

DEMOCRACY REPORTING INTERNATIONAL GGMBH
BERLIN

REPORT ON THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2018

(Translation – the German text is authoritative)

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A. ENGAGEMENT

The Management of

DEMOCRACY REPORTING INTERNATIONAL GGMBH, BERLIN,

in the following referred to as the “Company”, engaged us to audit the annual financial statements as of 31 December 2018 on a voluntary basis pursuant to sections 316 et seq. of the German Commercial Code (HGB).

This engagement and our liability, also in relation to third parties, is governed by the General Terms of Engagement for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften (German Public Auditors and Public Audit Firms) as amended on 1 January 2017, which are attached to this report as Appendix V. The maximum liability is defined in accordance with No. 9 of the General Engagement Terms and the supplementary written arrangements. Our liability in relation to third parties is governed by No. 1 (2) and No. 9 of our General Terms of Engagement.

We have prepared the following report on the nature and scope as well as on the result of our audit, to which the audited annual financial statements are attached as Appendices I (balance sheet), II (income statement) and III (notes). At the beginning of the report we have included an opinion on the management’s assessment of the Company’s position and a summary of other audit results and the copy of our Auditor’s Report. The performance of the audit and our findings are presented below.

This report is addressed to the Company. We prepared this report in accordance with the IDW auditing standard 450.

In accordance with Section 321 (4a) HGB, we confirm that we conducted our audit of the annual financial statements with due regard to the applicable provisions on professional independence.

B. GENERAL FINDINGS

I. Position of the Company

The Company chose not to prepare a management report as permitted by law. The annual financial statements were prepared under the assumption that the Company will continue as a going concern. The assessment of the Company's position in the balance sheet, income statement and notes is reasonable and has been appropriately determined. According to the results of our audit and the knowledge obtained, the assessment of the Company's position is appropriate in terms of scope and accurate in terms of content.

C. PERFORMANCE OF THE AUDIT

I. Subject of the audit

We have audited the annual financial statements, together with the accounting system of Democracy Reporting International gGmbH for financial year ended on 31 December 2018. The Company is a small company as defined in section 267 (1) HGB and therefore not subject to statutory audits as defined in section 316 (1) HGB. The audit as of 31 December 2018 was a voluntary audit. Basis of our audit were the audited previous year's annual financial statements as of 31 December 2017.

The maintenance of the books and records and the preparation of the annual financial statements in accordance with German commercial law and the supporting documentation and evidence provided to us, are the responsibility of the Company's Management. Our responsibility is to express an opinion on the annual financial statements, including the bookkeeping system, and the supporting documentation and evidence based on our audit.

The audit of compliance with other legal provisions formed part of our engagement only to the extent those had an impact on the annual financial statements.

II. Nature and scope of the audit

We conducted our audit of the annual financial statements in accordance with sections 316 et seq. HGB and the German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan

and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the financial statements in accordance with [German] principles of proper accounting are detected with reasonable assurance. The audit includes examining, on a test basis, evidence supporting the disclosures in the books and records and the annual financial statements. The audit includes assessing the accounting and classification principles used and significant estimates made by the managing directors, as well as evaluating the overall presentation of the annual financial statements. We believe that our audit provides a reasonable basis for our opinion.

We conducted the audit in June 2019 in the Company's business premises and in our offices and completed the audit on 7 June 2019. The supporting documentation for our audit consisted of the books and records, vouchers and other documents made available by the Company.

We determined our audit procedures according to the results of our assessing the accounting-related internal control system. We performed tests of details, where necessary; these consisted primarily of analytical audit procedures (tests of reasonableness) or sample testing of business transactions and inventories (voucher testing).

For the audit of the assets and liabilities of the Company, we reviewed agreements, inventory records and bank statements and obtained balance confirmations of receivables from and liabilities to business partners and banks, with which the Company has business relations or checked payment details. Management and the responsible representatives provided us with all the information and evidence required for the audit. Management confirmed in its customary letter of representation that all assets, commitments, risks and accruals to be recognised were taken into account in the accounting records and the annual financial statements for financial year 2018, that all expense and income items were included and that all the information required was disclosed.

