.26	34,715,642.01	34,715,642.01
0.00	0.00	0.00	0.00	0.00	49,090,023.74	26,434,047.05
<u>12,043,500.34</u>	<u>0.00</u>	<u>0.00</u>	<u>3,138,440.08</u>	<u>8,905,060.26</u>	<u>83,805,665.75</u>	<u>61,149,689.06</u>
<u>16,692,474.47</u>	<u>-38,708.99</u>	<u>599,691.84</u>	<u>3,449,658.24</u>	<u>13,803,799.08</u>	<u>84,752,846.31</u>	<u>62,204,165.81</u>

Takenaka Europe GmbH, Düsseldorf

Management report for the financial year 2018 (translation)

A. Purpose of the Company

Takenaka Europe GmbH, Düsseldorf ('the Company') is a service provider in the construction sector focusing on consulting, planning, and engineering services. Furthermore the Company functions as general contractor with activities such as the supervision of construction services performed by other firms or services relating to building management. The Company also engages in project management and project development activities.

The Company is wholly-owned by Takenaka Corporation, Osaka/Japan, one of Japan's oldest companies in the construction industry with a corporate history of over 400 years.

The Company operates branches in Belgium, the Netherlands, Italy, Spain, the Czech Republic, Slovakia, Poland, Hungary, France, Romania and Great Britain.

Takenaka Europe GmbH Europe has holdings in the following subsidiaries as at the balance sheet date 31 December 2018:

- Takenaka India Private Ltd. (99.999 % shareholding)
- Takenaka Belgium N.V. (99.99 % shareholding),
- Takenaka Netherlands B.V. (100 % shareholding),
- TAK Realty UK Ltd. (39.02 % shareholding),
- TAK Realty NY Inc. (16.67 % shareholding) and
- TAK CAPITAL U.S.A. Inc. (20.0 % shareholding).

B. Economic report

1. Macro-economic and industry-specific parameters

The Company's business operations are directly influenced by market developments in Germany and Europe. The business operations of our subsidiaries in the USA and India are also influenced by developments in these markets. After a promising start to the year, economic activity gradually weakened during 2018. In particular political issues – such as the trade dispute between the USA and China, Brexit and the EU's budget dispute with the new

government in Italy – had a sustained negative impact on the mood among businesses and private households, leading to a weakening in investment growth, exports and private consumption. This trend is now felt in the majority of industrial and emerging market countries. Only the USA has been able to escape it to date. Yet this weakened state can still be described as a cyclical normalisation. According to figures produced by the International Monetary Fund, the global economy remains under pressure due to tariff disputes and dwindling growth rates in a whole series of countries. The Fund predicts that global gross domestic product will increase by just 3.5 percent in 2019 and 3.6 percent in 2020. In October 2018, the IMF experts were still predicting 3.7 percent for both years.

Germany

Incoming orders in the main construction sector for undertakings with 20 and more employees, were a nominal 8.2 % higher in February 2019 than in February 2018, at around 6.6 billion euro. That was the highest number of orders ever recorded for a February in Germany. This means the volume of incoming orders is still at record levels. Just recently in January 2019 and December 2018 the highest ever figures were registered for the months of January and December respectively. Compared to the first two months of 2018, incoming orders in the first two months of 2019 increased by a nominal 12.7 %. However, for Germany in particular, the prospects of growth have become somewhat clouded. The forecast here fell by a full 0.6 points to its current level of just 1.3 percent. About Germany, the IMF says, 'Production difficulties in the auto industry and lower external demand are impacting growth in 2019'. The discussion concerning the ban on diesel vehicles has evidently weakened the economic climate, while lower private consumption is also blamed for these developments. However, it remains the case that growth of 1.6 percent is expected for 2020.

Europe

Regarding the construction industry in Europe, the ifo Institut says that it is still growing. To recall - the financial and economic crises prompted a collapse in construction activity in Europe - specifically in the 19 Euroconstruct countries - in the magnitude of 28 % within six years. Since 2014, however, the construction industry is once again solidly on the path of growth. The recovery in fact underwent repeated periods of accelerated growth until 2017: The most recently achieved increase of 4 % was the third highest in the last 27 years. However, the upturn is expected to slow down over the medium term. Thus the rate of increase is expected to be just 1.5 % in 2020. House building and the new construction of residential and non-residential buildings were among the growth drivers in recent years. This has now been superseded by civil engineering which achieved a record level of growth of 4.5 % in 2018 and 2019. In the structural engineering segment, the project sector, which encompasses the regular maintenance of buildings alongside modernisation measures, will grow by between 1 and 1.5 % per year from 2018 to 2020. This is significant insofar as more than one half of all structural engineering activities in Europe are attributable to this area. Economic momentum in the 19 euro zone countries has slowed considerably. While economic growth was still at 1.9 percent in 2018, the prognosis for 2019 is for just 1.3 percent, a considerable downturn. The cyclical risks are huge in this respect. Thus the momentum of export business - on which the economy in the euro zone is heavily dependent, has already dwindled noticeably. The

decline in foreign demand is due to the increased uncertainties linked to trade disputes as well as the appreciation in the value of the euro. But domestic demand also generated less economic stimulus than was originally expected. Despite falling unemployment rates seen in most countries, wage increases remain moderate. At the same time the rise in inflation is prompting a decline in buying power. Economic development in Italy was squeezed by lower domestic demand and the high cost of credit, while in France the same effect was caused by the street protests ongoing for months now. Added to that is the impasse that has arisen regarding Britain's exit from the EU. All told, the IMF is predicting that GDP in the euro zone will grow by 1.6 percent in 2019. The Fund has therefore again lowered the expectations it expressed for 2019 back in October 2018, this time by 0.3 points.

USA

In 2018, with a GDP of approximately USD 20.5 the USA was the top country with the highest gross domestic product. 2.5 percent of growth is again forecasted for 2019, but with just 1.8 percent expected for 2020. 'Expansion in the USA will continue, but the prognosis is for a slowdown as the fiscal incentives taper off', the IMF says of the situation. In 2018 the world's largest economy still grew by 2.9 percent, due not least to the stimulus provided by tax reforms. Over the previous year the USA and China reciprocally imposed punitive tariffs on one another, and a way out of the conflict is not evident given the current escalation of the situation. 'An escalation of the trade conflicts beyond what has already been factored into the prognosis, remains one of the main sources of risk to the outlook', writes the IMF. The real estate market represents the biggest issue for the US economy. Due to an inadequate or inappropriate range of available properties on the housing and apartments market, in recent years prices have increased considerably faster than disposable income. In addition, the more restrictive monetary policy of the US Federal Reserve has caused mortgage rates to rise significantly. Due to these factors the cost of real estate has become increasingly prohibitive, and the property market has cooled considerably. This trend will continue into 2019. However, there are no expectations of a real estate market crash with devastating consequences for the general economy similar to those witnessed during the financial crisis. The reason for this is that the total amount of mortgage loans currently outstanding, i.e. around USD 10.2 billion, is somewhat lower than was the case ten years ago, and the indebtedness in relation to disposable income is significantly lower than at that time. The risk of a recession in 2019 therefore remains low.

India

Of the major emerging countries, India evidently has the best prospects for growth in 2019. This is because of the implementation of economic reforms over recent years, improving the stability of the national economy. Alongside that, with its youthful and still growing population of 1.3 billion people, India depends less on export trade trends than it does on domestic demand. The increased buying power resulting from the lower price of oil means that the Indian economy is expected to grow even more strongly in 2019 (7.5 percent) than was the case in 2018 (7.3 percent). India has a tremendous need for investment in the building of infrastructure. Rating agencies and the government expect this figure to be USD 770 billion for 2018 to 2022, and a full USD 4,500 billion by 2040. The state will account for nearly one half of

this if it maintains its current infrastructure spending levels. The 2018/19 budget (1 April to 31 March) has earmarked USD 83 billion (previous year: USD 62 billion) for this area. The focal points are roads, railways and the supply of energy.

2. Business progress

2.1 Results of operations

The Company's sales increased by EUR 280.2 million to EUR 475.0 million, with net income for the year rising by EUR 15.9 million to EUR 19.8 million (previous year: net income for the year at EUR 3.9 million) and it can be very satisfied with developments during the financial year. The reason for the huge increase in sales is the completion of a large-scale project which was originally scheduled for completion in 2017.

The following large-scale projects were completed during the 2018 financial year:

- Jaguar Land Rover Project T&F (Slovakia)
- Jaguar Land Rover Project BIW (Slovakia)
- Mabuchi Motor Poland New Factory (Poland)
- Mubea SBS (Czech Republic)
- Mando Frankfurt Office & R&D (Germany)
- Nexen Tire Frankfurt New Office (Germany)
- NGK Poland 3rd Factory (Poland)
- HI-LEX Czech New Factory (Czech Republic)
- GMD Hungary Factory Renovation Project (Hungary)
- TG3B-Toyoda Gosei Czech (Czech Republic)
- SiCrystal Nürnberg Building B+C (Germany)
- Freudenberg Poland Factory Extension (Poland)

The gross profit margin (gross profit from sales in relation to sales) fell to 7.6 %, i.e. by 1.5 percentage points in comparison to the previous year.

General and administrative expenses increased by kEUR 2,172 to kEUR 16,849.

Other operating expenses decreased by kEUR 1,257 to kEUR 1,691 and largely concern exchange rate losses.

Other operating income increased by kEUR 2,372 to kEUR 6,116, largely down to the reversal of provisions and the increase in exchange rate gains.

Interest earned during the financial year rose by kEUR 272 to kEUR 355 due to interest earned in foreign currency in Romania and Poland.

Income taxes increased by kEUR 1,246 to kEUR 3,966, mainly because of the income tax incurred in Slovakia for the large-scale projects completed there.

The net profit for the year amounted to kEUR 19,800 in the financial year, an increase of kEUR 15,898 in comparison to the previous year. This change was primarily the result of the completion of large-scale projects in Slovakia originally scheduled for completion in 2017.

2.2 Net assets and financial position

The balance sheet total at the end of the 2018 financial year is kEUR 397,570 (2017: kEUR 435,921).

On the assets side the decline of kEUR 38,351 in the balance sheet total was largely caused by a kEUR 63,725 reduction in work in progress.

On the liabilities side, the decrease largely corresponds to the decrease in advance payments received by kEUR 69,821 to kEUR 177,269.

The equity ratio (ratio of equity to the balance sheet total) increased from 22.8 % as at 31 December 2017, to 29.9 % as at 31 December 2018 because of the net profit for the year of kEUR 19,800 in 2018 in combination with the lower balance sheet total.

The return on equity (ratio of annual result to the previous year's equity) amounts to 20.0 % (previous year: 4.1 %).

The shares in Takenaka Corporation U.S.A., Delaware, USA (90.0 % shareholding), which were written down to a residual value of EUR 1 as at 31 December 2017, were sold for a total price of USD 9 to the parent company Takenaka Corporation, Osaka, Japan, on 28 February 2018, and the book value of EUR 1 was derecognised.

Takenaka India Private Ltd., Gurgaon-Haryana, India (99.999 % shareholding), generated a deficit of kINR -16,721 in its last annual financial statement as at 31 March 2019 (previous year: a profit of kINR 69,731 as at 31 March 2018).

Takenaka Belgium N.V., Machelen, Belgium (99.99 % shareholding), generated a loss of kEUR -24 in 2018 (previous year: loss for the year of kEUR -25).

Takenaka Netherlands B.V., Amsterdam, the Netherlands (100 % shareholding) – as in the previous year - achieved a result of kEUR 0, because that company does not engage in any operational business activities.

