Search in all areas

Lindner Group KG, Arnstorf

Accounting / Financial Reports

Company

information

Description

Lindner Group KG

Arnstorf

Consolidated financial statements for the financial year from January 1, 2018 to December 31, 2018

Group management report for the 2018 financial year

of the Lindner Group KG

1. FUNDAMENTALS OF THE GROUP

The overall structure of the group of companies with the umbrella company Lindner Group KG is divided into four business areas. The construction business segment, with the business segments of interior design, building envelope, insulation technology and installation and service, accounts for the majority of the group's total sales. In addition, all project development and real estate projects in Germany and abroad are combined in the real estate and project development business area. Furthermore, the Lindner Group operates restaurants, breweries and several hotels in Germany and one in London in the hotel and catering business segment. The fourth operational business area, agriculture and forestry, rounds off the range of services offered by the Lindner Group.

Business field construction

Business segment expansion

The core business of the Lindner Group is the entire business area of interior fittings. This portfolio includes the development and manufacture of our own products (ceilings, floors, lights, walls), the delivery and project business of our own products as well as the handling of complete fittings and is carried out domestically represents the Lindner AG. The international interior design project business is handled in 23 foreign subsidiaries and sub-subsidiaries. In addition, Lindner AG implements object-specific system solutions. These include specially developed interior systems (clean room technology, ship interiors) in addition to classic office interiors.

Building envelope business segment

The service portfolio of the building envelope business segment extends to the three business areas of special facade construction, glass-steel building envelopes and roof construction. The main business area is the design, production, project management and assembly of high-quality special facades, so-called A-facades. Sales and project management in Europe, excluding the UK, is carried out by Lindner Fassaden GmbH. Lindner Facades Ltd. forms the counterpart in this respect in the English market and Lindner Contracting in Dubai in the Arabic region. The second business area is the Steel & Glass area, which specializes in the construction and processing of highly complex self-supporting glass-steel constructions. The sales of this business area operates worldwide. The Prater Ltd. based in London represents the third central building block of the building envelope business segment. The company, which focuses on complex roof structures in Great Britain, completes the range of services in the business segment.

Insulation technology business segment

The main business areas of the Lindner Group's Insulation Technology segment are industrial insulation, building services, structural fire protection, pollutant remediation, scaffolding and GFRC. The subsidiary Lindner Gerüstbau GmbH completes the business activity with its focus on special scaffolding.

Assembly and service business segment

The assembly and service segment with its subsidiaries in Germany and abroad provides assembly services for the companies of the Lindner Group in the areas of interior design, insulation technology, pollutant remediation, facade construction and fire protection. Furthermore, the companies in the Service division provide facility management, construction management, technical services and energy management services for the companies in the Lindner Group.

Real estate and project development business area

In the real estate and project development business area, real estate projects are actively being developed, such as the major projects currently being managed in Tirana Business Park (Albania), Residential Park Sofia (Bulgaria) and Residential Park Lozen (Bulgaria), as well as various properties in Germany and other properties in other European countries and operated.

Hotel and catering business

The activities in the gastronomy business segment extend to the operation of the Schlossbräu Mariakirchen and the 4 * Schlossparkhotel in Mariakirchen. In addition to this, the mk|hotel chain is assigned to this business segment, which, after successive openings in recent years, as of December 31, 2018 hotels in Munich (2), Stuttgart, Eschborn, Frankfurt, Berlin, London, Remscheid, Rüsselsheim and an apartment house in Nin (Croatia) includes.

Agriculture and forestry business area

In addition to the arable farming business, which includes the cultivation of around 3,000 hectares of agricultural arable land in Romania (predominantly conventional arable farming and some areas converted to organic farming), the agriculture and forestry business segment includes the business area of livestock farming of pigs, chickens, sheep and cattle in free range in Lower Bavaria and in Romania.

2. Economic report

2.1 Overall economic development

The economy in the euro area is weakening. In the first two quarters of 2019, the economy will only grow by 0.3 percent each, as well as in the fourth quarter of 2018. This is what the three research institutes ifo, KOF and Istat from Munich, Zurich and Rome predict.
Domestic demand will be the main driver of development. For 2018 as a whole, the growth rate was 1.9 percent. Most recently, in the third quarter of 2018, the production losses of German car manufacturers weighed on the euro area. Industrial production in the euro area is likely to remain unchanged in the fourth quarter and then grow twice by only 0.2 percent quarter-on-quarter.
In 2018, the construction industry in Germany was able to achieve nominal sales growth for the entire industry (including small businesses) of 6% (real: 1.5%). The sales volume was just over 130 billion euros. This was the highest value for all of Germany since reunification. Even adjusted for price, sales were at their highest level for almost 20 years.
The order intake of companies with 20 or more employees in the main construction trades rose by a further 13.9% (real: +7.5%). Accordingly, the order backlog has reached new record levels. As part of its economic survey for the construction industry, the ifo Institute reported a range of 3.8 months for stocks in December 2018, which represents the highest December value for Germany as a whole.
Sources:

Press release by the IFO Institute from January 8th, 2019, Main Association of the German Construction Industry, www.bauindustrie.de
- Press release 01/25/2019

2.2 Development of the group Development in the construction segment

Business segment expansion

The products business areas were much more positive overall in 2018 compared to the previous year. The introduction of a central market management system for comprehensive sales control further accelerated the positive development of all product business areas and made a significant contribution to the overall increase in performance. The high level of demand in all sub-areas of production, as in the previous year, once again led to a very high level of capacity utilization and occasional capacity bottlenecks.
The national regional business areas of the expansion continued the positive trend of previous years in 2018. Stable incoming orders and a broad, very satisfactory order backlog characterize the development of these business areas in the long term and also delivered above-average contributions to earnings in 2018 despite a stagnating performance development overall.
The business areas of object-specific system solutions continued the positive development of the previous years in 2018. The business areas, which operated in legally independent subsidiaries until 2017, were merged into Lindner AG in the reporting year as part of a rationalization program. The challenges of the increasing internationalization of these business areas characterized the 2018 reporting year. The building technology business area showed a positive development in 2018, especially on the earnings side. The high level of demand and the insolvency-related concentration of the market on the supplier side formed the basis for this. The international project business operated in the foreign subsidiaries increased again in total in 2018 after the deliberate, risk-oriented reduction in previous years. The positive international economic development also allowed this renewed increase in a risk-optimized manner.

Building envelope business segment

The special façade construction division of the building shell business segment was able to show stable business development in the year under review. The performance development was again significantly influenced by the large-scale Laktha project, especially in the first half of the year. With an order value of around EUR 120 million, the Laktha project in St. Petersburg is the largest façade project in the company's history. was stable in terms of performance, but had to accept severe losses from further write-downs and risk provisions due to the old KAFD project in the Middle East. The Steel & Glass again fell short of sales expectations in the 2018 financial year, but was still able to show stable business development in the reporting year. Incoming orders and earnings have developed positively. The business area of roof constructions and C-facades within the subsidiary Prater Ltd. continued the extremely positive development and growth course of the previous years in terms of performance and earnings as well as in terms of incoming orders in 2018. The business area of roof constructions and C-facades within the subsidiary Prater Ltd. continued the extremely positive development and growth course of the previous years in terms of performance and earnings as well as in terms of incoming orders in 2018. The business area of roof constructions and C-facades within the subsidiary Prater Ltd. continued the extremely positive development and growth course of the previous years in terms of performance and earnings as well as in terms of incoming orders in 2018.

Insulation technology business segment

In 2018, business development in the Insulation Technology and Industrial Services division was able to continue the stable development of previous years based on a large number of sustainable framework agreements and once again delivered a satisfactory level of earnings in the reporting year. The up-and-coming business area of structural fire protection was able to continue on its growth path in the year under review and represents the central growth and earnings area of the business segment over the long term. The project volumes in this business area were successfully expanded, especially in Great Britain. The business area of pollutant remediation showed a slight upward trend again in the year under review compared to the previous years. After restructuring in 2016/2017, the scaffolding business was able to stabilize in the year under review and once again made positive contributions to earnings. The business area of glass fiber reinforced concrete panels (GFRC), which was newly established from a project in 2018, is developing extremely positively and can become a new growth area for the business segment.

Assembly and service business segment

The assembly services division once again developed above plan with regard to the employment situation. Earnings were negatively impacted in 2018 by a number of large-scale, loss-making dry construction projects in Germany. Major projects in Denmark and the very stable market in Switzerland, on the other hand, again made a positive contribution to capacity utilization and earnings in 2018. In 2018, another subsidiary was founded in Austria to counteract the locally growing need for specialist staff. Due to the high economic power in other European countries such as Poland, it was becoming increasingly difficult to recruit skilled workers from these countries for the German labor market.

Development in the field of real estate and project development

In the real estate business segment, the rental situation continued to be very positive even after the inclusion of newly acquired properties across the entire portfolio in 2018. In the project development business segment, the Tirana Business Park project continues to be the central project still well behind schedule. In the second major development project, Residential Park Sofia, 2018 was very successful, as in the previous year, with high demand for our high-quality residential units. With the Residential Park Lozen, a second major project was tackled in a charming location on the outskirts of Sofia. The planning work has been finalized and pre-sale of the first construction phase has begun. Again, the response was very positive and a positive course of the project can be expected.

Development in the hotel and catering business

Occupancy and RevPar (revenue per available room) increased further in almost all hotels in 2018. The increase in the number of rooms in the course of the year in the mk hotels in Frankfurt and Berlin led to a short-term decline in occupancy and revpar in these hotels. The expansion of the room capacities will contribute to a further increase in turnover in the mk|hotels division in the medium term.

Development in the field of agriculture and forestry

At the end of March 2018, the Agriculture and Forestry business area received unrestricted EU approval for the slaughtering and cutting up of cattle, pigs and sheep and for the manufacture of meat preparations and meat products. The supply of the meat and sausage requirements of the Lindner Group has already been covered to a large extent over the course of the year.
In June 2018 there was a grand opening of Land. Luft in Leberfing and in July 2018 the open day with around 2,000 visitors. The cultivation of around 3,000 hectares of arable land in Romania is mostly conventional, around 290 hectares are in the process of being converted to organic.
As of December 31, 2018, the livestock business in the region around the Arnstorf headquarters had a livestock population of 481 pigs (Schwäbisch-Hällische), 28 sheep (Braunes Bergschaf), 220 chickens (Lohmann Brown) and 85 cattle (Murnau-Werdenfelser, Original Brown Swiss, Angus).