D. FINDINGS REGARDING ACCOUNTING RECORDS

I. Bookkeeping system and other audited records

The Company's tax adviser maintained the Company's books and records in financial year 2018 in her Berlin office using the electronic data processing software on her computer.

According to our findings, the chart of accounts used ensures that the bookkeeping data are classified in a clear order. The transactions are recognised completely, consistently and timely. The voucher system complies with the statutory provisions.

II. Annual financial statements

The Company is required under sections 264 et seq. HGB to prepare annual financial statements and to have them published in accordance with section 325 HGB. The Company is a small corporation within the meaning of section 267 (1) HGB. The Company chose to abstain from some of the size-related exemptions permitted when preparing its annual financial statements.

The Company opened its books and records for financial year 2018 with the previous year's balance sheet figures. The annual financial statements were appropriately derived from the inventory and the bookkeeping system.

The asset and liability items were properly recognised and measured in accordance with principles which have remained unchanged from the previous year. As regards the details on the accounting policies used reference is made to the disclosures in the notes (Appendix III). The Company supported its assets and liabilities by the following documentation:

Fixed assets are recorded in the asset accounting system by their type and value. Depreciation and amortisation is calculated separately for each asset every year. The values in the asset accounting system are identical to the carrying amounts in the annual financial statements.

Receivables and other assets are individually determined and recognised on an ongoing basis. Evidence for trade receivables and receivables from shareholders in the balance sheet is provided by the sub-ledgers, for the other assets by the post-year end transactions against these accounts in the general ledgers.

Provisions are compiled annually and measured individually.

Trade payables are derived from sub-ledgers. Evidence for other liabilities is provided by the post-year end balance sheet transactions against these accounts in the general ledgers.

The items in the annual financial statements are classified and measured in accordance with the provisions of the German Commercial Code (HGB). The Company presented the accounting policies used in the notes to the financial statements.

The notes (Appendix III) include the disclosures required by law accurately and completely.

E. ACCOUNTING DISCLOSURES

I. Overall assertion

In our opinion, the annual financial statements give a true and fair view of the net assets, the financial position and results of operations of the Company in accordance with German principles of proper accounting.

II. Presentation of net assets, financial position and results of operations

The annual financial statements (Appendices I, II and III) present the Company's net assets, financial position and results of operations.

III. Accounting options and management judgement

As regards the accounting policies used, please see our disclosures made in the notes (Appendix III) in accordance with section 284 (2) No. 1 HGB. The notes do not reflect any accounting policy changes from the previous year.

IV. Critical appraisal of the annual financial statements

The Company closes its financial year 2018 with net income for the year of € 8.153,04. Our audit did not result in any changes to the use of accounting options or management judgement nor in any grooming transactions that would materially affect the Company's net assets, financial position and results of operations.

F. COPY OF THE AUDITOR'S REPORT

Based on the final results of our audit we issued the following unqualified auditor's report dated 7 June 2019 (Appendix IV):

"Independent Auditor's Report

Audit Opinion

We have audited the annual financial statements of Democracy Reporting International gGmbH, Berlin – which comprise the balance sheet as at 31 December 2018 and the income statement for the financial year from 1 January to 31 December 2018, as well as the notes to the annual financial statements, including the accounting policies presented therein.

In our opinion, on the basis of the knowledge obtained in the audit, the accompanying annual financial statements comply, in all material respects, with the legal requirements of German commercial law applicable to corporations and give a true and fair view of the net assets and financial position of the Company as at 31 December 2018, and of its results of operations for the financial year from 1 January to 31 December 2018, in accordance with German generally accepted accounting principles.

Pursuant to section 322 (3) sentence 1 HGB [Handelsgesetzbuch: German Commercial Code], we state that our audit has not led to any reservations relating to the legal compliance of the annual financial statements.

Basis for our opinion

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

Responsibilities of the Management for the Annual Financial Statements

The Company's management is responsible for preparing annual financial statements that comply, in all material respects, with the legal requirements of German commercial law applicable to corporations and that the annual financial statements give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with German general-

ly accepted accounting principles. Furthermore, management is responsible for such internal control as management determines is necessary in accordance with German generally accepted accounting principles to enable the preparation of annual financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the annual financial statements, management is responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, management is responsible for using the going concern basis of accounting unless management is precluded from doing so due to actual or legal circumstances.