TAK Realty UK Ltd., London, UK (39.02 % shareholding), achieved a profit of kGBP 1,206 in 2018 (previous year net profit for the year of kGBP 1,190). A dividend in the amount of kGBP 468 was paid to the Company on 31 May 2018.

TAK Realty NY Inc, New York, USA (16.67 % shareholding), recorded a loss of kUSD -1,781 in the 2018 financial year (previous year: loss for the year amounting to kUSD -574).

In addition, the Company acquired a 20.0 % stake in TAK CAPITAL U.S.A. Inc., City of Wilmington, USA, in August 2018, which recorded a net profit for the year of kUSD 839 in 2018.

All in all, the financial year was a successful one for the Company. Sales of EUR 475 million were achieved in accordance with the previous year's forecast, as was the budgeted profit amounting to EUR 20 million.

3. Financial and non-financial performance indicators

The Company's main financial performance indicators are sales and net profit.

The Company's primary non-financial performance indicator is its workforce and its expertise in the execution of construction projects, which has a significant influence on its business development, but which is not used to manage the Company.

C. Report on outlook, opportunities and risks

1. Forecast

DIW Berlin (the German Institute for Economic Research) is assuming that the construction industry will continue to see very positive development. Taking account of the price increases and profits earned by the companies, it is expected that sales will increase by approximately 7.5 percent in 2019, and by a further 6.5 percent or so in 2020. In other words, business is flourishing in the construction industry. A healthy level of business activities is evident in housing, civil engineering and in commercial construction. Prices are rising strongly and the *construction industry is performing very well all in all.*

Based on the current order balance for the 2019 financial year, the Company is anticipating sales of around EUR 300 million in 2019, 37 % down in comparison to the previous year.

On that basis, the Company is forecasting a positive annual net profit, slightly below the level of prior year.

The largest ongoing projects in 2019 are Sekisui NL Geleen Execution ER-300 in the Netherlands, Makita Romania Factory Extension Ph4 in Romania and MARS Poland New Factory in Poland.

2. Opportunities and risk report

Currency risks occur because contracts for construction projects are sometimes concluded in EUR but contracts with subcontractors are concluded in a different local currency. In most cases however, contracts for construction projects and contracts with subcontractors are concluded in the same currency.

The main risks are project-related risks such as delays in the execution of construction projects, rising material and subcontractor costs for turnkey projects as well as quality issues in the execution or design of the construction work. These risks are regularly monitored and controlled, and suitable counter-measures taken if required.

The Company currently has operations in twelve countries with eleven branches and intends to continuously enhance its business model and improve earnings on construction projects. With the goal of being perceived as a global market participant, the Company is consistently expanding its activities throughout Europe in addition to its ongoing operations.

The general market situation in the German construction sector is good at this time, but there continues to be intense competition with other general contractors for a limited number of new projects on the market.

The Company believes that the high volume of construction in the past and having branches all over Europe are a competitive advantage and expects to further strengthen its market position. Overall the Company believes that the opportunities exceed the risks.

Düsseldorf, 20 November 2019

Takenaka Europe GmbH

Masayuki Takinami

Shoichiro Shibuta

Beom-Yong Sung

Takeshi Yanagi

Business profile

General

The Company is engaged in the accomplishment of all kind of businesses as a general building contractor, especially construction of projects for private companies on a turn-key basis, including design and engineering, planning, constructions, site supervision and control of services allocated to subcontractors. Additionally, the Company offers maintenance and management services.

The Company is a subsidiary of Takenaka Corporation, Osaka/Japan. Takenaka Corporation is Japan's oldest architecture, engineering and construction firm with a long history of more than 400 years. Since 1960, Takenaka Corporation has established subsidiaries outside of Japan. The subsidiary in Germany was established in 1974.

Takenaka Europe GmbH mainly deals with Japanese multinationals which do have activities in Europe. The main projects for Japanese customers concern the construction of office buildings, production facilities, factories and warehouses. Takenaka intends to expand the business with multinationals from other Asian and European countries.

For the construction work Takenaka engages subcontractors. The design and engineering as well as the project controlling are mainly performed by Takenaka itself.

Branches

The Company operates the following foreign branches outside of Germany:

Western/Middle Europe	Eastern Europe	Southern Europe
France	Czech Republic	Italy
United Kingdom	Hungary	Spain
Netherlands	Romania	
Belgium	Slovakia	
	Poland	

The development of the sales of the individual branches during the last five years can be summarised as follows:

Branch	2018	2017	2016	2015	2014
	KEUR	KEUR	KEUR	KEUR	KEUR
Slovakia	225,843	285	2,120	11,983	986
Czech Republic	77,703	55,462	58,742	27,881	17,454
Poland	65,898	37,534	49,793	22,523	18,045
Germany	54,810	40,777	36,060	36,665	21,103
Hungary	24,769	23,160	26,909	94,638	14,314
United Kingdom	13,979	4,041	7,160	3,494	8,476
Belgium	6,598	26,364	5,580	4,779	11,346
Netherlands	3,946	5,038	3,029	1,705	3,152
Romania	1,105	0	172	2,565	7,795
Spain	198	420	1,687	809	113
France	116	1,084	1,412	18,288	1,514
Italy	35	599	12,689	0	30
	475,000	194,764	205,353	225,330	104,328

Subsidiaries as of balance sheet date 31 December 2018

In 2010, the subsidiary Takenaka India Private Ltd., Gurgaon-Haryana/India (99.999%-participation), was founded. The subsidiary runs independently from the business activities in Europe. In addition, the Company is parent company to Takenaka Belgium N.V., Machelen/Belgium (99.99%-participation), Takenaka Netherlands B.V., Amsterdam/Netherlands (100%-participation), TAK Realty UK Ltd., London/UK (39.02%-participation), TAK Realty NY Inc., New York/USA (16.67 %-participation) and TAK CAPITAL U.S.A., Inc., City of Wilmington/USA (20 %-participation). TAK Realty UK Ltd. has an indirect shareholding in the office complex 'One Fleet Place' in London. TAK Realty NY Inc. has an indirect shareholding in the New York hotel 'Andaz 5th Avenue'.

Employees

The average number of employees developed as follows:

	2018	2017
Foreign branches	312	326
Domestic	81	72
	393	398

As of 31 December 2018 the number of employees in the foreign branches mainly concerns with 136 employees the Polish branch, with 82 employees the branch in the Czech Republic, with 54 employees the Slovakian branch and with 62 employees the branch in Hungary.

Legal status

Date of formation	25 July 1974
Registered name	Takenaka Europe GmbH
Registered office	Düsseldorf
Articles of Association	The Articles of Association were passed on 19 December 1973. The latest version of the Articles of Association is dated 17 June 2003.
Commercial register	Commercial Register Düsseldorf, Department B, No. 4453, date of the latest extract is 1 July 2019.
Company's purpose	The Company provides consultancy, planning and engineering services in the construction business, third party construction services as main contractor, all kinds of facility management services, imports and exports of construction materials, provides project management and project development services, delegates graduated engineers to solve clients' technical problems, but does not assign qualified personnel according to the German Law on Labour Leasing (AÜG).
Financial year	From 1 January to 31 December
Share capital	EUR 9,200,000.00
Ownership of shares	All shares are held by Takenaka Corporation, Osaka/Japan.
Previous year's financial statements	At the shareholders' meeting held on 8 March 2019 – the financial statements as at 31 December 2017, and the management report which were prepared by the management, audited by us and given a qualified opinion, were presented, and the financial statements were approved; – it was resolved that the accumulated income of EUR 78,592,456,32 will be carried forward; – the general management was exonerated for the financial year 2017.
Size of the Company	The Company is a large-sized corporation as defined by Section 267 (3) HGB (German Commercial Code).
Affiliated companies	The Company is considered as affiliated company to Takenaka Corporation, Osaka/Japan, and its direct and indirect subsidiaries. We refer to the information disclosed in the notes to the financial statements according to Section 285 (14) HGB.

Affiliated companies (continued)	The Company is parent company in the sense of Section 290 HGB of Takenaka Netherlands B.V., Amsterdam/Netherlands, Takenaka Belgium N.V., Machelen/Belgium, Takenaka India Private Ltd., Gurgaon-Haryana/India, TAK Realty UK Ltd., London/UK, TAK Realty NY Inc., New York/USA and TAK CAPITAL U.S.A., Inc., City of Wilmington/USA, which are accordingly considered also as affiliated companies in the sense of Section 271 (2) HGB. The Company publishes exempting consolidated financial statements of the ultimate parent company Takenaka Corporation, Osaka/Japan, which are translated into German language.
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 latest tax field audit in Germany on corporate and trade tax covered the fiscal years 2010 to 2012 and was finalised in 2014.

Appendix 4

Jahresabschluss zum 31. Dezember 2018 und Lagebericht

4.1 Bilanz

4.2 Gewinn- und Verlustrechnung

4.3 Anhang

4.4 Lagebericht

Takenaka Europe GmbH, Düsseldorf

Bilanz zum 31. Dezember 2018

Aktiva

	31.12.2018		31.12.2017	
	EUR	EUR	EUR	EUR
A. Anlagevermögen				
I. Immaterielle Vermögensgegenstände				
Entgeltlich erworbene EDV-Software		216.551,32		260.287,52
II. Sachanlagen				
1. Bauten einschließlich Mietereinbauten	40.881,40		183.991,72	
2. Andere Anlagen, Betriebs- und Geschäftsausstattung	689.747,84	730.629,24	610.197,51	794.189,23
III. Finanzanlagen				
1. Anteile an verbundenen Unternehmen	34.715.642,01		34.715.642,01	
2. Beteiligungen	49.090.023,74	83.805.665,75	26.434.047,05	61.149.689,06
		84.752.846,31		62.204.165,81
B. Umlaufvermögen				
I. Vorräte				
1. Unfertige Leistungen	160.399.204,31		224.123.864,12	
2. Geleistete Anzahlungen	594.341,43	160.993.545,74	751.317,79	224.875.181,91
II. Forderungen und sonstige Vermögensgegenstände				
1. Forderungen aus Lieferungen und Leistungen	29.586.217,88		23.203.052,94	
– davon mit einer Restlaufzeit von mehr als einem Jahr EUR 21.354,45 (i. Vj. EUR 2.926.997,06) –				
2. Forderungen gegen verbundene Unternehmen	88,11		0,00	
– sämtliche aus Lieferungen und Leistungen –				
3. Sonstige Vermögensgegenstände	11.033.308,63	40.619.614,62	5.667.648,97	28.870.701,91
– davon mit einer Restlaufzeit von mehr als einem Jahr EUR 530.726,32 (i. Vj. EUR 440.449,40) –				
III. Kassenbestand und Guthaben bei Kreditinstituten				
		109.053.521,74		118.154.731,00
		310.666.682,10		371.900.614,82
C. Rechnungsabgrenzungsposten		455.587,65		366.762,76
D. Aktive latente Steuern		1.694.958,18		1.449.208,36
		397.570.074,24		435.920.751,75