2.3 Development of internal key performance indicators

Orders received and order backlog at a high level

The group is controlled primarily via the performance indicators orders, order backlog and operational performance and internal operating result. The reconciliation of the internal operating performance at VKP to the balance sheet total performance, as well as the internal operating result at VKP to the balance sheet result before tax, results exclusively from the anticipation or the realization of partial sales and partial profits for projects that have not been completed, similar to the internationally customary procedure the percentage of completion method (POC).
In the reporting period, orders totaling EUR 1,076.4 million were booked in the core business area. The previous year's figure of EUR 998.0 million was thus exceeded by EUR 78.4 million (7.8%) in the previous year.
The order backlog in the core business segment of construction as of December 31, 2018 was EUR 868.3 million, around EUR 37.3 million or 4.4% above the previous year's figure of EUR 831.0 million. This corresponds to an order range of around ten months and is therefore above the rolling planning corridor of six to nine months for the entire group.
According to internal reporting, the consolidated operating performance at retail prices of the Lindner Group in 2018 was around EUR 1,085.3 million or 5.6% above the business volume of 2017 and above the planned output of EUR 1,027.5 million for 2018.
The consolidated internal operating result at retail price of the Lindner Group was EUR 127.9 million in 2018. EUR above the planned value of EUR 70.3 million fixed for 2018.

2.4 Employees

Number of employees further increased

The number of employees in the Lindner Group increased in the reporting period, both at home and abroad. As of the balance sheet date, the Lindner Group employed 6,884 people. The previous year's figure of 6,622 employees was thus exceeded by 262 employees or 3.9%. The increase is mainly due to the build-up of assembly personnel for the construction sites and in project management in the foreign companies. The Lindner Group is sticking to the fact that most of its projects are staffed by its own employees and peaks are covered by subcontractors.
A total of 4,547 (previous year: 4,532) people were employed in Germany and 2,337 (previous year: 2,090) employees abroad. The proportion of employees employed in Germany in relation to the total number of employees was therefore 66.1%, while employees employed abroad accounted for 33.9% of the total number of employees.
Similar to the previous year, 255 young people were offered an apprenticeship in the Lindner Group in the reporting period (previous year: 254 apprentices). The training rate is thus still well above the industry average at a very high level.

2.5 Results of Operations

The consolidated sales of the Lindner Group increased by EUR 48.7 million or 5.1% from EUR 957.2 million in the previous year to EUR 1,006 million. The inventory of finished goods and work in progress increased by EUR 59.2 million in the reporting period. (previous year: inventory increase EUR 46.6 million).
At EUR 1,074.4 million (previous year: EUR 1,026.3 million), the Group's total output was higher than in the previous year. Of this, EUR 694.0 million (previous year: EUR 620.5 million) was attributable to expansion, including project development and real estate, EUR 197.5 million to facade construction (previous year: EUR 197.6 million), insulation technology 80, EUR 8 million (previous year EUR 81.7 million) and trade/services including hotel and gastronomy EUR 102.0 million (previous year EUR 126.4 million).
Outside Germany, the consolidated operating performance increased from EUR 441.1 million in the previous year to EUR 495.2 million in the 2018 financial year. The domestic share of the total output thus amounted to EUR 579.2 million or 53.9% (previous year EUR 585.2 million or 57.0%). Accordingly, the international share of the total output was 46.1% (previous year: 43.0%).
Other operating income increased in the year under review by EUR 10.2 million to EUR 146.7 million (previous year: EUR 136.5 million).

The cost of materials increased by EUR 40.2 million or 7.0% from EUR 573.6 million in the previous year to EUR 613.8 million.
Personnel expenses increased by EUR 25.9 million to EUR 302.3 million compared to the previous year (EUR 276.3 million).
Other operating expenses increased from EUR 136.7 million to EUR 155.6 million. While administrative expenses fell compared to the previous year, operating expenses and special operating expenses increased significantly. The addition to operating expenses results from additions to provisions, while the addition to special operating expenses is due to the increased formation of individual value adjustments.
In the 2018 financial year, Lindner AG transferred its entire annual result of EUR 64.0 million to Lindner Beteiligungs GmbH and J. Lindner GmbH on the basis of the profit and loss transfer agreement. This results in a consolidated profit for the year after taxes of EUR 44.8 million (previous year: consolidated profit for the year EUR 83.4 million). The decline in income tax expenses in the reporting period by EUR 0.5 million compared to the previous period to EUR 4.9 million also results from the profit transfer. Other taxes were incurred in the amount of EUR 2.1 million (previous year: EUR 2.2 million).

2.6 Financial Condition

Investments remain at a high level

In the reporting period, investments in property, plant and equipment and intangible assets totaled EUR 63.1 million (previous year: EUR 71.9 million). The focus of investment activity was on the purchase of land and real estate in Germany and, as in the previous year, on the vehicle fleet, machines and mechanical systems. Financial investments were made in 2018 in the amount of EUR 1.7 million (previous year: EUR 1.1 million).
The funds for financing the investment activities could be taken from the ongoing business operations or the available liquid funds.
The Lindner Group's cash and cash equivalents fell by EUR 58.0 million from EUR 120.1 million to EUR 62.1 million. Furthermore, as of December 31, 2018, a total of EUR 223.7 million (previous year: EUR 177.1 million) was invested in near-cash securities. Securities and bank balances decreased by EUR 11.5 million compared to the previous year.
The Lindner Group had credit lines of sufficient amount, about 52% of which had been used for guarantees as of the balance sheet date.
The Lindner Group is therefore still excellently equipped financially. Essentially, only contingent liabilities have been incurred, which in turn are offset by high liquid and near-liquid funds, so that the Lindner Group can easily meet its financial obligations in the long term.

2.7 Asset position Balance sheet ratios remain stable

The consolidated balance sheet total increased by EUR 29.8 million to EUR 894.9 million in the 2018 financial year and is therefore 3.4% above the previous year's level.
Fixed assets include goodwill with acquisition costs of EUR 28.3 million (previous year: EUR 28.3 million), which are amortized over five years.
Non-current assets increased by EUR 26.2 million or 6.5% from EUR 402.3 million in the previous year to EUR 428.5 million in the 2018 financial year.
Current assets increased by EUR 3.7 million to EUR 466.5 million compared to the previous year's figure of EUR 462.8 million.
At EUR 350.4 million, the Group's debts (provisions, liabilities, prepaid expenses and deferred tax liabilities) fell slightly by EUR 2.8 million compared to the previous year (EUR 353.2 million).
After 59.0% in the previous year, the Lindner Group reported an equity ratio of 60.7% as of the balance sheet date. Group equity rose by EUR 32.7 million to EUR 543.2 million in the reporting period. This increase resulted primarily from contributions to the reserve of the limited partners. With these values, the equity base of the Lindner Group is still well above the industry average.
In summary, the asset, financial and earnings situation of the Lindner Group as a whole continues to be above average. Based on a sustainable, extremely stable financing structure and a high level of available liquidity, the group is well prepared for further growth based on a core business with stable earnings.

3. Risk Report

3.1 Risk management of the Lindner Group

The corporate principles of the Lindner Group are based on striving for healthy growth with active management and the avoidance of inappropriate risks. The aim here is a high level of transparency and a pronounced understanding of risk for all employees involved in the processes. The guideline authority holder responsible for the process also uses their guideline authority circle for information and control of opportunities and risks.
With the implementation of the revision of DIN EN ISO 9001:2015 and DIN EN ISO 14001:2015, further instruments and procedures for systematic risk management were introduced in 2018.
A procedure based on the SWOT analysis is an integral part of the business plan of the respective strategic business unit of all domestic companies. By comparing internal strengths and weaknesses as well as company-external opportunities and risks, the strategic positions are made transparent, necessary options are derived and the necessary strategies for correction and prevention are formulated.
In addition, the guidelines for the core processes were expanded with the topics: risk areas and key performance indicators and edited by the responsible policy holders.
In this way, risks that may jeopardize the qualitative and quantitative corporate goals specified by the Board of Directors are identified and suitable countermeasures are initiated. The newly introduced process reviews then provide an additional regular assessment of the risks by the guideline authority holder.

Across all business areas, the parent company Lindner Group KG acts as a comprehensive service company for all business areas and subsidiaries. In 2018, internal processes at domestic and foreign companies of the Lindner Group were further structured and optimized in the different areas of quality, occupational safety, environmental protection and energy on the basis of internationally applicable management system standards.
With the certification of the company health management system (BGM), additional criteria and aspects of risk management emerged. Among other things, the psychological risk analyzes carried out and the health circles in administration and production represent a further basis for systemic measures for the sustainable creation of a healthy and motivating working environment. These must now be developed and implemented in 2019 with the responsible departments.
The central department for integrated management services (IMS) located in the Lindner Group KG coordinates the systematic merging of all measures from all management systems.
The risk early warning system that has been set up is able to identify developments that could endanger the continued existence of the Lindner Group at an early stage.
In addition, internal auditing, as a process-independent entity, checks and assesses compliance with compliance requirements and the effectiveness of the implemented systems and processes. The test program is supplemented by unscheduled special tests and projects.

3.2 Project Risks

Project and contract risks essentially arise from the classic construction business and represent the central business risk. Controlling and monitoring project risks in a structured and stable manner represents one of the core competencies of the Lindner Group. Calculation risks are inherent in all projects. There are risks, particularly in the planning and implementation of major projects, which can have a significant negative impact on the result. In order to control these risks, various risk-minimizing mechanisms and regular communication circles have been installed. These support the executing unit in handling the risks. Prior to project execution, all major domestic and foreign contracts are subjected to a careful technical, commercial and legal review. In the area of operative risk management for projects, an opportunity and risk analysis is carried out before the decision to calculate above a specified threshold. During the calculation phase, risks are documented, measures are defined and pursued and, if necessary, taken into account in calculations. The projects are classified into risk classes using an evaluation system. Each risk class requires the release of calculations by different company hierarchies. Once the project has been approved, a monthly project meeting is held for a specified order value. Here, the opportunities and risks defined in advance are considered in a structured manner during the project and actively controlled. In addition, the central controlling department supports the units responsible for the respective project. As part of the so-called monthly meeting, a continuous evaluation of the database of conspicuous or essential projects is carried out. Current economic developments and organizational issues that can negatively influence the project results are also addressed.

3.3 Risks of internationally oriented business activities

The international orientation of the Lindner Group harbors further risks in the organizational area. The Managing Director Department of Organizational Development is primarily responsible for supporting subsidiaries and integrating them into existing systems. The commercial regional managers are also involved in this area. They form a central interface function in the commercial and process-related connection of the subsidiaries to the parent company. You play a central role in the ongoing risk-oriented monitoring and optimization of processes in the foreign companies.
Based on corporate processes that are uniformly defined for the head office and all subsidiaries, specific process specifications are defined with the help of so-called guidelines and communicated to the subsidiaries. As far as this makes sense, a uniform organization should be supported, interfaces to the head office should be clearly defined, risks should be minimized and synergy effects should be achieved.
This system was also expanded in 2018 by extending the process structure to other subsidiaries and defining international process specifications in other processes.
A possible Brexit could have problematic consequences for the Lindner Group in many respects. A significant slowdown in the business volume of the local subsidiaries as a result of Brexit could have a noticeable impact on the earnings development of the entire Lindner Group due to the proportion (approx. 20%) that is quite relevant in relation to the overall performance of the Lindner Group. In addition, a restriction on the freedom of movement for workers due to Brexit could have a significant impact on the availability of assembly personnel in the UK, which in turn would lead to problems in completing the construction sites on time.