Auditor's Responsibilities for the Audit of the Annual Financial Statements

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our audit opinion on the annual financial statements.

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

You will find further details on the auditor's responsibilities for the audit of the annual financial statements on the website of the Institut der Wirtschaftsprüfer (IDW) under

<https://www.idw.de/idw/verlautbarungen/bestaetigungsvermerk/hgb-ja-o-lb-non-pie> This description is part of our auditor's report.”

G. CONCLUSION

We have prepared this report on the audit of the annual financial statements for the financial year 2018 of Democracy Reporting International gGmbH, Berlin, in compliance with legal requirements and German generally accepted standards for the issuance of long-form audit reports for the audits of financial statements (IDW AUS 450).

The unqualified opinion which we expressed on 7 June 2019 is presented under “Copy of the Auditor’s Report” in section F of this report.

Frankfurt/Main, 7 June 2019

Beeh & Happich GmbH
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft



Johann Peter Klein
Wirtschaftsprüfer (German Public Auditor)

Democracy Reporting International gGmbH
Berlin

Balance sheet as of 31 December 2018

ASSETS	31/12/2018		31/12/2017		EQUITY AND LIABILITIES	31/12/2018		31/12/2017	
	€	€	€	€		€	€	€	€
A. Fixed assets					A. Equity				
Tangible fixed assets					I. Subscribed capital	25.000,00		25.000,00	
Other equipment, operating and office equipment		22.801,00		31.964,00	./. Treasury shares	-4.388,00		-4.388,00	
						20.612,00		20.612,00	
					II. Revenue reserves	410.083,28		410.083,28	
					III. Net retained profits	219.978,49		211.825,45	
							650.673,77	642.520,73	
B. Current assets					B. Provisions				
I. Receivables and other assets					Other provisions		35.138,50	36.500,98	
1. Trade receivables	567.640,33			334.864,82					
2. Other assets	30.404,07			28.393,68					
		598.044,40		363.258,50	C. Liabilities				
II. Cash-in-hand, balances with banks					1. Trade payables	282.031,84		346.829,91	
		2.738.564,19		990.640,29	- of which maturing in more than one year € 0,00 (previous year: € 0,00)				
		3.336.608,59		1.353.898,79	2. Other liabilities	67.653,81		70.366,83	
					- Of which taxes: € 16.658,81 (previous year: € 23.792,77)				
					- of which relating to social security: € 0,00 (previous year: € 0,00)				
					- of which maturing in more than one year € 0,00 (previous year: € 0,00)				
C. Prepaid expenses		41.500,50		5.811,20			349.685,65	417.196,74	
					D. Deferred income		2.365.412,17	295.455,54	
							3.400.910,09	1.391.673,99	

Democracy Reporting International gGmbH
Berlin

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

	2018		2017
	€	€	€
1. Sales		560.753,25	378.522,93
2. Other operating income		3.290.367,23	4.705.802,94
		<u>3.851.120,48</u>	<u>5.084.325,87</u>
3. Personnel expenses			
a) Wages and salaries	1.189.661,78		1.323.111,77
b) Social security, post-employment and other employee benefit costs	197.203,39		205.774,68
- of which post retirement benefits € 37,97; (previous year: € 282,00)			
		<u>1.386.865,17</u>	<u>1.528.886,45</u>
4. Amortisation and write-downs of intangible fixed assets and depreciation and write-downs of tangible fixed assets		29.481,30	28.157,68
5. Other operating expenses		2.426.620,97	3.349.401,92
- of which currency translation losses € 5.038,72; (previous year: € 8.045,25)			
6. Profit after taxes		<u>8.153,04</u>	<u>177.879,82</u>
7. Net income for the year		<u>8.153,04</u>	<u>177.879,82</u>
8. Retained profit brought forward		211.825,45	33.945,63
9. Appropriation to other revenue reserves		0,00	0,00
10. Net retained profits		<u><u>219.978,49</u></u>	<u><u>211.825,45</u></u>

DEMOCRACY REPORTING INTERNATIONAL GGMBH

BERLIN

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR 2018

I. General information

Democracy Reporting International gGmbH is classified as a small company under section 267 (1) of the German Commercial Code (HGB). The Company made use of some of the size-related exemptions permitted by the HGB.