Passiva

	31.12.2018	31.12.2017
	EUR	EUR
A. Eigenkapital		
I. Gezeichnetes Kapital	9.200.000,00	9.200.000,00
II. Kapitalrücklage	7.669.337,62	7.669.337,62
III. Gewinnrücklagen		
Andere Gewinnrücklagen	3.728.459,41	3.728.459,41
IV. Bilanzgewinn	98.392.197,80	78.592.456,32
	118.989.994,83	99.190.253,35
B. Rückstellungen		
1. Steuerrückstellungen	934.130,73	2.894.875,22
2. Sonstige Rückstellungen	55.683.229,57	36.389.488,81
	56.617.360,30	39.284.364,03
C. Verbindlichkeiten		
– Nummer 1 und 3 mit einer Restlaufzeit von bis zu einem Jahr –		
1. Erhaltene Anzahlungen	177.268.985,28	247.089.950,81
2. Verbindlichkeiten aus Lieferungen und Leistungen	38.759.912,27	47.639.932,06
– davon mit einer Restlaufzeit von bis zu einem Jahr		
EUR 12.966.217,37 (i. Vj. EUR 23.209.189,79) –		
– davon mit einer Restlaufzeit von mehr als einem und weniger als fünf Jahren		
EUR 25.793.694,90 (i. Vj. EUR 24.430.742,27) –		
3. Sonstige Verbindlichkeiten	5.917.828,58	2.693.311,09
– davon aus Steuern		
EUR 3.181.035,86 (i. Vj. EUR 1.695.906,61) –		
– davon im Rahmen der sozialen Sicherheit		
EUR 602.573,71 (i. Vj. EUR 531.715,57) –		
	221.946.726,13	297.423.193,96
D. Passive latente Steuern	15.992,98	22.940,41
	397.570.074,24	435.920.751,75

Takenaka Europe GmbH, Düsseldorf

Gewinn- und Verlustrechnung für die Zeit vom 1. Januar bis 31. Dezember 2018

	2018	2017
	EUR	EUR
1. Umsatzerlöse	474.999.657,23	194.764.358,38
2. Herstellungskosten der zur Erzielung der Umsatzerlöse erbrachten Leistungen	-438.666.096,00	-176.986.392,07
3. Bruttoergebnis vom Umsatz	36.333.561,23	17.777.966,31
4. Vertriebskosten	-982.980,64	-763.445,14
5. Allgemeine Verwaltungskosten	-16.849.469,65	-14.677.954,75
6. Sonstige betriebliche Erträge	6.115.966,00	3.743.592,03
7. Sonstige betriebliche Aufwendungen	-1.691.306,14	-2.948.654,50
8. Erträge aus Beteiligungen	536.898,59	0,00
– sämtlich aus verbundenen Unternehmen –		
9. Erträge aus Zuschreibungen auf Finanzanlagen	0,00	6.616.938,74
10. Sonstige Zinsen und ähnliche Erträge	355.313,36	83.220,04
11. Abschreibungen auf Finanzanlagen	0,00	-3.138.439,08
12. Zinsen und ähnliche Aufwendungen	-28.318,47	-40.547,77
13. Steuern vom Einkommen und vom Ertrag	-3.965.634,07	-2.719.184,40
– davon aus Änderungen in latenten Steuern		
EUR 259.420,38 (i. Vj. EUR 225.952,21) –		
14. Ergebnis nach Steuern	19.824.030,21	3.933.491,48
15. Sonstige Steuern	-24.288,73	-32.104,36
16. Jahresüberschuss	19.799.741,48	3.901.387,12
17. Gewinnvortrag	78.592.456,32	74.691.069,20
18. Bilanzgewinn	98.392.197,80	78.592.456,32

Takenaka Europe GmbH, Düsseldorf

Anhang für das Geschäftsjahr 2018

(1) Allgemeine Angaben

Die Takenaka Europe GmbH mit Sitz in Düsseldorf ist in das Handelsregister Düsseldorf unter der Nummer HRB 4453 eingetragen.

Die Takenaka Europe GmbH ist zum Bilanzstichtag eine große Kapitalgesellschaft im Sinne des § 267 Absatz 3 HGB.

Die Takenaka Europe GmbH stellt ihren Jahresabschluss nach den Vorschriften des Handelsgesetzbuches (HGB) und des GmbHG auf.

Die dem Jahresabschluss zum 31. Dezember 2018 zugrunde liegenden Bilanzierungs- und Bewertungsmethoden wurden unverändert zum Vorjahr angewandt.

Für die Gewinn- und Verlustrechnung wird das Gliederungsschema des Umsatzkostenverfahrens angewandt.

(2) Bilanzierungs- und Bewertungsgrundsätze

Entgeltlich von Dritten erworbene **immaterielle Vermögensgegenstände des Anlagevermögens** werden zu Anschaffungskosten aktiviert und über den Zeitraum der Nutzung planmäßig abgeschrieben.

Sachanlagen werden zu Anschaffungskosten vermindert um planmäßige Abschreibungen und, wenn notwendig, vermindert um außerplanmäßige Abschreibungen angesetzt. Die Abschreibungen werden nach der wirtschaftlichen Nutzungsdauer ermittelt. Geringwertige Vermögensgegenstände mit Anschaffungskosten bis zu EUR 410 (ab dem 1. Januar 2018 EUR 800,00) werden im Jahr ihrer Anschaffung vollständig abgeschrieben und aus Vereinfachungsgründen im Anlagespiegel als Zugang und Abgang gezeigt.

Die **Finanzanlagen** sind zu Anschaffungskosten und bei dauernder Wertminderung vermindert um außerplanmäßige Abschreibungen angesetzt.

Die im Vorratsvermögen ausgewiesenen **unfertigen Leistungen** werden gemäß § 255 Abs. 2 Satz 2 HGB zu Herstellungskosten angesetzt. In Ausübung des Wahlrechtes gemäß § 255 Abs. 2 Satz 3 HGB werden im Rahmen der Vorratsbewertung keine allgemeinen Verwaltungsgemeinkosten aktiviert. Erwartete Verluste aus laufenden Projekten werden durch Bewertungsabschläge bei den Vorräten berücksichtigt.

Forderungen und sonstige Vermögensgegenstände werden mit dem Nennwert bzw. mit dem am Bilanzstichtag beizulegenden niedrigeren Wert angesetzt. Bei Forderungen, deren Einbringlichkeit mit erkennbaren Risiken behaftet ist, werden angemessene Wertabschläge vorgenommen; uneinbringliche Forderungen werden abgeschrieben.

Die Bewertung der **Guthaben bei Kreditinstituten** erfolgt zu Nennwerten.

Als **Rechnungsabgrenzungsposten** werden auf der Aktivseite Ausgaben vor dem Abschlussstichtag ausgewiesen, soweit sie Aufwand für eine bestimmte Zeit danach darstellen.

Die **sonstigen Rückstellungen** werden grundsätzlich in Höhe des Erfüllungsbetrages angesetzt, der nach vernünftiger kaufmännischer Beurteilung notwendig ist, um alle zum Bilanzstichtag ungewissen Verbindlichkeiten abzudecken. Sofern Rückstellungen mit einer Restlaufzeit von mehr als einem Jahr bestehen, werden diese mit dem ihrer Restlaufzeit entsprechenden durchschnittlichen Marktzins abgezinst.

Hinsichtlich fertiggestellter abgerechneter Projekte werden für die ausstehenden Rechnungen von Sublieferanten Rückstellungen gebildet.

Der Wert der pauschalen Garantierückstellung entspricht 0,3 % (i. Vj. 0,3 %) des durchschnittlichen Umsatzes der letzten fünf Jahre, für den keine individuellen Garantierückstellungen gebildet worden sind.

Verbindlichkeiten werden mit dem Erfüllungsbetrag angesetzt.

Die Umrechnung der **Fremdwährungsforderungen und -verbindlichkeiten** in EUR erfolgt zum Devisenkassamittelkurs am Stichtag gemäß § 256a HGB.

Für die **Zweigniederlassungen in der Tschechischen Republik, Polen, Ungarn, Rumänien und Großbritannien** wurden die im Jahresabschluss enthaltenen Aktiva und Passiva mit dem Devisenkassamittelkurs zum Bilanzstichtag sowie die Posten der Gewinn- und Verlustrechnung mit dem Jahresdurchschnittskurs umgerechnet.

Aktive latente Steuern auf steuerliche Verlustvorträge und abweichende Wertansätze in der Handels- und Steuerbilanz sind entsprechend dem Wahlrecht nach § 274 Abs. 1 Satz 2 HGB angesetzt worden.

(3) Angaben zur Bilanz und zur Gewinn- und Verlustrechnung

Anlagevermögen

Die Entwicklung des Anlagevermögens (Anlagespiegel) ist in einer separaten Aufstellung als Anlage zum Anhang enthalten.

Latente Steuern

Die Gesellschaft hat latente Steuern gemäß § 274 HGB bilanziert.

Die latenten Steuern wurden auf Ebene der einzelnen Steuersubjekte saldiert wie folgt ausgewiesen:

Betriebsstätte	Steuersatz	Aktive latente Steuern auf Verlustvorträge	Aktive latente Steuer auf temporäre Differenzen	Passive latente Steuern auf temporäre Differenzen	Aktive latente Steuern	Passive latente Steuern
	%	TEUR	TEUR	TEUR	TEUR	TEUR
Polen	19,0	392	201	213	380	-
Deutschland	31,2	713	-	125	588	-
Slowakei	21,0	22	638	-	660	-
Ungarn	9,0	115	-	48	67	-
Tschechische Republik	19,0	-	-	16	-	16
		1.242	839	402	1.695	16

Die aktiven latenten Steuern auf temporäre Differenzen betreffen im Wesentlichen abweichende Ansätze von Garantierückstellungen für steuerliche Zwecke.

Aktive latente Steuern der polnischen, der deutschen, der slowakischen und der ungarischen Betriebsstätte betreffen mit insgesamt TEUR 1.242 steuerliche Verlustvorträge, bei denen mit einer Nutzung innerhalb der nächsten drei Jahre gerechnet wird.

Eigenkapital

Gemäß § 268 Abs. 8 HGB ist der Betrag der aktiven latenten Steuern abzüglich der passiven latenten Steuern in Höhe von insgesamt TEUR 1.679 zur Ausschüttung gesperrt. Dies gilt, soweit nicht in zumindest derselben Höhe jederzeit frei verfügbare Rücklagen zuzüglich eines Gewinnvortrags und abzüglich eines möglichen Verlustvortrags zur Verfügung stehen.

Steuerrückstellungen

Die Steuerrückstellungen betreffen Rückstellungen für Steuern vom Einkommen und vom Ertrag der tschechischen (TEUR 427), der deutschen (TEUR 278), der niederländischen (TEUR 226) sowie der belgischen (TEUR 3) Zweigniederlassung.

Sonstige Rückstellungen

Die sonstigen Rückstellungen in Höhe von TEUR 55.683 betreffen im Wesentlichen noch nicht berechnete Subunternehmerleistungen für abgeschlossene Projekte (TEUR 36.144) und Garantieleistungen (TEUR 17.912).

Umsatzerlöse

Die geographische Aufteilung der Umsatzerlöse stellt sich wie folgt dar:

Land	2018	2017
	TEUR	TEUR
Slowakei	225.843	285
Tschechische Republik	77.703	55.462
Polen	65.898	37.534
Deutschland	54.810	40.777
Ungarn	24.769	23.160
Großbritannien	13.979	4.041
Belgien	6.598	26.364
Niederlande	3.946	5.038
Rumänien	1.105	0
Spanien	198	420
Frankreich	116	1.084
Italien	35	599
	475.000	194.764

Materialaufwand

Die Materialaufwendungen belaufen sich im Geschäftsjahr 2018 auf TEUR 438.666 (2017: TEUR 176.986).

Die Materialaufwendungen betreffen ausschließlich Aufwendungen für bezogene Leistungen.