3.4 Risks from the Use of Financial Instruments

In the reporting period, the focus when considering financial risks was on currency risks, liquidity risks and credit risks (for clients). The interest rate risk is negligible due to the low interest-bearing positions of the Lindner Group. Changes in the price of raw materials were usually borne by the suppliers.
Currency risks are generally hedged on a project basis. An appropriate exchange rate is already used in the calculation, taking into account hedging costs and risks of change, or the offer is provided with a price escalation clause. Hedging through financial derivatives only takes place after the conclusion of the contract. After the hedging transactions are generally concluded corresponding to the underlying transactions being hedged (so-called micro-hedge), the hedging relationship is fully effective. Open risk positions from the use of derivative financial instruments therefore do not exist or only to a small extent.
The liquidity risk is taken into account by a group-wide monthly cash flow plan. Short- to medium-term bottlenecks can be compensated for by overdrafts in the cash pool and financial investments that can be liquidated quickly with or at Lindner Finanz GmbH. In addition, the entire securities portfolio can be liquidated at short notice.
The credit and non-payment risk of customer receivables is actively controlled via internal credit management controlling. Depending on the risk class, either an internal credit rating is carried out by external service providers for small to medium

volumes without risk transfer, or reinsurance is taken out with a credit insurance company in the case of major risks.
The group-wide system for controlling financial risks is constantly being further developed and professionalized and makes an important contribution to the risk management of the Lindner Group.

3.5 Personnel Risks

The central risks in the human resources area result from the increasing shortage of skilled workers, which is particularly evident in the areas of heating, ventilation, plumbing, electrical engineering, metal construction, information technology and in various training occupations such as drywall fitters, industrial insulators and metal workers. With targeted school and university marketing, it is important to counteract this development at an early stage and to proactively develop the attractiveness of the employer brand in a positive way.
In addition to increasing the employer's attractiveness, the shortage of skilled workers must also be counteracted by designing "healthy" jobs in order to be able to bind existing employees to the company as long, effectively and happily as possible. In the production area in particular, where multi-shift operation in particular leads to a high workload, it is important to create opportunities as part of the implemented company health management system to make the workplace "healthy" even for employees who are already of an advanced age, in order to ensure that they are as healthy as possible allow for long periods of work.
Another central challenge is the targeted adaptation and reorientation of the further training program to the new skills requirements in relation to digitization. Taking employees into the new digital world of work and supporting them in changing their working environment is the central focus of personnel development in the coming years years.

3.6 Privacy Risks

The Lindner Group regularly checks the collection, processing and use of personal data in the individual company processes in order to identify data protection risks. The focus is on raising the awareness of all employees with regard to data protection. In the year under review, further measures were taken to design processes that conform to the EU General Data Protection Regulation. In addition, organizational adjustments were made. The Lindner Group works with an external data protection officer via the Lindner Group KG and has set up a central department for data protection coordination, which is supported by decentralized data protection contacts in the specialist and company departments.

3.7 Information Security Risks

The availability, integrity and confidentiality of all information worth protecting as well as the information network of the Lindner Group represents the central challenge in the age of digitization. The Lindner Group is aware of the increasing priority of information security and the resulting opportunities and risks. In order to be able to implement the process required here to increase the level of protection, the position of "Information Security Officer" was created and filled in the 2018 financial year. In addition to recurring external safety audits, the Lindner Group cooperates with external partners.
Unauthorized access is prevented through the use of modern hardware and software technologies, access controls and encryption techniques.

3.8 Relevant Individual Risks

In the legal dispute with the customer in connection with the "Jumeirah project", the Frankfurt Higher Regional Court reversed the partial judgment of the Frankfurt Regional Court in its favor in July 2018 and returned the case to the first instance. As a result, both parties resumed talks and were able to agree on an out-of-court settlement in December 2018, so that no more risks can arise for the Lindner Group and provisions could be reversed.
The facade project "KAFD" in Riyadh, Saudi Arabia, by Lindner Facades Ltd. continues to be critical. A dispute between the builders and the general contractor that has been ongoing since January 2016 has resulted in a project halt since mid-2016. The project was not resumed by the client in 2018 either, so that the risk provision made as of December 31, 2018 was operationally expanded to the worst-case level.
Finally, it should be noted that there are no individual risks that alone or in their entirety endanger the continued existence of the Lindner Group.

4. Forecast and Opportunity Report

4.1 Anticipated development in the current financial year

According to the results of the ifo business survey, the business climate indicator for construction fell in February 2019 for the fourth time in a row. Although the participants were somewhat more optimistic about the future, they were again more cautious about their current business situation. After the strong improvement in the business climate since July 2018, the situation has calmed down noticeably, so that the climate value is now around the - also very high - level of the first quarter of 2018. The order reserves increased to an average of 4.2 months and exceeded the previous year's figure by 0.3 months. In view of the extensive demand for construction and the difficulties in recruiting workers, it is understandable that the utilization rate will remain close to the previous record level (81.5%). According to company reports, prices were raised a little more often than recently. However, price expectations for the coming months have clouded over again. In many places, companies were expecting a further increase in the number of employees.
Sources:
Ifo Economic Perspectives 2019,46 No. 02, 11-14

4.2 Operational Outlook of the Business Units

Business field construction

Business segment expansion

In 2019, the market position of the products divisions will continue to be expanded in the long term to market leadership as a whole, and the European markets in particular will be developed in a targeted manner. The expansion of the international delivery business continues to play a central role. Conceptually and product-related, the health megatrend is the focus of the strategic sales orientation for the next few years. Forward-looking office concepts as part of the "More.Value", "My Future Office" and "Gesünder Bauen" programs continue to form the core of the sales strategy. In addition, the lean programs that have been started in the production sub-areas will continue to be pushed in the years to come in order to continuously optimize the manufacturing processes. The holistic orientation and reorganization of production to a product-independent and strictly value-stream-optimized production represents the central pillar of the Lindner factory vision, the realization of which will be accompanied by considerable investments in the years to come. Lean construction management and digitization are at the center of the future development of the expansion business areas. In domestic markets that continue to be stable and moderately growing, it is important to design project management across a large number of partner companies, both digitally and procedurally, as efficiently as possible. The development and the medium-term implementation of BIM models (Building Information Modeling) as well as visually integrated tools on the construction site form the central challenges of the market in the future and continue to represent the central development topics. The business areas of the object-specific system solutions of the domestic subsidiaries are the to consistently continue on the course of growth embarked on in previous years in a controlled manner.

Building envelope business segment

The 2019 financial year for the special façade construction division will be characterized by the final negotiations on the large-scale Laktha project and large-scale projects in the UK and Germany until mid-2019. In terms of sales, the focus remains on intensifying activities, especially in Northern Europe and project-related in selected markets worldwide. In Great Britain, further major projects were again acquired in the year under review, the manufacture of which is planned at Lindner Fassaden GmbH, thus making good use of production capacity in Germany. In 2019, the Steel & Glass division will focus intensively on the execution of won projects in the Middle East.

Insulation technology business segment

The business area of insulation technology and industrial services will continue to transform in the years to come. Long-term framework agreements or business relationships, however, form these very continuously. New products such as GFRC and international focus markets such as Poland are becoming more and more important. The business area of pollutant remediation could gain in importance again in the following years due to a remediation backlog, especially in large German cities. After the turnaround achieved in 2018, the scaffolding division is looking forward to 2019 with hope. Sustainable order backlogs and stable processes give reason to hope that the results of the previous year will be confirmed.

Assembly and service business segment

In the field of assembly services, the focus in 2019 will be on process optimization and securing earnings. For large-scale projects in the field of dry construction, it is planned to generate more synergies and savings potential through joint processing of orders with sister companies and to carry out projects in partnership within the Lindner Group. The group-internal demand for assembly services is still at a high level and will continue to be a challenge due to the shortage of skilled workers, meanwhile throughout Europe. The focus regions abroad will continue to be Denmark, Switzerland and Austria.

Real estate and project development business area

In the project development business segment, the focus in 2019 in Residential Park Sofia is on continuing the construction work of construction phase 3B. In terms of sales, the sale of the remaining units must be largely completed. The groundbreaking ceremony for the new Residential Park Lozen project will take place in June 2019 and construction work will begin. The positive sales trend is to be continued with the last units and a first project expansion. In the Tirana Business Park project, the focus in 2019 will continue to be on intensifying rental activities and starting construction of a ** ***- Hotels. The strategy of the real estate business segment of developing suitable properties in Germany and abroad or acquiring real estate in attractive locations and converting them according to the needs of the Lindner Group will be further promoted in 2019.

Hotel and catering business

In 2019, the path of operational stabilization and consolidation must be further accelerated and the renovation of the existing hotels that began in 2018 continued. As an example here is the mk| hotel in Eschborn, which will also receive additional rooms. In 2018 the planning of the mk| hotel in the Business Park Tirana in Albania, the building permit has now been obtained and construction will begin in early summer 2019. The planned opening in autumn 2020 represents the next step in the expansion of mk| hotel group.

Agriculture and forestry business area

The business segment of agriculture and forestry plans to cover the entire meat supply for Lindner hotels and restaurants in the medium term and also to open up the external market via an online shop launched in March 2019. In order to cover the feed requirements for breeding and fattening in Germany, grain will be brought from organic areas in Romania to Germany for the first time in 2019. The construction of the schnapps distillery, which was set up and put into operation in the second quarter of 2019, is another building block for being able to use the orchards economically in the future. In addition, the construction of a cattle farm was started.

4.3 Overall Strategic Outlook

Steady, controlled growth based on process excellence

The successful orientation of the Lindner Group towards an always result-oriented corporate philosophy and the associated international consolidation have created a stable foundation of structures and processes. The consolidation of the domestic company structures, successfully implemented in 2018, represents a strong basis for 2019 to further increase the efficiency of structures and processes towards process excellence.

Sustainable digitization as a central goal of the group of companies

The goal of process excellence is inextricably linked to the increasing digitization of all company processes. The Lindner Group is pushing the digitization of all business processes by formulating this as one of the corporate goals in 2019 as well. The targeted analysis of all company processes with regard to possible automation and digitization approaches to increase process efficiency in both the operational and service areas forms the basis. The successful implementation of the BIM (Building Information Modeling) strategy developed in 2018 in the following years will help the greatest importance.

lean construction

In many areas, the digitization of operational construction site processes goes hand in hand with the implementation of LEAN Construction Management. In addition to minimizing process costs and strengthening the competitiveness of the Lindner Group, this is increasingly resulting in partnership-based construction concepts that fundamentally redefine the collaboration between the client and all those involved in the project and provide for a completely new type of jointly transparent project management.

International delivery business

The Indian, American and Asian markets in particular continue to offer short and medium-term potential and growth opportunities for the Lindner Group internationally. Product sales in these markets must be significantly increased through an increasingly market-oriented product and price strategy. The global promotion of the sales model of the projected delivery business also enables international growth perspectives for business areas that are not typical for delivery business, such as special facades or object-specific system solutions.