These annual financial statements have been prepared generally by maintaining the classification and measurement policies applied to the previous year's financial statements.

II. Accounting policies

The annual financial statements of Democracy Reporting International gGmbH were prepared on the basis of the accounting policies set out in the HGB. In addition, the provisions of the GmbH-Act (German Limited Liability Companies Act) were observed as well.

Fixed assets are recognised at cost less depreciation or amortisation. The assets are depreciated or amortised on a straight-line basis over their expected useful lives.

Low-value assets costing not more than € 800.00 are fully written off in the year of acquisition. They are presumed to be immediately disposed of.

Trade receivables and other assets, cash funds and prepaid expenses are recognised at their principal amounts. All receivables have residual terms of one year or less.

Other provisions are recognised to cover all identifiable liabilities in the settlement amount expected to be required in accordance with prudent business judgment.

Trade payables, other liabilities and deferred income are recognised at their settlement amounts.

III. Information and explanation on the balance sheet

Democracy Reporting International gGmbH
Berlin

Summary of fixed assets as of 31 December 2018

	Cost				Accumulated depreciation				Book value	
	01.01.2018	Additions	Retirement	31.12.2018	01.01.2018	Additions	Retirement	31.12.2018	31.12.2018	31.12.2017
	€	€	€	€	€	€	€	€	€	€
Fixed assets										
Tangible fixed assets										
Other equipment, operating and office equipment	134.325,88	21.399,10	1.080,80	154.644,18	102.361,88	29.481,30	0,00	131.843,18	22.801,00	31.964,00

All receivables are due in less than one year.

The financial statements as of 31 December 2018 were set up. The retained earnings of € 219.978,49 shall be carried forward. Final decision on the allocation of profits will be made by the shareholders of the company.

Deferred income relates to the deferral of prepaid grants.

IV. Other disclosures

Democracy Reporting International gGmbH is registered at Handelsregister (trade register) of Amtsgericht (local court) Charlottenburg, HRB 121747 B.

The company employed 60 employees in 2018 on average.

Managing director entitled to represent the Company alone is:

- Mr. Michael Meyer, Berlin

Mr. Meyer is exempted from the limitations imposed by section 181 of the German Civil Code (BGB).

Berlin, 7 June 2019

Independent Auditor's Report

Audit Opinion

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You will find further details on the auditor's responsibilities for the audit of the annual financial statements on the website of the Institut der Wirtschaftsprüfer (IDW) under <https://www.idw.de/idw/verlautbarungen/bestaetigungsvermerk/hgb-ja-o-lb-non-pie> This description is part of our auditor's report.

Frankfurt am Main, 7 June 2019

Beeh & Happich GmbH
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft



Johann Peter Klein
Wirtschaftsprüfer (German Public Auditor)

The use of the above auditor's report other than with our report on the audit needs our prior approval. The publishing or circulation of the financial statements and/or management report in other version than audited (including translations) needs our prior opinion if our auditor's report is quoted or our audit is mentioned. We refer to section 328 of the German Commercial Code (HGB).

General Engagement Terms

for

Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften

[German Public Auditors and Public Audit Firms]

as of January 1, 2017

DokID:

1. Scope of application

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

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

2. Scope and execution of the engagement

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

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

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

3. The obligations of the engaging party to cooperate

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

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

4. Ensuring independence

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

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

5. Reporting and oral information

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

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

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

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

7. Deficiency rectification

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

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

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

8. Confidentiality towards third parties, and data protection

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

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

9. Liability

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

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

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

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

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

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

10. Supplementary provisions for audit engagements

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

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

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

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

11. Supplementary provisions for assistance in tax matters

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

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

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

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

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

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

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

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

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

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

12. Electronic communication

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

13. Remuneration

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

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

14. Dispute Settlement

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

15. Applicable law

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