Personalaufwand

Die in den Vertriebs- und allgemeinen Verwaltungskosten enthaltenen Personalaufwendungen belaufen sich im Geschäftsjahr 2018 auf TEUR 8.894 (davon Löhne und Gehälter TEUR 5.699, soziale Abgaben TEUR 3.026 und Altersversorgung TEUR 169). Im Geschäftsjahr 2017 beliefen sich die Personalaufwendungen auf TEUR 7.560 (davon Löhne und Gehälter TEUR 3.816, soziale Abgaben TEUR 3.584 und Altersversorgung TEUR 160).

Periodenfremde Erträge

In den sonstigen betrieblichen Erträgen sind periodenfremde Erträge in Höhe von TEUR 3.044 enthalten, die im Wesentlichen aus der Auflösung von sonstigen Rückstellungen (TEUR 2.446) resultieren, davon insbesondere aus der Auflösung von Garantierückstellungen der deutschen (TEUR 1.747), der tschechischen (TEUR 398), der belgischen (TEUR 147) und der polnischen (TEUR 126) Betriebsstätte.

Kursgewinne und -verluste

Die angeschafften oder hergestellten Vermögensgegenstände sind, bei Rechnungen in Fremdwährung, mit dem jeweils gültigen Monatskurs (Durchschnittskurs des Vormonats) der Transaktion in die funktionale Währung umgerechnet. Erträge oder Aufwendungen, die im Nachhinein aus der späteren Zahlung der Forderung in Fremdwährung entstehen, sind in den sonstigen betrieblichen Erträgen oder Aufwendungen enthalten.

Die Vermögenswerte und Schulden der ausländischen Niederlassungen, deren funktionale Währung nicht der Euro ist, werden von der jeweiligen Landeswährung in Euro mit den Devisenkassamittelkursen am Abschlussstichtag umgerechnet. Die Gewinn- und Verlustrechnungen der ausländischen Niederlassungen, deren funktionale Währung nicht der Euro ist, werden wie die entsprechenden Jahresergebnisse zu Durchschnittskursen des Jahres umgerechnet. Die sich daraus ergebenden Umrechnungsdifferenzen werden ergebniswirksam in der Gewinn- und Verlustrechnung erfasst.

Insgesamt wurden Kursgewinne in Höhe von TEUR 2.388 (i. Vj. TEUR 573) in den sonstigen betrieblichen Erträgen sowie Kursverluste in Höhe von TEUR 916 (i. Vj. TEUR 2.132) in den sonstigen betrieblichen Aufwendungen ergebniswirksam berücksichtigt.

(4) Sonstige Angaben

Sonstige finanzielle Verpflichtungen

Die zukünftigen Aufwendungen aus Miet- und Leasingverträgen setzen sich wie folgt zusammen:

	TEUR
Fällig innerhalb des nächsten Jahres	1.975
Fällig innerhalb des zweiten bis fünften Jahres	3.550
Fällig nach fünf Jahren	192
	5.717

Anzahl Mitarbeiter

Im Geschäftsjahr 2018 betrug die durchschnittliche Anzahl der Mitarbeiter ohne Geschäftsführer 393 (i. Vj. 398). Davon waren durchschnittlich 81 Mitarbeiter in der deutschen Niederlassung und 312 Mitarbeiter in den übrigen europäischen Niederlassungen angestellt.

Mitglieder der Geschäftsführung

Der Geschäftsführung gehörten folgende Mitglieder an, die mit Ausnahme von Herrn Beom-Yong Sung einzelvertretungsberechtigt sind:

- Masayuki Takinami, Kaufmann, Düsseldorf, Vorsitzender der Geschäftsführung
- Beom-Yong Sung, Kaufmann, Bad Homburg
- Shoichiro Shibuta, Kaufmann, Yokohama/Japan
- Takeshi Yanagi, Kaufmann, Düsseldorf (ab 1. April 2019)
- Hideyuki Okamoto, Kaufmann, Düsseldorf (bis 31. März 2019)

Die Gesamtbezüge der Mitglieder der Geschäftsführung für 2018 betrugen TEUR 749.

Anteile an verbundenen Unternehmen/Beteiligungen

Zum Bilanzstichtag hält die Gesellschaft die folgenden Anteile an verbundenen Unternehmen/Beteiligungen:

Verbundenes Unternehmen	Anteil	Lokale Währung	Nennkapital	Eigenkapital zum 31.12.2018	Ergebnis 2018
	%		in lokaler Währung	in lokaler Währung	in lokaler Währung
Takenaka Belgium N.V., Maelen/Belgien	99,99	TEUR	62	171	-24
Takenaka Netherlands B.V., Amsterdam/Niederlande	100,00	TEUR	1.361	662	0
Takenaka India Private Ltd., Gurgaon-Haryana/Indien ¹	99,999	TINR	750.000	141.391	-16.721
TAK Realty UK Ltd., London/UK	39,02	TGBP	61.500	62.725	1.206
TAK Realty NY Inc., New York/USA	16,67	TUSD	180.000	177.289	-1.781
TAK CAPITAL U.S.A. Inc., City of Wilmington/USA ²	20,00	TUSD	130.000	130.839	839

Ergebnisverwendung

Die Geschäftsführung schlägt der Gesellschafterin vor, den Jahresüberschuss in Höhe von EUR 19.799.741,48 auf neue Rechnung vorzutragen.

Konzernabschluss

Takenaka Europe GmbH, Düsseldorf, ist 100%iges Tochterunternehmen der Takenaka Corporation, Osaka/Japan, die in Japan einen Konzernabschluss für den kleinsten und größten Konsolidierungskreis aufstellt und veröffentlicht. Dieser Konzernabschluss ist in den Geschäftsräumen der Muttergesellschaft einsehbar.

Unter Anwendung der Ausnahmeregelung des § 292 HGB sieht Takenaka Europe GmbH von der Erstellung eines Konzernabschlusses und Konzernlageberichtes ab.

Der befreiende Abschluss der Obergesellschaft Takenaka Corporation, Osaka/Japan, gemäß § 292 HGB wird auf Basis von „International Financial Reporting Standards“ (IFRS/IAS) erstellt. Dabei kommen im Wesentlichen folgende vom deutschen Recht abweichende Bilanzierungs- sowie Bewertungsmethoden zur Anwendung:

¹ Die Angaben basieren auf dem Abschluss für den Zeitraum vom 1. April 2018 bis zum 31. März 2019.

² Das Unternehmen hat im August 2018 eine Beteiligung von 20,0 % an der TAK CAPITAL U.S.A. Inc, City of Wilmington/USA erworben für USD 26 Mio.

Auf Basis der sogenannten "Percentage of Completion Method" wird dem Grad der Fertigstellung bei der Anarbeitung größerer Aufträge Rechnung getragen. Die Anwendung führt aufgrund abweichender Kriterien gegenüber der Anwendung der "Completed Contract Method" im Einklang mit den handelsrechtlichen Vorschriften tendenziell zur früheren Umsatz- und Ergebnisrealisation und zwar unabhängig von der tatsächlichen Abrechnung gegenüber dem Kunden.

Die Takenaka Europe GmbH veröffentlicht den in die deutsche Sprache übersetzten IFRS-Konzernabschluss ihrer obersten Muttergesellschaft im Sinne des § 325 HGB.

Honorar des Abschlussprüfers

Die Angaben zum vom Abschlussprüfer berechneten Gesamthonorar werden in dem das Unternehmen einbeziehenden und in die deutsche Sprache übersetzten Konzernabschluss der obersten Muttergesellschaft enthalten sein. Der Konzernabschluss wird in Deutschland offengelegt.

Vorgänge von besonderer Bedeutung nach Beendigung des Geschäftsjahres

Am 29. April 2019 wurde in Höhe von TEUR 1.000 eine Einzahlung in das Stammkapital für die Gründung der neuen 100%igen deutschen Tochter des Unternehmens mit dem Namen „Neues Atrium Property GmbH“, in Düsseldorf vorgenommen. Die Firma wurde gegründet für den Erwerb und die Verwaltung von Immobilien, die Erbringung von Dienstleistungen jeglicher Art im Zusammenhang mit Immobilien im eigenen Namen oder für Dritte, mit Ausnahme erlaubnispflichtiger Tätigkeiten. Die gegründete Firma hat zum 1. August 2019 das Gebäude auf der Grafenberger Allee 136 in Düsseldorf erworben, mit sämtlichen vorhandenen Mietverträgen, inklusive der Vermietung an unser eigenes Unternehmen.

Düsseldorf, den 20. November 2019

Takenaka Europe GmbH

Masayuki Takinami

Shoichiro Shibuta

Beom-Yong Sung

Takeshi Yanagi

Takenaka Europe GmbH, Düsseldorf

Entwicklung des Anlagevermögens im Geschäftsjahr 2018

	Anschaffungskosten				31.12.2018 EUR
	1.1.2018 EUR	Fremd- währungs- anpassung EUR	Zugänge EUR	Abgänge EUR	
I. Immaterielle Vermögens- gegenstände					
Entgeltlich erworbene EDV-Software	1.723.263,85	-9.086,32	77.832,78	42,58	1.791.967,73
II. Sachanlagen					
1. Bauten einschließlich Mieterneubauten	516.922,29	0,00	36.539,51	222.283,99	331.177,81
2. Andere Anlagen, Betriebs- und Geschäfts- ausstattung	3.463.264,74	-31.521,44	380.113,03	89.082,49	3.722.773,84
	3.980.187,03	-31.521,44	416.652,54	311.366,48	4.053.951,65
III. Finanzanlagen					
1. Anteile an verbundenen Unternehmen	46.759.142,35	0,00	0,00	3.138.440,08	43.620.702,27
2. Beteiligungen	26.434.047,05	0,00	22.655.976,69	0,00	49.090.023,74
	73.193.189,40	0,00	22.655.976,69	3.138.440,08	92.710.726,01
	78.896.640,28	-40.607,76	23.150.462,01	3.449.849,14	98.556.645,39

1.1.2018	Kumulierte Abschreibungen			Buchwerte		
	Fremd- währungs- anpassung	Ab- schreibungen	Abgänge	31.12.2018	31.12.2018	31.12.2017
EUR	EUR	EUR	EUR	EUR	EUR	EUR
1.462.976,33	-11.112,49	123.595,15	42,58	1.575.416,41	216.551,32	260.287,52
332.930,57	0,00	179.649,83	222.283,99	290.296,41	40.881,40	183.991,72
2.853.067,23	-27.596,50	296.446,86	88.891,59	3.033.026,00	689.747,84	610.197,51
3.185.997,80	-27.596,50	476.096,69	311.175,58	3.323.322,41	730.629,24	794.189,23
12.043.500,34	0,00	0,00	3.138.440,08	8.905.060,26	34.715.642,01	34.715.642,01
0,00	0,00	0,00	0,00	0,00	49.090.023,74	26.434.047,05
12.043.500,34	0,00	0,00	3.138.440,08	8.905.060,26	83.805.665,75	61.149.689,06
16.692.474,47	-38.708,99	599.691,84	3.449.658,24	13.803.799,08	84.752.846,31	62.204.165,81

Takenaka Europe GmbH, Düsseldorf

Lagebericht für das Geschäftsjahr 2018

A. Grundlagen des Unternehmens

Die Takenaka Europe GmbH, Düsseldorf (im Folgenden „das Unternehmen“), befasst sich mit der Erbringung von Beratungs-, Planungs- und Ingenieurleistungen im Baubereich sowie Bauleistungen durch Dritte mit den Leistungsbildern eines Generalübernehmers oder -unternehmers und allen Tätigkeiten im Zusammenhang mit dem Gebäudemanagement. Des Weiteren bietet das Unternehmen Leistungen in Bereichen des Projektmanagements und der Projektentwicklung an.