Added value

The targeted orientation of all processes and, above all, products of the Lindner Group in terms of sustainability is a key focus of the holistic strategic orientation of the Lindner Group. The social mega trend of health and environmental protection is a particular focus. The implemented business models "Healthy Farmers" and "Land.Luft" represent the cornerstones of this basic alignment.

outlook

According to the internal reporting system, the operative consolidated planned performance at VKP was therefore planned for 2019 at around EUR 1,079.4 million, around 5% above the planned performance volume of EUR 1,027.5 million in 2018. At around EUR 71.2 million, the planned consolidated operating result at retail price for 2019 is slightly above the level planned for the reporting year.

Arnstorf, April 30, 2019

Lindner Group SE
Managing general partner
Hans Lindner, Managing Personally Liable Partner
Veronika Lindner, Managing General Partner
represented by
Christian Kainz
Gunther Greil
MD
MD

Consolidated balance sheet as of December 31, 2018

Lindner Group limited partnership. Arnstorf

ASSETS PAGE

scroll ↔

	EUR	EUR	pre EUF
A. FIXED ASSETS			
I. Intangible assets			
1. Concessions, industrial property rights and similar rights and values as well as licenses to such rights and values	1,633,506.20		

	EUR	EUR	pre EUF
2. Goodwill	358,993.38		
Advance payments made	434,361.14	2,426,860.72	
II. Tangible assets			
1. Land, land rights and buildings, including buildings on third-party land	312,474,033.60		
2. Technical installations and machines	31,697,845.35		
3. Other equipment, fixtures and fittings	60,925,238.90		
4. Payments on account and assets under construction	16,943,562.46	422,040,680.31	
III. financial investments			
1. Investments in associated companies	1,395,448.22		
2. Loans to subs. m	2,580,019.84		
3. Other Loans	11,809.63	3,987,277.69	
		428,454,818.72	
B. CURRENT ASSETS			
I. Inventories			
1. Raw, auxiliary and operating materials	19,803,789.75		
2. Work in progress, work in progress	755,791,953.66		
3. Finished Goods and Merchandise	22,547,911.84		
4. Advance payments made	6,325,143.68		
5. Deposits Received on Orders	-804,468,798.93	0.00	
II. Receivables and other assets			
1. Trade accounts receivable	119,084,348.16		
2. Receivables from companies in which a participation is held	2,096,495.72		
3. Other Assets	55,751,157.10	176,932,000.98	
III. securities			
Other securities		223,665,128.47	
IV. Cash on hand. credits at Credit-institutes and cheques		62,082,804.33	
C. PREPAID EXPENSES		3,777,933.55	
		894,912,686.05	

LIABILITIES

	EUR	EUR	pre EUF
A. EQUITY			
I. Equity Interests			
1. Capital shares of the general partners	0.00		
2. Capital shares of the limited partners	17,444,422.00	17,444,422.00	
II. Reserves			
1. Reserves of the general partners	0.00		
2. Reserves of the limited partners	197,446,868.55		
3. Group Reserves	173,948,737.80	371,395,606.35	
III. Adjustment items from currency translation		8,280,017.85	
IV. Balance sheet profit		30,879,346.45	
V. Profit Participation Capital		4,912,093.79	
VI. Non-Controlling Interests		110,267,142.89	
		543,178,629.33	
B. DIFFERENCES FROM CAPITAL CONSOLIDATION		1,302,517.31	
C. PROVISIONS			
1. Provisions for pensions and similar obligations	19,222,612.19		
2. Tax Provisions	4,138,416.76		

	EUR	EUR	pre EUF
3. Other Provisions	139,855,511.22	163,216,540.17	
D. LIABILITIES			
1. Liabilities to banks	758,678.39		
2. Deposits Received on Orders	85,637,285.54		
3. Liabilities from			
Supplies and services	54,469,300.29		
4. Liabilities to companies with which			
there is a shareholding relationship	2,076,336.38		
5. Other liabilities thereof from taxes € 19,970,779.34 (previous year € 16,013k)	38,367,424.32	181,309,024.92	
of which in the context of social security € 1,954,171.50 (previous year € 1,527 thousand)			
E. DEFERRED INCOME		5,876.90	
F. DEFERRED TAX LIABILITIES		5,900,097.42	
		894,912,686.05	

Consolidated income statement for the 2018 financial year

scroll ↔

	EUR	12/31/2018 EUR	pre EUF
1. Revenue		1,005,894,642.40	
2. Increase in inventories of finished goods and work in progress		59,194,712.00	
3. Other own work capitalized		9,342,201.58	
		1,074,431,555.98	
4. Other operating income		146,703,399.29	
		1,221,134,955.27	
5. Cost of Materials			
a) Expenses for raw materials, auxiliary materials and supplies and for purchased goods	298,338,265.93		
b) Expenses for purchased services	315,480,625.54	613,818,891.47	
		607,316,063.80	
6. Personnel expenses			
a) Wages and salaries	248,643,943.41		
b) Social security contributions and expenses for pensions and for assistance	53,660,894.73	302,304,838.14	
of which for pensions € 2,535,574.52 (previous year: € 2,450k)			
7. Depreciation			
a) on intangible assets and property, plant and equipment		32,351,198.52	
b) to current assets		19,449.15	
8. Other Operating Expenses		155,628,554.46	
		117,012,023.53	
9. Result from associated companies		157,053.29	
10. Income from other securities and			
Loans of financial assets		48,180.80	
11. Other Interest and Similar Income		5,285,701.44	
12. Depreciation of financial assets and marketable securities		477,793.28	

	EUR	12/31/2018 EUR	pre EUF
13. Interest and Similar Expenses		5,213,801.02	
14. Compensation for participation certificate capital		983,655.69	
15. Income Taxes		4,875,036.26	
16. Earnings after taxes		110,952,672.81	
17. Other Taxes		2,090,549.24	
18. Profits transferred under profit and loss transfer agreements		64,074,072.56	
19th Annual Results		44,788,051.01	

Notes to the consolidated financial statements for the 2018 financial year

Effective November 11, 2010, Lindner Holding KGaA was incorporated by way of a change of legal form in accordance with §§ 190ff., 228ff. UmwG converted into a limited partnership.
The Lindner Group KG has its registered office in Arnstorf and is entered in the commercial register A of the district court of Landshut with the number 10182.
The group accounting obligation results from § 11 PublG.
The present consolidated financial statements of the Lindner Group KG have been prepared in accordance with German commercial law (§ 13 II PublG in conjunction with §§ 294 to 314 HGB) while retaining the classification and valuation principles used for the previous year's financial statements. The classification principles in equity correspond to the requirements of a limited partnership.
The profit and loss account is prepared according to the nature of expense method in accordance with Section 275 (2) HGB.

1. Consolidated Companies

a) scope of consolidation

The parent company and the following domestic and foreign subsidiaries are included in the consolidated financial statements. The participation quotas reflect the capital shares held directly by the parent company. Subscribed capital is stated at historical rates.

parent company

Lindner Group KG, Arnstorf

Subsidiary of the Lindner Group KG, Arnstorf

scroll ↔

	Participation %	Subscrit EUF
Lindner Aktiengesellschaft ceiling, floor, partition wall systems, Arnstorf	75.14	
Lindner Isolating Technology & Industry Service GmbH, Arnstorf	100.0	
Lindner Montage + Service GmbH, Berlin	100.0	
Lindner Real Estate Verwaltungs GmbH, Arnstorf	75.2	
Lindner asset investment and management company mbH, Arnstorf	100.0	
Lindner Group Immobilien GmbH & Co. KG, Arnstorf	100.0	
Lindner Immobilienverwaltung GmbH & Co. KG, Arnstorf	94.28	
Lindner Agriculture and Forestry GmbH & Co. KG, Arnstorf	94.0	
Schlossbräu Mariakirchen GmbH & Co. KG, Arnstorf	94.0	
Lindner L+F Verwaltungs GmbH, Arnstorf	99.0	
Lindner facades GmbH	100.0	
Subsidiary of Lindner AG, Arnstorf		
Lindner Finanz GmbH, Arnstorf	100.0	
Enderes GmbH, Arnstorf	100.0	
Lex Fittings and Building Supplies Trading GmbH, Arnstorf	100.0	
Lindner GmbH, Baden/Austria	100.0	
Lindner Building New Solutions Co. Ltd., Taicang/China	100.0	

	Participation %	Subscrib EUR
Lindner USA, Inc., Tucker/Georgia/USA	100.0	
Lindner LLC, Baku/Azerbaijan	100.0	
Lindner Australia Pty Ltd., Mt. Eliza/Australia	100.0	
Shanghai Lindner Innovative Interiors Co., Ltd., Shanghai/China	100.0	
Lindner Norit GmbH & Co. KG, Dettelbach	100.0	
Lindner Mobilier sro, Madunice/Slovak Republic	100.0	
Lindner Interiors Ltd., London/Great Britain	100.0	
Lindner Slovakia sro, Bratislava/Slovak Republic	100.0	
Subsidiary of Lindner GmbH, Baden/Austria		
Lindner Polska Sp. z oo, Warsaw/Poland	99.0	
Lindner Bulgaria EOOD, Sofia/Bulgaria	100.0	
Lindner Welsy Sprl, Heverlee/Belgium	99.6	
Lindner Luxembourg S.á.rl, Holzem/Luxembourg	100.0	
Lindner France SASU, Chambly/France	100.0	
Lindner doo Beograd, Belgrade/Serbia	100.0	
Lindner ooo, Moscow/Russia	100.0	
Lindner doo Tivat, Tivat/Montenegro	100.0	
Lindner doors - facades sro, Ostrov/Czech Republic	100.0	
Lindner Isoliertechnik & Industrieservice GmbH, Baden/Austria	100.0	
Lindner Banja Luka doo, Banja Luka/Bosnia-Herzegovina	100.0	
Subsidiary of Lindner Fassaden GmbH, Arnstorf		
Lindner Facades Ltd., London/Great Britain	100.0	
Lindner Exteriors Holding Ltd., London/Great Britain	100.0	
Lindner Inaat Limited Şirketi, Istanbul/Turkey	100.0	
Lindner Facades Inc., Tucker/Georgia/USA	100.0	
Subsidiary of Lindner Exteriors Holding Ltd, London / England		
Prater Ltd., London/Great Britain	100.0	
Subsidiary of Lindner Isoliertechnik & Industrieservice GmbH, Arnstorf		
Lindner Gerüstbau GmbH, Kolkwitz-Krieschow	100.0	
Lindner Saudi Arabia Ltd., Riyadh/Saudi Arabia	95.0	
Lindner doo, Zagreb/Croatia	100.0	
Lindner Contracting LLC, Abu Dhabi/UAE	100.0	
Lindner OCM Limited Sirketi, Allaga, Izmir/Turkey	51.0	
Subsidiary of Lindner doo Zagreb/Croatia		
Samoborski Perivoj doo, Zagreb/Croatia	100.0	
Subsidiary of Lindner Montage + Service GmbH, Arnstorf		
Lindner Klimaservice GmbH, Leipzig	100.0	
Lindner Project Danmark ApS, Copenhagen/Denmark	100.0	
Lindner Montage + Service GmbH, Baden/Austria *)	100.0	
Subsidiary of Lindner Real Estate Verwaltungs GmbH, Arnstorf Lindner Vermögensverwaltungs GmbH, Arnstorf	100.0	
Subsidiary of Lindner L+F Verwaltungs GmbH, Arnstorf Lindner SRL, Satu Mare/Romania	100.0	
Subsidiary of Lindner Vermögensverwaltungs GmbH, Arnstorf Lindner Projektentwicklungs GmbH, Baden/Austria	100.0	
Subsidiary of Lindner Projektentwicklungs GmbH, Baden/Austria		
Residential Park Sofia EOOD, Sofia/Bulgaria	100.0	
Residential Park Lozen EOOD, Sofia/Bulgaria	100.0	

	Participation %	Subscrib EUR
Lindner Immobilien Management EOOD, Sofia/Bulgaria	100.0	
Spisska Sobota sro, Bratislava/Slovakia	100.0	
Lindner Immo Slovakia sro, Bratislava/Slovakia	100.0	
Velka Lomnica sro, Bratislava/Slovakia	100.0	
Galvaniho 3 sro, Bratislava/Slovakia	100.0	
Lindner Haasrode BVBA, Heverlee/Belgium	100.0	
Lindner Real Estate UK Ltd., London/England	100.0	
Lindner Sutivan doo, Zagreb/Croatia	100.0	
Lindner Nekretnine doo, Zagreb/Croatia	100.0	
Tirana Business Park Sh.pk, Tirana/Albania		
Subsidiary of Tirana Business Park Sh.pk, Tirana/Albania Tirana Business Park RSA Sh.pk, Tirana/ Albania	100.0	
Subsidiary of Residential Park Sofia EOOD, Sofia/Bulgaria Residential Park Sofia Facility Management AD, Sofia/Bulgaria	100.0	
Subsidiary of Lindner SRL, Satu Mare/Romania TOPAGRAR SRL, Craidorolt/Romania	70.60	
Subsidiary of the Lindner Group Immobilien GmbH & Co. KG,Arnstorf Lindner Opfikon AG, Opfikon/Switzerland	89.99	
Subsidiary of Lindner Immobilienverwaltung GmbH & Co. KG, Arnstorf Einsteinstraße 34 GmbH & Co. KG, Munich	100.0	
Subsidiary of Schlossbräu Mariakirchen GmbH & Co. KG, Arnstorf Lindner MK-Hotels Ltd., London/England	94.0	
	100.0	

*) included as part of first-time consolidation

b) Other consolidated companies

Outside of the scope of consolidation, the following joint ventures were included as part of proportionate consolidation:

scroll ↔

	Participation %	Subscrib EUR
Lindner RIDO Facade Technology GmbH, Berlin	50.0	
Lindner-Depa Interiors LLC Dubai/ UAE	49.0	
Lindner Middle East LLC, Dubai/ UAE	49.0	
Schwabenhof L&L srl, Ciumesti/Romania	50.0	
SUAS - Lindner sro, Vresová/Czech Republic *)	50.0	

Due to a contractual agreement, Lindner Depa Interiors LLC, Lindner Middle East LLC and SUAS - Lindner sro are managed jointly with another company.
Lindner RIDO Fassadentechnologie GmbH and Schwabenhof L&L srl are managed jointly with natural persons as shareholders.

c) Associated companies and subsidiaries not included

At Hans Lindner Regionalförderung AG & Co. KG, Arnstorf (participation 39.91%), Spindlers Hof Realizationsgesellschaft mbH & Co. KG, Stuttgart (participation 39.79%), and at SGL Lindner GmbH & Co. KG, Arnstorf, was not included as an associated company according to the equity method in accordance with Section 311 (2) HGB. The balance sheet total as well as income and expenses of Hans Lindner Regionalförderung AG & Co. KG, Spindlers Hof Realizationsgesellschaft mbH & Co. KG and SGL Lindner GmbH & Co. KG are required to provide a true and fair view of the assets, finances and Earnings situation of the group of secondary importance.
In the case of Lindner Facades Asia PTE Ltd., Singapore (100% stake), full consolidation was waived in accordance with Section 296 (2) HGB, as it is required to provide a true and fair view of the asset, financial and earnings situation of the Group are of minor importance.

d) Other changes in the scope of consolidation

In the financial year, Lindner Objektdesign GmbH, Arnstorf, Lindner Reinraumtechnik GmbH, Arnstorf, Leuchtenfabrik GmbH, Essenbach-Mettenbach and Lindner | Developer.Planer.Ingenieure GmbH, Arnstorf merged with Lindner AG, Arnstorf. Lindner Montage + Service GmbH, Baden/Austria was newly founded. For the first time, Metal Envelope Engineering UG, Ilshofen-Eckartshausen, was included in the consolidated financial statements using the equity method.

2. Reporting date of the consolidated financial statements

The consolidated financial statements were prepared as of the reporting date of the Lindner Group KG annual financial statements on December 31, 2018. The financial year of the Lindner Group KG covers the period from January 1st to December 31st, 2018. All subsidiaries as well as all significant downstream group companies report as of December 31st, 2018 and are included in the consolidated financial statements for the full financial year.

3. Consolidation Methods

The German commercial law provisions on full consolidation, proportionate consolidation and the inclusion of associated companies were applied.
The capital consolidations up to December 31, 2009, which were carried out before the BilMoG came into effect, were carried out using the book value method (§ 301 Para. 1 Sentence 2 No. 1 HGB old version). Any goodwill or negative differences arising from offsetting were offset against the reserves. As of January 1, 2010, the capital consolidations are carried out according to the revaluation method in accordance with the BilMoG.
In the case of non-cash contributions from shares in subsidiaries that were undervalued in the annual financial statements of the parent company, the resulting negative difference, which has a predominantly equity character, is offset directly against the group reserves in equity.
The increase in holdings in companies that are already fully consolidated is shown within equity without affecting income.
Pursuant to Section 307 (1) HGB, shares in subsidiaries included in the consolidated financial statements that do not belong to the parent company are shown separately for the shares of the other shareholders in the amount of their share in the equity.
When applying proportionate consolidation, the regulations for full consolidation were observed to the extent relevant (§ 310 Para. 2 HGB).
Investments in associated companies are recognized at cost at the time they are founded or acquired.
Expenses and income as well as receivables and liabilities between the consolidated companies are eliminated. Intermediate results are generally eliminated unless they are of minor importance. Intercompany losses are generally only eliminated if this does not result in a need for depreciation to the lower fair value of the unfinished buildings and services on the balance sheet date.

4. General information on accounting and valuation methods and principles of currency conversion

The accounting and valuation principles correspond to the provisions of German commercial law. Financial statements of consolidated subsidiaries that are prepared according to different principles have been adjusted, taking into account the principle of materiality.
Financial statements in foreign currencies are converted in accordance with the provisions of Section 308a HGB. Equity was converted at historical rates. The balance sheet items were translated at the respective mean spot exchange rates. The items in the income statement were translated at the respective annual average exchange rates. Any differences that arise are reported within group equity under the item "Adjustments from currency translation".
Intangible assets and items of property, plant and equipment were valued at their acquisition or production costs. Acquisition costs and acquisition cost reduction are taken into account. Depreciation on depreciable fixed assets was carried out on a straight-line basis or, where permitted, on a declining balance basis, based on the depreciation tables published by the tax authorities. Additions from the 2010 financial year are only depreciated on a straight-line basis. In the year under review, depreciation is calculated pro rata temporis from the date of addition.
For reasons of simplification, low-value assets with acquisition or production costs of up to EUR 800.00 were written off in full in the year of acquisition.
Financial assets are valued at acquisition cost. If the reduction in value is expected to be permanent, they are written down to the lower fair value.
The inventories of raw materials, consumables and supplies have been valued at the moving average of their acquisition costs, taking into account the strict lower of cost or market principle. Work in progress was valued at the direct material and production costs, including reasonable material and production overheads. General administration and selling expenses were not included in the cost of sales. Existing usability risks were taken into account through depreciation. In the case of orders in progress, write-downs were made where necessary on the basis of individual determinations to ensure a loss-free valuation. For services already invoiced, that have not yet been commissioned in writing, a value adjustment of 80% of the scope of work was carried out. Orders are uniformly accounted for using the completed contract method. Advance payments received for inventories were deducted from the inventories item. The amount of EUR 804,469 thousand (previous year: EUR 720,693 thousand) deducted from inventories relates to payments on account by the customer for work in progress, which do not represent real advance payments and therefore have no liability character. The remaining advance payments received were reported on the liabilities side. a value adjustment of 80% of the scope of work was carried out. Orders are uniformly accounted for using the completed contract method. Advance payments received for inventories were deducted from the inventories item. The amount of EUR 804,469 thousand (previous year: EUR 720,693 thousand) deducted from inventories relates to payments on account by the customer for work in progress, which do not represent real advance payments and therefore have no liability character. The remaining advance

payments received were reported on the liabilities side. a value adjustment of 80% of the scope of work was carried out. Orders are uniformly accounted for using the completed contract method. Advance payments received for inventories were deducted from the inventories item. The amount of EUR 804,469 thousand (previous year: EUR 720,693 thousand) deducted from inventories relates to payments on account by the customer for work in progress, which do not represent real advance payments and therefore have no liability character. The remaining advance payments received were reported on the liabilities side. Advance payments received for inventories were deducted from the inventories item. The amount of EUR 804,469 thousand (previous year: EUR 720,693 thousand) deducted from inventories relates to payments on account by the customer for work in progress, which do not represent real advance payments and therefore have no liability character. The remaining advance payments received were reported on the liabilities side. Advance payments received for inventories were deducted from the inventories item. The amount of EUR 804,469 thousand (previous year: EUR 720,693 thousand) deducted from inventories relates to payments on account by the customer for work in progress, which do not represent real advance payments and therefore have no liability character. The remaining advance payments received were reported on the liabilities side. which do not represent real prepayments and therefore do not have the character of a liability. The remaining advance payments received were reported on the liabilities side. which do not represent real prepayments and therefore do not have the character of a liability. The remaining advance payments received were reported on the liabilities side.

Receivables and other assets are always stated at their nominal value. In the case of trade receivables, recognizable risks are taken into account through individual value adjustments. Appropriate account is taken of the general credit risk by creating a general allowance.

The other securities reported under current assets are valued at the lower of cost or fair value on the balance sheet date.

Cash and cash equivalents are stated at their nominal value.

The active prepaid expenses relate to expenses before the balance sheet date that represent expenses for a certain period of time after this date. The deferred income relates to income before the balance sheet date that relates to income for a certain period after the balance sheet date.