Das Unternehmen ist eine 100%ige Tochtergesellschaft der Takenaka Corporation, Osaka/Japan, eines der ältesten Unternehmen Japans in der Baubranche mit einer langjährigen Unternehmensgeschichte von über 400 Jahren.

Das Unternehmen betreibt Niederlassungen in Belgien, den Niederlanden, Italien, Spanien, der Tschechischen Republik, der Slowakei, Polen, Ungarn, Frankreich, Rumänien und Großbritannien.

Die Takenaka Europe GmbH ist an folgenden Tochterunternehmen zum Bilanzstichtag 31. Dezember 2018 beteiligt:

- Takenaka India Private Ltd. (99,999%ige Beteiligung),
- Takenaka Belgium N.V. (99,99%ige Beteiligung),
- Takenaka Netherlands B.V. (100%ige Beteiligung),
- TAK Realty UK Ltd. (39,02%ige Beteiligung),
- TAK Realty NY Inc. (16,67%ige Beteiligung) und
- TAK CAPITAL U.S.A. Inc. (20,0%ige Beteiligung).

B. Wirtschaftsbericht

1. Gesamtwirtschaftliche und branchenbezogene Rahmenbedingungen

Die Geschäftstätigkeit des Unternehmens ist direkt beeinflusst durch die Entwicklung der Märkte in Deutschland und Europa. Zudem wird unsere Unternehmenstätigkeit von unseren Töchtern in den USA und in Indien durch die Entwicklung dieser Märkte beeinflusst. Nach einem verheißungsvollen Beginn hat sich die konjunkturelle Dynamik im Jahr 2018 nach und nach abgeschwächt. Insbesondere politische Themen – wie der Handelsstreit zwischen den USA und China, der Brexit oder der Budgetstreit zwischen der neuen italienischen Regierung und der EU – haben die Stimmung der Unternehmen und der Privathaushalte nachhaltig belastet und zu einer Abschwächung des Investitionswachstums, der Exporte und des privaten Verbrauchs geführt. Von dieser Entwicklung sind mittlerweile die meisten Industrie- und Schwellenländer betroffen. Nur die USA konnten sich dem bislang entziehen. Noch kann die Abschwächung als konjunkturelle Normalisierung gewertet werden. Die Weltwirtschaft steht laut Zahlen des Internationalen Währungsfonds (IWF) aufgrund von Zollkonflikten und schwächelnden Wachstumsraten in einer Reihe von Ländern weiter unter Druck. Das globale Bruttoinlandsprodukt werde in 2019 nur noch um 3,5 Prozent und 2020 um 3,6 Prozent zulegen, prognostiziert die Organisation. Im Oktober 2018 hatten die IWF-Experten noch für beide Jahre 3,7 Prozent vorhergesagt.

Deutschland

Die Auftragseingänge im Bauhauptgewerbe in Betrieben von Unternehmen mit 20 und mehr tätigen Personen lagen im Februar 2019 nominal mit rund 6,6 Milliarden Euro um 8,2 % höher als im Februar 2018. Das war der höchste jemals gemessene Wert an Aufträgen in einem Februar in Deutschland. Damit bleibt das Auftragseingangsvolumen auf Rekordniveau: Bereits im Januar 2019 und im Dezember 2018 waren die höchsten jemals gemessenen Werte für einen Januar beziehungsweise Dezember erreicht worden. Im Vergleich zu den ersten zwei Monaten 2018 stiegen die Auftragseingänge in den ersten zwei Monaten 2019 nominal um 12,7 %. Aber gerade für Deutschland haben sich die Wachstumsaussichten eingetrübt. Hier fiel die Prognose um satte 0,6 Punkte auf nur noch 1,3 Prozent. „Produktionsschwierigkeiten in der Autoindustrie und eine geringere externe Nachfrage belasten das Wachstum 2019“, hieß es über Deutschland. Die Diskussion um Dieselfahrverbote habe das Wirtschaftsklima abgeschwächt, auch ein schwächerer Privatkonsum wird für die Entwicklung verantwortlich gemacht. Allerdings werden für 2020 nach wie vor 1,6 Prozent Wachstum erwartet.

Europa

Das ifo Institut sagt über die europäische Bauwirtschaft, dass sich diese immer noch in einer Aufwärtsbewegung befindet. Zur Erinnerung: Infolge der Finanz- und Wirtschaftskrise brach die Bautätigkeit in Europa – konkret in den 19 Euroconstruct-Ländern – innerhalb von sechs Jahren um 28 % ein. Seit 2014 befindet sich die Bauwirtschaft aber wieder auf einem robusten Wachstumspfad. Bis 2017 hat sich die Erholung sogar immer weiter beschleunigt: Der zuletzt erzielte Anstieg um knapp 4 % war der drittstärkste innerhalb der vergangenen 27 Jahre.

Mittelfristig dürfte der Aufschwung jedoch an Kraft verlieren. So wird für das Jahr 2020 nur noch mit einer Zunahme von 1,5 % gerechnet. In den vergangenen Jahren zählte der Wohnungsbau bzw. der Neubau von Wohn- sowie Nichtwohngebäuden zu den Wachstumstreibern. An ihre Stelle tritt nunmehr der Tiefbau, der 2018 und 2019 mit jeweils 4,5 % rekordstark zunehmen dürfte. Im Hochbau wird der Bestandssektor, der neben Modernisierungsmaßnahmen auch die regelmäßige Instandhaltung von Gebäuden umfasst, im Zeitraum 2018 bis 2020 zwischen 1 und 1,5 % pro Jahr zulegen. Dies ist insofern von Bedeutung, da auf ihn mehr als die Hälfte aller Hochbaumaßnahmen in Europa entfällt. Die wirtschaftliche Dynamik in den 19 Ländern der Eurozone hat deutlich nachgelassen. Zwar lag das Wirtschaftswachstum im Jahr 2018 noch bei 1,9 Prozent, doch rechnet man für das Jahr 2019 mit einer deutlichen Abschwächung auf nur noch 1,3 Prozent. Dabei sind die konjunkturellen Risiken immens. So hat sich die Dynamik der Exporte, von denen die Wirtschaft in der Eurozone stark abhängt, bereits deutlich abgeschwächt. Für die nachlassende Auslandsnachfrage ist neben den gestiegenen Unsicherheiten in Zusammenhang mit den Handelsstreitigkeiten auch die Aufwertung des Euro verantwortlich. Aber auch von der Binnennachfrage gingen weniger Konjunkturimpulse aus als ursprünglich erwartet. Trotz der in den meisten Ländern sinkenden Arbeitslosigkeit hielten sich die Lohnzuwächse in Grenzen. Zugleich sorgte der Anstieg der Inflation für eine sinkende Kaufkraft. In Italien drückten eine niedrige Binnennachfrage und hohe Kreditkosten die Entwicklung und in Frankreich unter anderem die seit Monaten anhaltenden Straßenproteste. Hinzu kommt die Hängepartie um einen EU-Austritt Großbritanniens. Insgesamt geht der IWF für die Eurozone im Jahr 2019 von einem BIP-Wachstum von 1,6 Prozent aus. Damit senkte der Fonds seine Erwartungen für 2019 seit Oktober 2018 noch einmal um 0,3 Punkte.

USA

Im Jahr 2018 belegten die USA mit einem BIP von rund 20,5 Billionen US-Dollar Rang eins der Länder mit dem größten Bruttoinlandsprodukt. Für 2019 werden weiter 2,5 Prozent Wachstum prognostiziert, während es 2020 nur noch 1,8 Prozent sein sollen. „Die Expansion in den USA hält an, aber die Prognose geht von einer Abschwächung nach dem Auslaufen der fiskalischen Anreize aus“, teilte der IWF mit. 2018 hat die weltgrößte Volkswirtschaft nicht zuletzt wegen der Impulse durch die Steuerreform noch um 2,9 Prozent zugelegt. Die USA und China haben sich im vergangenen Jahr gegenseitig mit Strafzöllen überzogen, und ein Ausweg aus dem Konflikt ist aufgrund der aktuellen Eskalationslage nicht planbar. „Eine Eskalation von Handelskonflikten über die bisher bereits in der Prognose berücksichtigten hinaus bleibt eine der wesentlichen Risikoquellen für den Ausblick“, schreibt der IWF. Das größte Problem der US-Wirtschaft stellt der Immobilienmarkt dar. Aufgrund eines zu geringen bzw. unpassenden Angebots an Häusern und Wohnungen, sind die Preise in den letzten Jahren deutlich stärker gestiegen als die verfügbaren Einkommen. Zudem hat die restriktivere Geldpolitik der US-Notenbank die Hypothekenzinsen stark ansteigen lassen. Beide Faktoren haben dazu geführt, dass Immobilien immer unerschwinglicher geworden sind und sich der Immobilienmarkt abgekühlt hat. Dieser Trend wird sich 2019 fortsetzen. Einen „Crash“ am Immobilienmarkt mit ähnlich verheerenden Auswirkungen auf die Gesamtwirtschaft wie während der Finanzkrise wird allerdings nicht erwartet. Dies liegt daran, dass die derzeit ausstehende Summe der Hypothekenkredite mit rund 10,2 Billionen US-Dollar etwas geringer ist als es vor zehn Jahren der Fall war und die Verschuldung in Relation zu den verfügbaren Einkommen deutlich niedriger ist als damals. Das Rezessionsrisiko bleibt 2019 von daher gering.

Indien

Unter den großen Schwellenländern sind im Jahr 2019 die Wachstumsaussichten Indiens am günstigsten einzuschätzen. Dies liegt daran, dass in den letzten Jahren wichtige Wirtschaftsreformen implementiert worden sind, die die Stabilität der Volkswirtschaft verbessert haben. Zudem ist Indien mit seiner jungen und zugleich weiterwachsenden Bevölkerung von 1,3 Milliarden Menschen weniger von der Entwicklung des Außenhandels abhängig als von der Binnennachfrage. Die mit dem gesunkenen Ölpreis verbundene Verbesserung der Kaufkraft spricht dafür, dass die indische Wirtschaft im Jahr 2019 mit 7,5 Prozent sogar etwas stärker wachsen wird als es 2018 mit 7,3 Prozent der Fall war. Indiens Investitionsbedarf im Infrastrukturbau ist immens. Ratingagenturen und Regierung schätzen ihn für 2018 bis 2022 auf 770 Milliarden und bis 2040 gar auf 4.500 Milliarden US-Dollar (USD). Nicht ganz die Hälfte davon dürfte der Staat stemmen, wenn er das aktuelle Ausgabeniveau für Infrastrukturprojekte beibehält. Im Haushalt 2018/19 (1.4. bis 31.3.) sind hierfür 83 (i. Vj. 62) Milliarden USD vorgesehen. Schwerpunkte sind die Straße und die Schiene sowie die Energieversorgung.

2. Geschäftsverlauf

2.1 Ertragslage

Das Unternehmen verzeichnete einen Anstieg der Umsatzerlöse um EUR 280,2 Mio auf EUR 475,0 Mio und des Jahresüberschusses um EUR 15,9 Mio auf EUR 19,8 Mio (i. Vj. Jahresüberschuss von EUR 3,9 Mio) und kann mit der Entwicklung im Geschäftsjahr sehr zufrieden sein. Der Grund für die enorme Erhöhung der Umsatzerlöse ist die Fertigstellung eines Großprojektes, das ursprünglich in 2017 fertiggestellt werden sollte.

Während des Geschäftsjahres 2018 wurden folgende große Projekte fertiggestellt:

- Jaguar Land Rover Projekt T&F (Slowakei)
- Jaguar Land Rover Projekt BIW (Slowakei)
- Mabuchi Motor Poland New Factory (Polen)
- Mubea SBS (Tschechische Republik)
- Mando Frankfurt Office & R&D (Deutschland)
- Nexen Tire Frankfurt New Office (Deutschland)
- NGK Poland 3rd Factory (Polen)
- HI-LEX Czech New Factory (Tschechische Republik)
- GMD Hungary Factory Renovation Project (Ungarn)
- TG3B-Toyoda Gosei Czech (Tschechische Republik)
- SiCrystal Nürnberg Building B+C (Deutschland)
- Freudenberg Poland Factory Extension (Polen)

Die Rohmarge (Bruttoergebnis vom Umsatz im Verhältnis zu den Umsatzerlösen) sank um 1,5%-Punkte im Vergleich zum Vorjahr auf 7,6 %.

Die allgemeinen Verwaltungskosten erhöhten sich um TEUR 2.172 auf TEUR 16.849.

Die sonstigen betrieblichen Aufwendungen verringerten sich um TEUR 1.257 auf TEUR 1.691 und beinhalten im Wesentlichen Wechselkursverluste.

Die sonstigen betrieblichen Erträge erhöhten sich um TEUR 2.372 auf TEUR 6.116, im Wesentlichen bedingt durch die Auflösung von sonstigen Rückstellungen und den Anstieg der Wechselkursgewinne.

Die Zinserträge im laufenden Geschäftsjahr stiegen um TEUR 272 auf TEUR 355 bedingt dadurch, dass in Rumänien und Polen in Fremdwährungen Zinserträge erwirtschaftet worden sind.

Die Steuern vom Einkommen und vom Ertrag stiegen um TEUR 1.246 auf TEUR 3.966, im Wesentlichen bedingt durch die Einkommensteuer in der Slowakei aufgrund der dort abgeschlossenen Großprojekte.

Der Jahresüberschuss beträgt im Geschäftsjahr TEUR 19.800 und erhöhte sich im Vergleich zum Vorjahr um TEUR 15.898. Diese Änderung resultiert hauptsächlich aus der Fertigstellung von Großprojekten in der Slowakei, die ursprünglich in 2017 fertiggestellt werden sollten.

2.2 Vermögens- und Finanzlage

Die Bilanzsumme beläuft sich am Ende des Geschäftsjahres 2018 auf TEUR 397.570 (2017: TEUR 435.921).

Der Rückgang der Bilanzsumme um TEUR 38.351 wird auf der Aktivseite im Wesentlichen durch einen Abbau des Bestandes unfertiger Leistungen um TEUR 63.725 verursacht.

Auf der Passivseite betrifft die Abnahme korrespondierend vorrangig den Rückgang der erhaltenen Anzahlungen um TEUR 69.821 auf TEUR 177.269.

Die Eigenkapitalquote (Eigenkapital im Verhältnis zur Bilanzsumme) erhöhte sich von 22,8 % zum 31. Dezember 2017 auf 29,9 % zum 31. Dezember 2018 aufgrund des Jahresüberschusses von TEUR 19.800 in 2018 sowie der gesunkenen Bilanzsumme.

Die Eigenkapitalrentabilität (Jahresergebnis im Verhältnis zum Eigenkapital des Vorjahres) beträgt 20,0 % (i. Vj. 4,1 %).

Die Anteile an der Takenaka Corporation U.S.A., Delaware/USA (90,0%ige Beteiligung), die zum 31. Dezember 2017 bis auf EUR 1 Restwert abgeschrieben worden sind, wurden zum Gesamtpreis von USD 9 am 28. Februar 2018 an die Muttergesellschaft Takenaka Corporation, Osaka/Japan, verkauft und der Buchwert von EUR 1 ausgebucht.

Takenaka India Private Ltd., Gurgaon-Haryana/Indien (99,999%ige Beteiligung) erwirtschaftete in deren letzten Jahresabschluss per 31. März 2019 einen Fehlbetrag in Höhe von TINR -16.721 (i. Vj. per 31. März 2018 einen Überschuss in Höhe von TINR 69.731).

Takenaka Belgium N.V., Machelen/Belgien (99,99%ige Beteiligung), erzielte in 2018 einen Verlust in Höhe von TEUR -24 (i. Vj. Jahresfehlbetrag von TEUR -25).

Takenaka Netherlands B.V., Amsterdam/Niederlande (100%ige Beteiligung), erzielte unverändert zum Vorjahr ein Ergebnis von TEUR 0, da das Unternehmen keine operative Geschäftstätigkeit betreibt.

TAK Realty UK Ltd., London/UK (39,02%ige Beteiligung), erzielte im Geschäftsjahr 2018 einen Gewinn von TGBP 1.206 (i. Vj. Jahresüberschuss von TGBP 1.190). Am 31. Mai 2018 wurde eine Dividende in Höhe von TGBP 468 an das Unternehmen ausgezahlt.

TAK Realty NY Inc., New York/USA (16,67%ige Beteiligung), erzielte im Geschäftsjahr 2018 einen Verlust von TUSD -1.781 (i. Vj. Jahresfehlbetrag von TUSD -574).

Darüber hinaus hat das Unternehmen im August 2018 eine 20,0 % Beteiligung an der TAK CAPITAL U.S.A. Inc., City of Wilmington/USA, erworben, welche im Jahr 2018 einen Jahresüberschuss von TUSD 839 erzielte.

Insgesamt kann das Unternehmen auf ein erfolgreiches Geschäftsjahr zurückblicken. Die im Vorjahr prognostizierten Umsatzerlöse von EUR 475 Mio wurden erreicht, ebenfalls wurde der budgetierte Gewinn in Höhe von EUR 20 Mio erzielt.

3. Finanzielle und nichtfinanzielle Leistungsindikatoren

Das Unternehmen konzentriert sich auf die finanziellen Leistungsindikatoren Umsatz und Jahresüberschuss.

Der wesentliche nicht-finanzielle Leistungsindikator des Unternehmens besteht in den Mitarbeitern des Unternehmens und ihrem Fachwissen bei der Durchführung von Bauprojekten, das einen erheblichen Einfluss auf die geschäftliche Entwicklung hat, jedoch nicht zur Unternehmenssteuerung genutzt wird.

C. Prognose-, Chancen- und Risikobericht

1. Prognosebericht

Das DIW Berlin (Deutsches Institut für Wirtschaftsforschung) geht davon aus, dass sich die Bauwirtschaft weiterhin sehr positiv entwickeln wird. Unter Berücksichtigung der Preissteigerung und der Gewinne, die die Unternehmen machen, rechnet man damit, dass die Umsätze im Jahr 2019 um ungefähr 7,5 Prozent und im Jahr 2020 um weitere ca. 6,5 Prozent steigen werden. D. h. die Geschäfte der Bauwirtschaft florieren. Sowohl im Wohnungsbau als auch im Tiefbau und im gewerblichen Bau werden gute Geschäfte gemacht. Die Preise steigen kräftig und der Bauwirtschaft geht es unter dem Strich sehr gut.

Aufgrund des aktuellen Auftragsbestandes für das Geschäftsjahr 2019 erwartet das Unternehmen einen im Vergleich zum Vorjahr um 37 % reduzierten Umsatz von rd. EUR 300 Mio in 2019.

Darauf basierend erwartet das Unternehmen einen positiven, jedoch leicht unter dem Vorjahr liegenden Jahresüberschuss.

Die größten laufenden Projekte 2019 sind Sekisui NL Geleen Excecution ER-300 in den Niederlanden, Makita Romania Factory Extention Ph4 in Rumänien sowie MARS Poland New Factory in Polen.

2. Chancen- und Risikobericht

Währungsrisiken entstehen dadurch, dass teilweise Verträge über Bauprojekte in EUR, die Verträge mit Subunternehmern jedoch in der abweichenden Landeswährung geschlossen werden. In den meisten Fällen werden jedoch die Verträge über die Bauprojekte und die Subunternehmerverträge in der gleichen Währung abgeschlossen.

Die wesentlichsten Risiken sind projektbezogene Risiken, wie Verzögerungen bei der Erstellung der Bauprojekte, steigende Material- und Subunternehmerkosten bei schlüsselfertigen Projekten sowie Qualitätsmängel in der Bauausführung oder dem Design. Diese werden kontinuierlich überwacht und kontrolliert, und bei Bedarf werden geeignete Gegenmaßnahmen ergriffen.

Das Unternehmen ist derzeit in zwölf Ländern mit elf Betriebsstätten tätig und hat die Absicht, ständig das Geschäftsmodell des Unternehmens und das Ergebnis der Bauprojekte zu verbessern. Mit dem Ziel, als ein globaler Marktteilnehmer wahrgenommen zu werden, weitet das Unternehmen neben der Fortführung der laufenden Tätigkeit konsequent seine Aktivitäten in ganz Europa aus.

Derzeit ist die generelle Marktsituation in der deutschen Baubranche gut. Weiterhin besteht aber ein hoher Wettbewerb mit anderen Generalunternehmern um eine begrenzte Zahl neuer Projekte auf dem Markt.

Das Unternehmen glaubt, dass es aufgrund des hohen Bauvolumens in der Vergangenheit und seinen Niederlassungen überall in Europa über einen Wettbewerbsvorteil verfügt, und erwartet dadurch eine Stärkung seiner Marktposition. Insgesamt schätzt das Unternehmen die Chancen höher ein als die Risiken.

Düsseldorf, den 20. November 2019

Takenaka Europe GmbH

Masayuki Takinami

Shoichiro Shibuta

Beom-Yong Sung

Takeshi Yanagi

Bestätigungsvermerk des unabhängigen Abschlussprüfers

An die Takenaka Europe GmbH, Düsseldorf

Eingeschränkte Prüfungsurteile

Wir haben den Jahresabschluss der Takenaka Europe GmbH, Düsseldorf – bestehend aus der Bilanz zum 31. Dezember 2018 und der Gewinn- und Verlustrechnung für das Geschäftsjahr vom 1. Januar bis zum 31. Dezember 2018 sowie dem Anhang, einschließlich der Darstellung der Bilanzierungs- und Bewertungsmethoden – geprüft. Darüber hinaus haben wir den Lagebericht der Takenaka Europe GmbH für das Geschäftsjahr vom 1. Januar bis zum 31. Dezember 2018 geprüft.

Nach unserer Beurteilung aufgrund der bei der Prüfung gewonnenen Erkenntnisse

- entspricht der beigefügte Jahresabschluss mit Ausnahme der Auswirkungen des im Abschnitt „Grundlage für die eingeschränkten Prüfungsurteile“ beschriebenen Sachverhalts in allen wesentlichen Belangen den deutschen, für Kapitalgesellschaften geltenden handelsrechtlichen Vorschriften und vermittelt mit Ausnahme dieser Auswirkungen unter Beachtung der deutschen Grundsätze ordnungsmäßiger Buchführung ein den tatsächlichen Verhältnissen entsprechendes Bild der Vermögens- und Finanzlage der Gesellschaft zum 31. Dezember 2018 sowie ihrer Ertragslage für das Geschäftsjahr vom 1. Januar bis zum 31. Dezember 2018 und
- vermittelt der beigefügte Lagebericht mit Ausnahme der Auswirkungen des im Abschnitt „Grundlage für die eingeschränkten Prüfungsurteile“ beschriebenen Sachverhalts insgesamt ein zutreffendes Bild von der Lage der Gesellschaft. In allen wesentlichen Belangen, mit Ausnahme der Auswirkungen dieses Sachverhalts, steht dieser Lagebericht in Einklang mit einem den deutschen gesetzlichen Vorschriften entsprechenden Jahresabschluss, entspricht den deutschen gesetzlichen Vorschriften und stellt die Chancen und Risiken der zukünftigen Entwicklung zutreffend dar.