Deferred taxes are determined for temporary differences between the commercial balance sheet and tax valuations of assets, debts and prepaid expenses, taking account of loss carryforwards that can be taken into account, insofar as offsetting against taxable income is guaranteed within the applicable national tax regulations.

Deferred taxes are determined on the basis of the company-specific tax rates that will apply at the time the difference is reduced. Tax rates of 9% to 40% have been applied. Deferred taxes were calculated at an average tax rate of 30% for consolidation processes such as the elimination of intercompany profits and debt consolidation differences.

Deferred tax liabilities essentially result from different recognized depreciation and valuation approaches on fixed assets as well as valuation differences in trade payables and receivables from companies in which an investment is held. Deferred tax liabilities result from consolidation measures due to differences between the tax and commercial law values in the balance sheet item receivables from affiliated companies.

Deferred tax assets result primarily from value adjustments on receivables that are not recognized for tax purposes and recognition or their lower reporting of provisions in the tax balance sheet.

Resulting deferred tax assets and liabilities, without taking into account the resulting deferred taxes from consolidation measures, are offset in accordance with Section 274 (1) HGB. A total tax burden, without taking into account the resulting deferred taxes from consolidation measures, is recognized in the balance sheet as a deferred tax liability. In the case of an overall tax relief, without taking into account the resulting deferred taxes from consolidation measures, the corresponding capitalization option is not used.

Equity is stated at nominal value.

Provisions for pensions are valued at the settlement amount that is necessary based on prudent business judgment and subject to the relevant average market interest rate over the past 10 years. They are discounted at a flat rate with an average market interest rate corresponding to a remaining term of 15 years.

The tax accruals and other accruals cover all identifiable risks and uncertain liabilities and are valued at the settlement amount that is necessary based on prudent business judgement. Provisions with a remaining term of more than one year are discounted at the average market interest rate for the past seven financial years that corresponds to their remaining term.

Liabilities are stated at their settlement amount.

Assets and liabilities denominated in foreign currencies are converted into euros at the transaction rate and are valued at the mean spot exchange rate on the balance sheet date in accordance with Section 256a HGB.

If use was made of the option to form valuation units, this was taken into account in accordance with section 254 HGB.

5. Notes to the Balance Sheet and Profit and Loss Account

a) Group fixed assets of the Lindner Group KG

The development of fixed assets is shown in the following fixed asset schedule:

scroll ↔

	Acquisition or production costs					
	Status 01/01/2018 €	Additions €	Exchange rate effects €	departures €	Rebookings €	12

	Acquisition or production costs					
	Status 01/01/2018 €	Additions €	Exchange rate effects €	departures €	Rebookings €	12
I. Intangible assets						
1. Concessions, industrial property rights and similar rights and values as well as licenses to such rights and values	7,454,781.50	920,382.13	-3,284.81	204,629.74	68,053.54	8,2
2. Goodwill	28,270,075.55	0.00	-0.06	0.00	0.00	28,2
3. Advance payments made	217,044.50	274,641.64	0.00	0.00	-48,575.00	4
	35,941,901.55	1,195,023.77	-3,284.87	204,629.74	19,478.54	36,9
II. Tangible assets						
1. Land, land rights and buildings, including buildings on third-party land	365,267,761.23	14,610,204.12	2,315,851.31	5,077,750.94	35,972,443.97	413,0
2. Technical installations and machines	95,473,967.76	5,954,595.78	-489,508.75	3,705,847.19	3,931,578.46	101,1
3. Other equipment, fixtures and fittings	118,749,834.00	25,860,157.98	-50,719.87	15,589,524.48	167,051.22	129,1
4. Payments on account and assets under construction	40,538,364.31	15,480,763.88	1,174,802.00	159,815.54	-40,090,552.19	16,9
	620,029,927.30	61,905,721.76	2,950,424.69	24,532,938.15	-19,478.54	660,3
III. financial investments						
1. Investments in associated companies	1,613,005.36	169,096.22	0.00	0.00	0.00	1,7
2. Loan. to UU, md a bet. married Best.	1,077,571.28	1,502,531.73	-83.17	0.00	0.00	2,5
3. Investment securities	5,046.60	0.00	0.00	0.00	0.00	
4. Other Loans	430,323.29	17,562.50	0.00	436,076.16	0.00	
	3,125,946.53	1,689,190.45	-83.17	436,076.16	0.00	4,3
	659,097,775.38	64,789,935.98	2,947,056.65	25,173,644.05	0.00	701,6

scroll ↔

	Accumulated depreciation				
	Status 01/01/2018 €	Additions €	Exchange rate effects €	departures €	As of 12
I. Intangible assets					
1. Concessions, industrial property rights and similar rights and values as well as licenses to such rights and values	5,987,470.43	830,328.27	-10,984.84	205,017.44	6,6
2. Goodwill	27,771,300.96	139,781.21	-0.06	0.00	27,9
3. Advance payments made	0.00	8,750.00	0.00	0.00	
	33,758,771.39	978,859.48	-10,984.90	205,017.44	34,5
II. Tangible assets					
1. Land, land rights and buildings, including buildings on third-party land	91,955,880.03	9,332,174.21	18,614.07	692,192.22	100,6
2. Technical installations and machines	68,246,415.81	4,627,969.20	-128,666.89	3,278,777.41	69,4
3. Other equipment, fixtures and fittings	62,066,419.58	17,412,195.63	-37,913.54	11,229,141.72	68,2
4. Payments on account and assets under construction	0.00	0.00	0.00	0.00	
	222,268,715.42	31,372,339.04	-147,966.36	15.200.111.35	238,2
III. financial investments					

	Accumulated depreciation				
	Status 01/01/2018 €	Additions €	Exchange rate effects €	departures €	As of 1:
1. Investments in associated companies	386,653.36	0.00	0.00	0.00	‹
2. Loan. to UU, md a bet. married Best.	0.00	0.00	0.00	0.00	
3. Investment securities	5,046.60	0.00	0.00	0.00	
4. Other Loans	424,999.00	0.00	0.00	424,999.00	
	816,698.96	0.00	0.00	424,999.00	‹
	256,844,185.77	32,351,198.52	-158,951.26	15,830,127.79	273,:

scroll ↔

	book values	
	As of 12/31/2018 €	As of 1:
I. Intangible assets		
1. Concessions, industrial property rights and similar rights and values as well as licenses to such rights and values	1,633,506.20	1,‹
2. Goodwill	358,993.38	‹
3. Advance payments made	434,361.14	:
	2,426,860.72	2,'
II. Tangible assets		
1. Land, land rights and buildings, including buildings on third-party land	312,474,033.60	273,:
2. Technical installations and machines	31,697,845.35	27,:
3. Other equipment, fixtures and fittings	60,925,238.90	56,(
4. Payments on account and assets under construction	16,943,562.46	40,!
	422,040,680.31	397,'
III. financial investments		
1. Investments in associated companies	1,395,448.22	1,:
2. Loan. to UU, md a bet. married Best.	2,580,019.84	1,(
3. Investment securities	0.00	
4. Other Loans	11,809.63	
	3,987,277.69	2,:
	428,454,818.72	402,:

As of December 31, 2018, fixed assets amounted to EUR 428,455 thousand (previous year: EUR 402,254 thousand). Fixed assets include goodwill with acquisition costs of EUR 28,270 thousand (previous year: EUR 28,270 thousand), which are generally amortized over five years.

b) Receivables and other assets

The receivables and other assets reported have a remaining term of more than one year in the amount of:

scroll ↔

	12/31/2018 EUR thousand	pre EUF
Claims tax office	0	
Other assets	164	
	164	

c) Equity

In the group, the capital shares, the reserves and the balance sheet profit correspond to the items of the Lindner Group KG.

I. Equity Interests

The capital shares of the general partners amount to EUR 0 (previous year: EUR 0 thousand), those of the limited partners to EUR 17,444,422.00 (previous year: EUR 17,444 thousand).

II. Reserves

The reserves of the general partners amount to EUR 0 (previous year: EUR 0 thousand), those of the limited partners to EUR 197,446,868.55 (previous year: EUR 154,514 thousand).
The group reserves amount to EUR 173,948,737.80 (previous year: EUR 164,644 thousand) and consist of profits carried forward, annual results for 2018 and retained earnings of the subsidiaries as well as differences from capital consolidation processes. Differences (goodwill or negative differences) from the initial capital consolidation in the first group financial year 1990/1991 were offset against the group reserves, as were the differences resulting from the inclusion in subsequent years. Passive differences, which mainly have the character of equity, were also offset directly in equity.

III. retained profit

The proportionate balance sheet results of the subsidiaries were offset against the group reserves, so that the group balance sheet profit corresponds to the balance sheet profit of the parent company.
The balance sheet profit developed as follows:

scroll ↔

	2018 EUR	pre EUF
1. Consolidated annual result	44,788,051.01	
2. Presentation of results	58,287,501.71	
3. Distribution to shareholders	-730,078.60	
4. Credit to reserve accounts	-57,557,423.11	
5. Result attributable to minority shareholders	-4,278,535.24	
6. Distribution to non-group shareholders	-48,085.93	
7. Reclassification of Group reserves	-9,582,083.39	
Balance sheet profit Lindner Group KG	30,879,346.45	

IV. Profit Participation Capital

In the 2018 financial year, the 12 profit participation certificates including interest increase equity to a total value of EUR 6,537,586.14. Interest is paid either as a guaranteed interest rate of 0.5% pa or as variable interest rate of 0.1% of the earnings before interest and taxes of Lindner AG of the respective nominal amount. The holders of the participation certificates receive variable interest if this is higher than the guaranteed interest; this is compensated with the variable interest.

V. Balancing item for shares of other shareholders

The adjustment item for shares of other shareholders includes the shares of non-group third parties in the equity and in the annual result of the subsidiaries included.
Shares in profits of EUR 5,340 thousand and shares in losses of EUR 1,062 thousand are attributable to non-group shareholders.

d) Differences from capital consolidation

In the case of non-cash contributions from shares in subsidiaries, the resulting negative difference was reported under the item Differences from capital consolidation in the amount of EUR 1,303 thousand (previous year: EUR 1,412 thousand), as this difference has no equity character. The difference from capital consolidation is released to income over a period of 20 years.

e) Provisions

The provision for pensions and similar obligations was formed using the actuarial going concern method. The following assumptions were taken into account for the calculation:
average market interest rate of 3.21% for a term of 15 years, which was announced by the Deutsche Bundesbank.
Mortality tables according to Dr. Klaus Heubeck "2018 G mortality table"
When recognizing the provisions based on the corresponding average market interest rate from the past seven financial years, the value is as of December 31, 2018 i. hv 19,089,286 EUR This difference is subject to a distribution block, ie profits may only be distributed if the freely available reserves plus any profit carried forward and less a loss carried forward less any loss carried forward are at least equal to this difference.
The tax provisions relate to final payments not yet paid for previous years and the 2018 assessment period.

f) Liabilities

scroll ↔

group	of which with a remaining term of up to one year 12/31/2018 EUR thousand	previous year EUR thousand	thereof with a remaining term of between one and five years 12/31/2018 EUR thousand	previous year EUR thousand	thereof with a remainir more than five ye 12/31/2018 EUR thousand	pre EUF
Liabilities to credit institutions	758	5.404	0	0	0	
Advance payments received on orders	85,637	53,044	0	0	0	
liabilities from goods and services	54,469	54,793	0	0	0	
Liabilities to companies in which an investment is held	2,076	2.113	0	0	0	
Other liabilities	37,774	48,913	263	263	331	
	180,715	164,267	263	263	331	

Liabilities from banks include a loan of EUR 40k, which is secured by an assignment of receivables in the same amount. Other liabilities include liabilities to shareholders in the amount of EUR 22,341.57.

g) Deferred tax liabilities

Provisions for deferred tax liabilities of EUR 5,900 thousand (previous year: EUR 4,943 thousand) were formed in the consolidated financial statements.