Gemäß § 322 Abs. 3 Satz 1 HGB erklären wir, dass unsere Prüfung mit Ausnahme der genannten Einschränkungen der Prüfungsurteile zum Jahresabschluss und zum Lagebericht zu keinen Einwendungen gegen die Ordnungsmäßigkeit des Jahresabschlusses und des Lageberichts geführt hat.

Grundlage für die eingeschränkten Prüfungsurteile

Die Bewertung der Beteiligung an der TAK Realty NY Inc. in New York/USA in Höhe von TEUR 26.434 konnte nicht mit hinreichender Sicherheit nachgewiesen werden, da für eine angemessene Ermittlung des beizulegenden Zeitwerts der Beteiligung keine ausreichenden Informationen vorliegen. Es kann daher nicht ausgeschlossen werden, dass Änderungen vorgenommen werden müssten, insbesondere in Bezug auf die Beteiligungen, Abschreibungen auf Finanzanlagen, den Jahresüberschuss und das Eigenkapital. Dies hat möglicherweise auch Auswirkungen auf die im Lagebericht dargestellte Einschätzung der Geschäftsentwicklung einschließlich der Geschäftsergebnisse und der Lage des Unternehmens sowie auf die Darstellung der Chancen und Risiken der künftigen Entwicklung.

Wir haben unsere Prüfung des Jahresabschlusses und des Lageberichts in Übereinstimmung mit § 317 HGB unter Beachtung der vom Institut der Wirtschaftsprüfer (IDW) festgestellten deutschen Grundsätze ordnungsmäßiger Abschlussprüfung durchgeführt. Unsere Verantwortung nach diesen Vorschriften und Grundsätzen ist im Abschnitt „Verantwortung des Abschlussprüfers für die Prüfung des Jahresabschlusses und des Lageberichts“ unseres Bestätigungsvermerks weitergehend beschrieben. Wir sind von dem Unternehmen unabhängig in Übereinstimmung mit den deutschen handelsrechtlichen und berufsrechtlichen Vorschriften und haben unsere sonstigen deutschen Berufspflichten in Übereinstimmung mit diesen Anforderungen erfüllt. Wir sind der Auffassung, dass die von uns erlangten Prüfungsnachweise ausreichend und geeignet sind, um als Grundlage für unsere eingeschränkten Prüfungsurteile zum Jahresabschluss und zum Lagebericht zu dienen.

Verantwortung der gesetzlichen Vertreter für den Jahresabschluss und den Lagebericht

Die gesetzlichen Vertreter sind verantwortlich für die Aufstellung des Jahresabschlusses, der den deutschen, für Kapitalgesellschaften geltenden handelsrechtlichen Vorschriften in allen wesentlichen Belangen entspricht, und dafür, dass der Jahresabschluss unter Beachtung der deutschen Grundsätze ordnungsmäßiger Buchführung ein den tatsächlichen Verhältnissen entsprechendes Bild der Vermögens-, Finanz- und Ertragslage der Gesellschaft vermittelt. Ferner sind die gesetzlichen Vertreter verantwortlich für die internen Kontrollen, die sie in Übereinstimmung mit den deutschen Grundsätzen ordnungsmäßiger Buchführung als notwendig bestimmt haben, um die Aufstellung eines Jahresabschlusses zu ermöglichen, der frei von wesentlichen – beabsichtigten oder unbeabsichtigten – falschen Darstellungen ist.

Bei der Aufstellung des Jahresabschlusses sind die gesetzlichen Vertreter dafür verantwortlich, die Fähigkeit der Gesellschaft zur Fortführung der Unternehmenstätigkeit zu beurteilen. Des Weiteren haben sie die Verantwortung, Sachverhalte in Zusammenhang mit der Fortführung der Unternehmenstätigkeit, sofern einschlägig, anzugeben. Darüber hinaus sind sie dafür verantwortlich, auf der Grundlage des Rechnungslegungsgrundsatzes der Fortführung der Unternehmenstätigkeit zu bilanzieren, sofern dem nicht tatsächliche oder rechtliche Gegebenheiten entgegenstehen.

Außerdem sind die gesetzlichen Vertreter verantwortlich für die Aufstellung des Lageberichts, der insgesamt ein zutreffendes Bild von der Lage der Gesellschaft vermittelt sowie in allen wesentlichen Belangen mit dem Jahresabschluss in Einklang steht, den deutschen gesetzlichen Vorschriften entspricht und die Chancen und Risiken der zukünftigen Entwicklung zutreffend darstellt. Ferner sind die gesetzlichen Vertreter verantwortlich für die Vorkehrungen und Maßnahmen (Systeme), die sie als notwendig erachtet haben, um die Aufstellung eines Lageberichts in Übereinstimmung mit den anzuwendenden deutschen gesetzlichen Vorschriften zu ermöglichen und um ausreichende geeignete Nachweise für die Aussagen im Lagebericht erbringen zu können.

Verantwortung des Abschlussprüfers für die Prüfung des Jahresabschlusses und des Lageberichts

Unsere Zielsetzung ist, hinreichende Sicherheit darüber zu erlangen, ob der Jahresabschluss als Ganzes frei von wesentlichen – beabsichtigten oder unbeabsichtigten – falschen Darstellungen ist, und ob der Lagebericht insgesamt ein zutreffendes Bild von der Lage der Gesellschaft vermittelt sowie in allen wesentlichen Belangen mit dem Jahresabschluss sowie mit den bei der Prüfung gewonnenen Erkenntnissen in Einklang steht, den deutschen gesetzlichen Vorschriften entspricht und die Chancen und Risiken der zukünftigen Entwicklung zutreffend darstellt, sowie einen Bestätigungsvermerk zu erteilen, der unsere Prüfungsurteile zum Jahresabschluss und zum Lagebericht beinhaltet.

Hinreichende Sicherheit ist ein hohes Maß an Sicherheit, aber keine Garantie dafür, dass eine in Übereinstimmung mit § 317 HGB unter Beachtung der vom Institut der Wirtschaftsprüfer (IDW) festgestellten deutschen Grundsätze ordnungsmäßiger Abschlussprüfung durchgeführte Prüfung eine wesentliche falsche Darstellung stets aufdeckt. Falsche Darstellungen können aus Verstößen oder Unrichtigkeiten resultieren und werden als wesentlich angesehen, wenn vernünftigerweise erwartet werden könnte, dass sie einzeln oder insgesamt die auf der Grundlage dieses Jahresabschlusses und Lageberichts getroffenen wirtschaftlichen Entscheidungen von Adressaten beeinflussen.

Während der Prüfung üben wir pflichtgemäßes Ermessen aus und bewahren eine kritische Grundhaltung. Darüber hinaus

- identifizieren und beurteilen wir die Risiken wesentlicher – beabsichtigter oder unbeabsichtigter – falscher Darstellungen im Jahresabschluss und im Lagebericht, planen und führen Prüfungshandlungen als Reaktion auf diese Risiken durch sowie erlangen Prüfungsnachweise, die ausreichend und geeignet sind, um als Grundlage für unsere Prüfungsurteile zu dienen. Das Risiko, dass wesentliche falsche Darstellungen nicht aufgedeckt werden, ist bei Verstößen höher als bei Unrichtigkeiten, da Verstöße betrügerisches Zusammenwirken, Fälschungen, beabsichtigte Unvollständigkeiten, irreführende Darstellungen bzw. das Außerkraftsetzen interner Kontrollen beinhalten können.

- gewinnen wir ein Verständnis von dem für die Prüfung des Jahresabschlusses relevanten internen Kontrollsystem und den für die Prüfung des Lageberichts relevanten Vorkehrungen und Maßnahmen, um Prüfungshandlungen zu planen, die unter den gegebenen Umständen angemessen sind, jedoch nicht mit dem Ziel, ein Prüfungsurteil zur Wirksamkeit dieser Systeme der Gesellschaft abzugeben.
- beurteilen wir die Angemessenheit der von den gesetzlichen Vertretern angewandten Rechnungslegungsmethoden sowie die Vertretbarkeit der von den gesetzlichen Vertretern dargestellten geschätzten Werte und damit zusammenhängenden Angaben.
- ziehen wir Schlussfolgerungen über die Angemessenheit des von den gesetzlichen Vertretern angewandten Rechnungslegungsgrundsatzes der Fortführung der Unternehmenstätigkeit sowie, auf der Grundlage der erlangten Prüfungsnachweise, ob eine wesentliche Unsicherheit im Zusammenhang mit Ereignissen oder Gegebenheiten besteht, die bedeutsame Zweifel an der Fähigkeit der Gesellschaft zur Fortführung der Unternehmenstätigkeit aufwerfen können. Falls wir zu dem Schluss kommen, dass eine wesentliche Unsicherheit besteht, sind wir verpflichtet, im Bestätigungsvermerk auf die dazugehörigen Angaben im Jahresabschluss und im Lagebericht aufmerksam zu machen oder, falls diese Angaben unangemessen sind, unser jeweiliges Prüfungsurteil zu modifizieren. Wir ziehen unsere Schlussfolgerungen auf der Grundlage der bis zum Datum unseres Bestätigungsvermerks erlangten Prüfungsnachweise. Zukünftige Ereignisse oder Gegebenheiten können jedoch dazu führen, dass die Gesellschaft ihre Unternehmenstätigkeit nicht mehr fortführen kann.
- beurteilen wir die Gesamtdarstellung, den Aufbau und den Inhalt des Jahresabschlusses einschließlich der Angaben sowie ob der Jahresabschluss die zugrunde liegenden Geschäftsvorfälle und Ereignisse so darstellt, dass der Jahresabschluss unter Beachtung der deutschen Grundsätze ordnungsmäßiger Buchführung ein den tatsächlichen Verhältnissen entsprechendes Bild der Vermögens-, Finanz- und Ertragslage der Gesellschaft vermittelt.
- beurteilen wir den Einklang des Lageberichts mit dem Jahresabschluss, seine Gesetzesentsprechung und das von ihm vermittelte Bild von der Lage des Unternehmens.
- führen wir Prüfungshandlungen zu den von den gesetzlichen Vertretern dargestellten zukunftsorientierten Angaben im Lagebericht durch. Auf Basis ausreichender geeigneter Prüfungsnachweise vollziehen wir dabei insbesondere die den zukunftsorientierten Angaben von den gesetzlichen Vertretern zugrunde gelegten bedeutsamen Annahmen nach und beurteilen die sachgerechte Ableitung der zukunftsorientierten Angaben aus diesen Annahmen. Ein eigenständiges Prüfungsurteil zu den zukunftsorientierten Angaben sowie zu den zugrunde liegenden Annahmen geben wir nicht ab. Es besteht ein erhebliches unvermeidbares Risiko, dass künftige Ereignisse wesentlich von den zukunftsorientierten Angaben abweichen.

Wir erörtern mit den für die Überwachung Verantwortlichen unter anderem den geplanten Umfang und die Zeitplanung der Prüfung sowie bedeutsame Prüfungsfeststellungen, einschließlich etwaiger Mängel im internen Kontrollsystem, die wir während unserer Prüfung feststellen.

Düsseldorf, den 20. November 2019

KPMG AG
Wirtschaftsprüfungsgesellschaft



Glunz
Wirtschaftsprüfer



Wrede
Wirtschaftsprüfer



Appendix 6

General Engagement Terms

[Translator's notes are in square brackets]

General Engagement Terms

for

Wirtschaftsprüfer und Wirtschaftsprüfungsgesellschaften

[German Public Auditors and Public Audit Firms]

as of January 1, 2017

1. Scope of application

(1) These engagement terms apply to contracts between German Public Auditors (*Wirtschaftsprüfer*) or German Public Audit Firms (*Wirtschaftsprüfungsgesellschaften*) – hereinafter collectively referred to as "German Public Auditors" – and their engaging parties for assurance services, tax advisory services, advice on business matters and other engagements except as otherwise agreed in writing or prescribed by a mandatory rule.