6. Notes to the Profit and Loss Account

a) Revenue

The total operating performance is distributed across the Group according to the following product areas:

scroll ↔

	2018 kEUR	%	previous year EUR thousand
expansion	694,033	64.6	620,525
facade construction	197,541	18,,4	197,646
environmental protection technology	80,857	7.5	81,719
trade/services	102.001	9.5	126,398
	1,074,432	100.0	1,026,288
from that			
inland	579,188	54.0	585,155
abroad	495,244	46.0	441.133
	1,074,432	100.0	1,026,288

In the Group, sales are distributed according to the following product areas:

scroll ↔

	2018 kEUR	%	previous year EUR thousand
expansion	648,240	64.5	546,840
facade construction	166,308	16.5	208,624
environmental protection technology	89,346	8.9	75,365
trade/services	102.001	10.1	126,397
	1,005,895	100.0	957,227

	2018 kEUR	%	previous year EUR thousand
from that			
inland	537,039	53.4	472,831
abroad	468,856	46.6	484,396
	1,005,895	100.0	957,227

b) Other operating income

In the Group, this item mainly includes rental income, car usage fees, reimbursement of third-party personnel costs, tools and construction site materials passed on, and book profits from the disposal of assets.
Income relating to other periods, such as the reversal of provisions, is also included in the amount of EUR 33,277 thousand (previous year: EUR 12,834 thousand).
Other operating income includes EUR 10,602k (prior year: EUR 16,610k) in income from currency translation.

c) Depreciation of intangible and tangible assets

Scheduled depreciation was carried out in accordance with the statutory provisions.

d) Other operating expenses

The other operating expenses mainly include building and property expenses, rent, tool costs, warranties, office supplies, travel, postal and advertising costs as well as the formation of value adjustments and additions to provisions for risk provision.
Other operating expenses include expenses from currency translation of EUR 10,644 thousand (previous year: EUR 11,946 thousand).

e) Other interest and similar income/interest and similar expenses

Other interest and similar income includes EUR 548 thousand (previous year: EUR 363 thousand) in income from discounting.
Interest and similar expenses include expenses from discounting of EUR 4,684 thousand (previous year: EUR 2,597 thousand).

f) Extraordinary depreciation

The unscheduled depreciation of current assets is EUR 0.00 thousand (previous year: EUR 0 thousand), the unscheduled depreciation of fixed assets is EUR 0 thousand (previous year: EUR 178 thousand).

g) Income of exceptional magnitude

An income subsidy of EUR 64,000,447.56 was posted, which was given to the Lindner Group KG by Lindner Beteiligungs GmbH, Arnstorf. Lindner Beteiligungs GmbH, Arnstorf, holds 78.18% of the Lindner Group KG as a limited partner.

h) Income taxes

Due to the profit and loss transfer agreement between Lindner AG, Arnstorf, and Lindner Beteiligungs GmbH, Arnstorf, the tax expense is transferred to Lindner Beteiligungs GmbH, Arnstorf.

7. Other information

a) Units and investment shares in domestic investment funds

As of December 31, 2018, the Group held more than 10% of the shares in the public fund LINVEST (ISIN DE000A0NA4F9) in current assets. It is an accumulating equity fund. With value date February 12, 2009, 12,000 shares were acquired at a price of EUR 1,005.83 per share (book value EUR 12,070 thousand). As of value date June 1, 2010, a further 13,450 shares were acquired at a price of EUR 1,114.35 per share certificate (book value EUR 14,988 thousand). Further shares were acquired in 2011: 1,020 shares on March 21, 2011 at a price of EUR 1,147.80 per share certificate (book value EUR 1,171 thousand) and 9,080 shares on December 20, 2011 at a price of EUR 1,111.96 per share certificate (book value EUR 10,097 thousand). At the same time 20. On December 31, 2011, 11,000 of the existing 12,000 shares in the LINVEST mutual fund held in financial assets were sold, which were acquired on May 30, 2008 at a price of EUR 1,000.00 per share certificate. On July 24, 2012, 289 shares were purchased at a price of EUR 1,147.59 per share certificate (book value EUR 332 thousand). On September 13, 2012, 1,000 shares were sold at a price of 1,157.76 per share (these 1,000 shares were recorded in fixed assets with a historical price of kEUR 1,000 per share). On September 20, 2013, 101 shares were sold at a price of 1,182.75 per share (these 101 shares were recorded in fixed assets with a historical price of kEUR 1,000 per share). On September 23, 2013, 45 shares were acquired at a price of 1,186.38 per share certificate (book value EUR 53 thousand). On November 27, 2013, a further 8,300 shares were purchased at a price of 1,209.97 per share certificate (book value EUR 10,043 thousand). On March 20, 2014, 8,290 shares were acquired at a price of 1,210.02 per share certificate (book value EUR 10,031k). On June 25, 2014, 4,000 shares were purchased at a price of 1,242.49 per share certificate (book value EUR 4,970 thousand). On August 21, 2014, a further 11,938 shares were acquired at a price of 1,256.45 per share certificate (book value EUR 15,000 thousand). On August 10, 2015, 3,000 shares were acquired at a price of 1,347.38 per share certificate (book value EUR 4,042 thousand). On August 24, 2015, a further 420 shares were sold at a price of 1,315 each, 90 per share certificate (book value EUR 553 thousand). On January 11, 2018, a further 10,100 shares were acquired at a price of 1,518.09 per share certificate (book value EUR 15,333 thousand). On February 8, 2018, a further 4,690 shares were acquired at a

price of 1,444.63 per share certificate (book value EUR 6,775k). On August 24, 2018, a further 2,950 shares were acquired at a price of 1,522.23 per share certificate (book value EUR 4,491 thousand).
The market value of the securities account on the balance sheet date was EUR 1,385.68 per share. With a total of 89,572 shares in the portfolio, this resulted in a fair value of EUR 124,118k as of December 31, 2018. The difference between market value (fair value) and book value was EUR 23,409k. With the exception of the assets for partial retirement and working hours (8,854 shares), which are invested separately in accordance with the regulations on insolvency protection, the fund shares can be sold at any time with a two-day value date.
The Group also holds more than 10% of the LIND I special fund as current assets. It is a pension fund. The owner of the shares decides annually on the distribution or reinvestment of the ordinary income from the fund. The special fund was set up in 1998 and the funds were increased at irregular intervals. Of the 1,349,510 shares as of December 31, 2010 with a book value of EUR 74,938k (EUR 55.53 per share) and a fair value of EUR 82,064k, 168,663 shares were sold in the 2011 financial year at a price of EUR 59.29. On October 16, 2015, 69,832 shares were acquired at a price of 71.60 per share (book value EUR 5,000 thousand). January 29, 2018 turned 69. 500 shares at a price of 71.82 per share certificate (book value EUR 4,992 thousand). On August 28, 2018, 77,128 shares were acquired at a price of 71.31 per share certificate (book value EUR 5,500 thousand).
The book value of the deposit as of the balance sheet date of December 31, 2018 was EUR 80,373 thousand. The market value of the deposit as of the balance sheet date December 31, 2018 was EUR 69.29 per share and there were 1,397,307 shares in the deposit (fair value as of December 31, 2018: EUR 96,819 thousand). The difference between market value and book value is EUR 16,446 thousand. The fund units can be sold at any time with a two-day value date.
The group also holds more than 10% of the Lind2 special fund as current assets. It is a money market-like fund for medium-term investments that invests primarily in bonds, with a maximum of 10% in equities.
In 2016, shares in the LIND 2 securities fund were also purchased:

scroll ↔

— 11/02/2016: 50,000 pieces; Price per share certificate: EUR 100.00
— 11/10/2016: 23,004 pieces; Price per share certificate: EUR 99.98
— 11/15/2016: 19,134 pieces; Price per share certificate: EUR 100.70
— December 15, 2016: 29,821 pieces; Price per share certificate: EUR 100.60
— 12/22/2016: 29,623 pieces; Price per share certificate: EUR 101.27

In 2017 further shares were bought:

scroll ↔

— 01/12/2017: 49,382 pieces; Price per share certificate: EUR 101.25
— 01/19/2017: 19,760 pieces; Price per share certificate: EUR 101.21

The following shares were acquired in 2018:

scroll ↔

— 01/16/2018: 97,200 pieces; Price per share certificate: EUR 102.88

The book value as of December 31, 2018 is EUR 32,226,420.63. The price per share certificate on the balance sheet date is EUR 102.26, the current value of the deposit is EUR 32,510,908.24.

b) Other financial obligations

scroll ↔

group	due 2019 kEUR	due 2020 to 2023 EUR thousand	due afte EUR
Obligations from rental and lease agreements	4,285	4.178	
Service Contract Obligations	49	10	
Obligations from maintenance contracts	2	0	
Obligations from leasing contracts	0	0	
Obligations from supply contracts	7,465	0	

group	due 2019 kEUR	due 2020 to 2023 EUR thousand	due afte EUF
Commitments from investment projects started	901	0	
	12,702	4.188	

c) Contingent Liabilities

scroll ↔

	kEUR	Pre
Assumption of liability / guarantees	131,644	
Contingent liabilities from independent guarantees	23,326	
Contingent liabilities from bills of exchange and check guarantees	0	

The construction projects of the Lindner Group are processed in accordance with the contract and defects are rectified promptly after completion. In this respect, the risk from the use of sureties and guarantees is considered to be low. Furthermore, there are guarantees from Lindner AG for financial transactions (over-the-counter derivatives). Utilization is classified as low.
In a letter of support to Shanghai Lindner Innovative Interiors Co., Ltd., Lindner AG undertakes to provide this company with the necessary financial resources in such a way that business operations can be maintained and that it is able to meet its due liabilities at any time to settle.
There are memberships in working groups where there is joint and several liability. A guarantee was issued for a construction project for a subsidiary not included in the consolidated financial statements. One undertakes to assume any subsequent improvements, costs and defects in the construction project that may arise from this. There are currently no indications that a claim could be made, as no notification of defects has been received to date.
In addition to the liabilities listed in the balance sheet, contingent liabilities from counter-guarantees in the amount of EUR 25,608 thousand (previous year: EUR 28,485 thousand) must be noted. The use of guarantees is estimated to be low due to the current creditworthiness of the beneficiaries. There are no recognizable indications that would require a different assessment.

d) Valuation Units

The company uses derivative financial instruments to hedge against foreign currency risks resulting from cash flows in existing or planned construction projects of Group companies. The transactions are concluded on the one hand with the company concerned and on the other hand an offsetting transaction is concluded with an external bank. The underlying transactions are hedged exclusively using micro-hedges, so that there is an underlying underlying transaction for each hedging transaction that is congruent with the hedging transaction in terms of currency, the expected cash flows and the volume as well as the term.

scroll ↔

	currency	Volume hedging net position in fc	Amount
assets	AED	-11,488,019.55	
	CZK	30,000,000.00	
	GBP	20,000,000.00	-
	PLN	1,000,000.00	
	RUB	5,212,315.49	
	USD	5,493,374.96	
Scheduled Transactions	CHF	166,539.35	
pending deals	GBP	4,000,000.00	
	PLN	3,850,000.00	

The fair value of the forward exchange transactions concluded to hedge foreign currency exchange rates is calculated as the difference between the cash values of the cash flows based on the contractually agreed forward rate and the forward rate on the balance sheet date. As in the previous year, no provisions were made for impending losses from pending transactions for currency futures transactions with a negative fair value, since a hedging level of almost 100% was achieved. The countervailing

changes in value or cash flows are offset in the following 7 years 7 months, depending on the remaining term of the underlying transaction and the associated hedging transaction.
The effectiveness of the valuation unit is determined using the critical term match method. The determination of effectiveness is measured prospectively for the most part as of the reporting date. The measurement can only be carried out retrospectively in a few cases, when the underlying transaction has already been realised. Accounting is based on the freezing method.

e) Supplementary report

There were no events of particular importance pursuant to Section 285 No. 33 HGB after the end of the financial year.

f) Disclosures pursuant to Section 313 (2) No. 6 HGB

The following table shows the companies in which the parent company or another company included in the consolidated financial statements is a general partner with no equity interest.

scroll ↔

company	Complementary
Lindner Agriculture and Forestry GmbH & Co. KG, Arnstorf	Lindner L+F Verwaltungs GmbH, Arnstorf
Schlossbräu Mariakirchen GmbH & Co. KG, Arnstorf	Lindner Asset Investment and Management GmbH, Arnsto
Einsteinstrasse 34 GmbH & Co. KG, Munich	Lindner Real Estate Verwaltungs GmbH, Arnstorf
Lindner Immobilienverwaltung GmbH & Co. KG, Arnstorf	Lindner Real Estate Verwaltungs GmbH, Arnstorf
Lindner Group Immobilien GmbH & Co. KG, Arnstorf	Lindner Real Estate Verwaltungs GmbH, Arnstorf

g) Appropriation of profits of the Lindner Group KG

The annual surplus of the Lindner Group KG in the 2018 financial year in the amount of EUR 30,879,346.45 will be distributed according to the resolution of the shareholders' meeting.

h) Exemption regulations according to Section 264 (3) and (4) HGB and Section 264b HGB

The following subsidiaries make use of the exemption provisions under Section 264 (3) and (4) HGB and Section 264b HGB.
1. Lindner AG, Arnstorf
2. Lindner Finanz GmbH, Arnstorf
3. Lindner Facades GmbH, Arnstorf
4. Enderes GmbH, Arnstorf
5. Lex Fittings and Building Supplies Trading GmbH, Arnstorf
6. Lindner Real Estate Verwaltungs GmbH, Arnstorf
7. Lindner Isolating Technology & Industry Service GmbH, Arnstorf
8. Lindner Montage + Service GmbH, Berlin
9. Lindner Klimaservice GmbH, Leipzig
10. Lindner Vermögensverwaltungs GmbH, Arnstorf
11. Lindner asset investment and management company mbH, Arnstorf
12. Lindner Immobilienverwaltung GmbH & Co. KG, Arnstorf
13. Lindner Agriculture and Forestry GmbH & Co. KG, Arnstorf
14. Schlossbräu Mariakirchen GmbH & Co. KG, Arnstorf
15. Einsteinstrasse 34 GmbH & Co. KG, Munich
16. Lindner Scaffolding GmbH, Kolkwitz
17. Lindner Group Immobilien GmbH & Co. KG, Arnstorf
18. Lindner Norit GmbH & Co. KG, Dettelbach
19. Lindner L+F Verwaltungs GmbH, Arnstorf

i) Employees (annual average)

scroll ↔

	2018 Group	previous
Wage earners	3.318	
employee	3,264	
	6,582	
trainee	230	
	6,812	

This includes 51 employees (previous year: 52) from proportionally consolidated companies.

j) Remuneration of board members

The remuneration of the Advisory Board in the 2018 financial year for the performance of the tasks in the parent company and in the subsidiaries amounted to EUR 210 thousand.
The remuneration of the members of the management body in the 2018 financial year for the performance of the tasks in the parent company and in the subsidiaries amounted to EUR 0 thousand.

k) Auditor's fee

The total fee charged by the auditor of the consolidated financial statements in the 2018 financial year relates to the following services:

scroll ↔

a) Final examination performance

b) Other Confirmation Services

c) tax advisory services

d) Other services

Arnstorf, April 30, 2019

Lindner Group limited partnership
Hans Lindner, Managing Personally Liable Partner
Veronika Lindner, Managing General Partner
Lindner Group SE, Baden near Vienna/Austria Managing general partner represented by
Veronika Lindner, Chairwoman of the Board of Directors
Stephanie Lindner, Member of the Board of Directors

Independent Auditor's Report

To the Lindner Group KG, Arnstorf

audit opinions

We have the consolidated financial statements of Lindner Group KG, Arnstorf, and its subsidiaries (the Group) - consisting of the consolidated balance sheet as of December 31, 2018 and the consolidated income statement for the financial year from January 1, 2018 to December 31, 2018 and the notes to the consolidated financial statements, including the presentation of the accounting and valuation methods. In addition, we have audited the group management report of Lindner Group KG, Arnstorf, for the financial year from January 1, 2018 to December 31, 2018.
According to our assessment based on the knowledge gained during the audit

scroll ↔

— the attached consolidated financial statements comply in all material respects with the applicable German commercial law prov pursuant to Section 13 PublG and, in compliance with German generally accepted accounting principles, convey a true and fair v assets and financial position of the Group as of December 31, 2018 and its earnings position for the financial year from January to December 31, 2018 and
— the attached group management report as a whole provides an accurate picture of the group's position. In all material respects, management report is consistent with the consolidated financial statements, complies with German legal requirements and app presents the opportunities and risks of future development.

In accordance with Section 322 (3) sentence 1 HGB, we declare that our audit has not led to any objections to the correctness of the consolidated financial statements and the group management report.

Basis for the test results

We conducted our audit of the consolidated financial statements and the group management report in accordance with Section 317 HGB, taking into account the German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Our responsibilities under these regulations and principles are further described in the "Auditor's responsibility for the audit of the consolidated financial statements and group management report" section of our auditor's report. We are independent of the group companies 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 audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the group management report.

Responsibility of the legal representatives for the consolidated financial statements and the group management report

The legal representatives are responsible for the preparation of the consolidated financial statements, which comply in all material respects with the applicable German commercial law provisions pursuant to § 13 PublG, and for the fact that the consolidated financial statements, in compliance with German generally accepted accounting principles, give a true and fair view of the assets, Group's financial and earnings situation. Furthermore, the legal representatives are responsible for the internal controls which they have determined to be necessary in accordance with the German principles of proper accounting in order to enable the preparation of consolidated financial statements,

In preparing the consolidated financial statements, the legal representatives are responsible for assessing the Group'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.

In addition, the executive directors are responsible for preparing the group management report, which as a whole provides a suitable view of the group's position and is consistent with the consolidated financial statements in all material respects, complies with German legal requirements and suitably presents the opportunities and risks of future development . Furthermore, the legal representatives are responsible for the precautions and measures (systems) they have deemed necessary to enable the preparation of a group management report in accordance with the applicable German legal provisions,

Auditor's responsibility for the audit of the consolidated financial statements and the group management report

Our objective is to obtain reasonable assurance as to whether the consolidated financial statements as a whole are free from material - intentional or unintentional - misstatements and whether the group management report as a whole provides a suitable view of the Group's position and, in all material respects, with the consolidated financial statements and is consistent with the findings obtained in the audit, complies with German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report which contains our audit opinions on the consolidated financial statements and on the group management report.

Adequate assurance is a high level of assurance, but is no guarantee that an audit conducted in accordance with Section 317 of the German Commercial Code, taking into account the German principles of proper auditing established by the Institut der Wirtschaftsprüfer (IDW) will always uncover a material misstatement. Misstatements may 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 made on the basis of these consolidated financial statements and group management report.

During the audit, we exercise professional judgment and maintain a critical attitude. Furthermore

scroll ↔

— We identify and assess the risks of material - intentional or unintentional - misstatements in the consolidated financial statemen the group management report, plan and perform audit procedures in response to these risks, and obtain audit evidence that is s and appropriate to serve as a basis for our audit opinions. The risk of not detecting a material misstatement resulting from frauc than that arising from error, as fraud involves collusion, forgery, intentional omissions, misrepresentations or

— We gain an understanding of the internal control system relevant to the audit of the consolidated financial statements and the p and measures relevant to the audit of the group management report in order to plan audit procedures that are appropriate in the circumstances, but not with the aim of providing an audit opinion on the effectiveness of these to deliver systems.

— We evaluate the appropriateness of the accounting methods used by the legal representatives and the justifiability of the estima presented by the legal representatives and the related disclosures.

— Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the aud evidence obtained, whether a material uncertainty exists related to events or conditions that cast significant doubt on the Group continue as a going concern can raise. If we conclude that there is a material uncertainty, we are required to draw attention to th disclosures in the consolidated financial statements and group management report in the auditor's report, or if this information i inappropriate, to modify our respective audit opinion. We base our conclusions on the audit evidence obtained up to the date of auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

— Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and the consolidated financial statements present the underlying transactions and events in such a way that the consolidated financ statements give a true and fair view of the assets, financial and results of operations of the group.

— we obtain sufficient appropriate audit evidence for the accounting information of the companies or business activities within the order to express audit opinions on the consolidated financial statements and on the group management report. We are respons direction, supervision and performance of the group audit. We bear sole responsibility for our audit opinions.

— We assess the consistency of the group management report with the consolidated financial statements, its compliance with the the view of the group's position that it gives.

— we perform audit procedures on the future-oriented information presented by the legal representatives in the group managemer On the basis of sufficient appropriate audit evidence, we evaluate, in particular, the significant assumptions used by the executiv as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assump

do not provide a separate audit opinion on the future-oriented information and the underlying assumptions. There is a significan
unavoidable risk

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

Munich, April 30, 2019

Warth & Klein Grant Thornton AG
auditing company
Stephan Mauermeier, auditor
Andreas Schuster, auditor