(2) Third parties may derive claims from contracts between German Public Auditors and engaging parties only when this is expressly agreed or results from mandatory rules prescribed by law. In relation to such claims, these engagement terms also apply to these third parties.

2. Scope and execution of the engagement

(1) Object of the engagement is the agreed service – not a particular economic result. The engagement will be performed in accordance with the German Principles of Proper Professional Conduct (*Grundsätze ordnungsmäßiger Berufsausübung*). The German Public Auditor does not assume any management functions in connection with his services. The German Public Auditor is not responsible for the use or implementation of the results of his services. The German Public Auditor is entitled to make use of competent persons to conduct the engagement.

(2) Except for assurance engagements (*betriebswirtschaftliche Prüfungen*), the consideration of foreign law requires an express written agreement.

(3) If circumstances or the legal situation change subsequent to the release of the final professional statement, the German Public Auditor is not obligated to refer the engaging party to changes or any consequences resulting therefrom.

3. The obligations of the engaging party to cooperate

(1) The engaging party shall ensure that all documents and further information necessary for the performance of the engagement are provided to the German Public Auditor on a timely basis, and that he is informed of all events and circumstances that may be of significance to the performance of the engagement. This also applies to those documents and further information, events and circumstances that first become known during the German Public Auditor's work. The engaging party will also designate suitable persons to provide information.

(2) Upon the request of the German Public Auditor, the engaging party shall confirm the completeness of the documents and further information provided as well as the explanations and statements, in a written statement drafted by the German Public Auditor.

4. Ensuring independence

(1) The engaging party shall refrain from anything that endangers the independence of the German Public Auditor's staff. This applies throughout the term of the engagement, and in particular to offers of employment or to assume an executive or non-executive role, and to offers to accept engagements on their own behalf.

(2) Were the performance of the engagement to impair the independence of the German Public Auditor, of related firms, firms within his network, or such firms associated with him, to which the independence requirements apply in the same way as to the German Public Auditor in other engagement relationships, the German Public Auditor is entitled to terminate the engagement for good cause.

5. Reporting and oral information

To the extent that the German Public Auditor is required to present results in writing as part of the work in executing the engagement, only that written work is authoritative. Drafts are non-binding. Except as otherwise agreed, oral statements and explanations by the German Public Auditor are binding only when they are confirmed in writing. Statements and information of the German Public Auditor outside of the engagement are always non-binding.

6. Distribution of a German Public Auditor's professional statement

(1) The distribution to a third party of professional statements of the German Public Auditor (results of work or extracts of the results of work whether in draft or in a final version) or information about the German Public Auditor acting for the engaging party requires the German Public Auditor's written consent, unless the engaging party is obligated to distribute or inform due to law or a regulatory requirement.

(2) The use by the engaging party for promotional purposes of the German Public Auditor's professional statements and of information about the German Public Auditor acting for the engaging party is prohibited.

7. Deficiency rectification

(1) In case there are any deficiencies, the engaging party is entitled to specific subsequent performance by the German Public Auditor. The engaging party may reduce the fees or cancel the contract for failure of such subsequent performance, for subsequent non-performance or unjustified refusal to perform subsequently, or for unconscionability or impossibility of subsequent performance. If the engagement was not commissioned by a consumer, the engaging party may only cancel the contract due to a deficiency if the service rendered is not relevant to him due to failure of subsequent performance, to subsequent non-performance, to unconscionability or impossibility of subsequent performance. No. 9 applies to the extent that further claims for damages exist.

(2) The engaging party must assert a claim for the rectification of deficiencies in writing (*Textform*) [Translators Note: The German term "Textform" means in written form, but without requiring a signature] without delay. Claims pursuant to paragraph 1 not arising from an intentional act expire after one year subsequent to the commencement of the time limit under the statute of limitations.

(3) Apparent deficiencies, such as clerical errors, arithmetical errors and deficiencies associated with technicalities contained in a German Public Auditor's professional statement (long-form reports, expert opinions etc.) may be corrected – also versus third parties – by the German Public Auditor at any time. Misstatements which may call into question the results contained in a German Public Auditor's professional statement entitle the German Public Auditor to withdraw such statement – also versus third parties. In such cases the German Public Auditor should first hear the engaging party, if practicable.

8. Confidentiality towards third parties, and data protection

(1) Pursuant to the law (§ [Article] 323 Abs 1 [paragraph 1] HGB [German Commercial Code: *Handelsgesetzbuch*], § 43 WPO [German Law regulating the Profession of Wirtschaftsprüfer: *Wirtschaftsprüferordnung*], § 203 StGB [German Criminal Code: *Strafgesetzbuch*]) the German Public Auditor is obligated to maintain confidentiality regarding facts and circumstances confided to him or of which he becomes aware in the course of his professional work, unless the engaging party releases him from this confidentiality obligation.

(2) When processing personal data, the German Public Auditor will observe national and European legal provisions on data protection.

9. Liability

(1) For legally required services by German Public Auditors, in particular audits, the respective legal limitations of liability, in particular the limitation of liability pursuant to § 323 Abs. 2 HGB, apply.

(2) Insofar neither a statutory limitation of liability is applicable, nor an individual contractual limitation of liability exists, the liability of the German Public Auditor for claims for damages of any other kind, except for damages resulting from injury to life, body or health as well as for damages that constitute a duty of replacement by a producer pursuant to § 1 ProdHaftG [German Product Liability Act: *Produkthaftungsgesetz*], for an individual case of damages caused by negligence is limited to € 4 million pursuant to § 54 a Abs. 1 Nr. 2 WPO.

(3) The German Public Auditor is entitled to invoke demurs and defenses based on the contractual relationship with the engaging party also towards third parties.

(4) When multiple claimants assert a claim for damages arising from an existing contractual relationship with the German Public Auditor due to the German Public Auditor's negligent breach of duty, the maximum amount stipulated in paragraph 2 applies to the respective claims of all claimants collectively.

(5) An individual case of damages within the meaning of paragraph 2 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 regardless of whether the damages occurred in one year or in a number of successive years. In this case, multiple acts or omissions based on the same source of error or on a source of error of an equivalent nature are deemed to be a single breach of duty if the matters in question are legally or economically connected to one another. In this event the claim against the German Public Auditor is limited to € 5 million. The limitation to the fivefold of the minimum amount insured does not apply to compulsory audits required by law.

(6) A claim for damages expires if a suit is not filed within six months subsequent to the written refusal of acceptance of the indemnity and the engaging party has been informed of this consequence. This does not apply to claims for damages resulting from scienter, a culpable injury to life, body or health as well as for damages that constitute a liability for replacement by a producer pursuant to § 1 ProdHaftG. The right to invoke a plea of the statute of limitations remains unaffected.

10. Supplementary provisions for audit engagements

(1) If the engaging party subsequently amends the financial statements or management report audited by a German Public Auditor and accompanied by an auditor's report, he may no longer use this auditor's report.

If the German Public Auditor has not issued an auditor's report, a reference to the audit conducted by the German Public Auditor in the management report or any other public reference is permitted only with the German Public Auditor's written consent and with a wording authorized by him.

(2) If the German Public Auditor revokes the auditor's report, it may no longer be used. If the engaging party has already made use of the auditor's report, then upon the request of the German Public Auditor he must give notification of the revocation.

(3) The engaging party has a right to five official copies of the report. Additional official copies will be charged separately.

11. Supplementary provisions for assistance in tax matters

(1) When advising on an individual tax issue as well as when providing ongoing tax advice, the German Public Auditor is entitled to use as a correct and complete basis the facts provided by the engaging party – especially numerical disclosures; this also applies to bookkeeping engagements. Nevertheless, he is obligated to indicate to the engaging party any errors he has identified.

(2) The tax advisory engagement does not encompass procedures required to observe deadlines, unless the German Public Auditor has explicitly accepted a corresponding engagement. In this case the engaging party must provide the German Public Auditor with all documents required to observe deadlines – in particular tax assessments – on such a timely basis that the German Public Auditor has an appropriate lead time.

(3) Except as agreed otherwise in writing, ongoing tax advice encompasses the following work during the contract period:

- a) preparation of annual tax returns for income tax, corporate tax and business tax, as well as wealth tax returns, namely on the basis of the annual financial statements, and on other schedules and evidence documents required for the taxation, to be provided by the engaging party
- b) examination of tax assessments in relation to the taxes referred to in (a)
- c) negotiations with tax authorities in connection with the returns and assessments mentioned in (a) and (b)
- d) support in tax audits and evaluation of the results of tax audits with respect to the taxes referred to in (a)
- e) participation in petition or protest and appeal procedures with respect to the taxes mentioned in (a).

In the aforementioned tasks the German Public Auditor takes into account material published legal decisions and administrative interpretations.

(4) If the German Public auditor receives a fixed fee for ongoing tax advice, the work mentioned under paragraph 3 (d) and (e) is to be remunerated separately, except as agreed otherwise in writing.

(5) Insofar the German Public Auditor is also a German Tax Advisor and the German Tax Advice Remuneration Regulation (*Steuerberatungsvergütungsverordnung*) is to be applied to calculate the remuneration, a greater or lesser remuneration than the legal default remuneration can be agreed in writing (*Textform*).

(6) Work relating to special individual issues for income tax, corporate tax, business tax, valuation assessments for property units, wealth tax, as well as all issues in relation to sales tax, payroll tax, other taxes and dues requires a separate engagement. This also applies to:

- a) work on non-recurring tax matters, e.g. in the field of estate tax, capital transactions tax, and real estate sales tax;
- b) support and representation in proceedings before tax and administrative courts and in criminal tax matters;
- c) advisory work and work related to expert opinions in connection with changes in legal form and other re-organizations, capital increases and reductions, insolvency related business reorganizations, admission and retirement of owners, sale of a business, liquidations and the like, and
- d) support in complying with disclosure and documentation obligations.

(7) To the extent that the preparation of the annual sales tax return is undertaken as additional work, this includes neither the review of any special accounting prerequisites nor the issue as to whether all potential sales tax allowances have been identified. No guarantee is given for the complete compilation of documents to claim the input tax credit.

12. Electronic communication

Communication between the German Public Auditor and the engaging party may be via e-mail. In the event that the engaging party does not wish to communicate via e-mail or sets special security requirements, such as the encryption of e-mails, the engaging party will inform the German Public Auditor in writing (*Textform*) accordingly.

13. Remuneration

(1) In addition to his claims for fees, the German Public Auditor is entitled to claim reimbursement of his expenses; sales tax will be billed additionally. He may claim appropriate advances on remuneration and reimbursement of expenses and may make the delivery of his services dependent upon the complete satisfaction of his claims. Multiple engaging parties are jointly and severally liable.

(2) If the engaging party is not a consumer, then a set-off against the German Public Auditor's claims for remuneration and reimbursement of expenses is admissible only for undisputed claims or claims determined to be legally binding.

14. Dispute Settlement

The German Public Auditor is not prepared to participate in dispute settlement procedures before a consumer arbitration board (*Verbraucherschlichtungsstelle*) within the meaning of § 2 of the German Act on Consumer Dispute Settlements (*Verbraucherstreitbeilegungsgesetz*).

15. Applicable law

The contract, the performance of the services and all claims resulting therefrom are exclusively governed by German law.