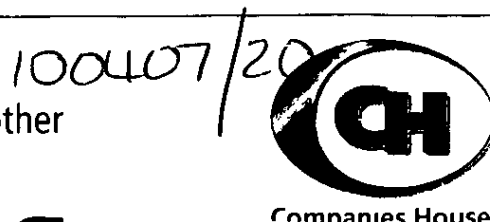


OS AA01

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



\*A1NCKYOB\*

A12 08/12/2012 #82

COMPANIES HOUSE

\*A1MMXP0H\*

A46 28/11/2012 #301

COMPANIES HOUSE

☒ **What this form is for**  
You may use this form to  
accompany your accounts  
disclosed under parent law

☒ **What this form is NO**  
You cannot use this for  
an alteration of manne  
with accounting require

WED SATURDAY

## Part 1 Corporate company name

Corporate name of overseas company ① TECHNOFORM GLASS INSULATION GMBH

UK establishment number B R 0 1 5 3 5 2

→ **Filing in this form**  
Please complete in typescript or in  
bold black capitals

All fields are mandatory unless  
specified or indicated by \*

① This is the name of the company in  
its home state

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

### A1 Legislation

Please give the legislation under which the accounts have been prepared and,  
if applicable, the legislation under which the accounts have been audited

Legislation ② SECTIONS 242, 264 & 317 GERMAN COMMERCIAL CODE HGB

② This means the relevant rules or  
legislation which regulates the  
preparation and, if applicable, the  
audit of accounts

### A2 Accounting principles

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

Please tick the appropriate box

☐ **No** Go to Section A3

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

Name of organisation or body ③ "HANDELSGESETZBUCH" - GERMAN COMMERCIAL CODE

③ Please insert the name of the  
appropriate accounting organisation  
or body

### A3 Accounts

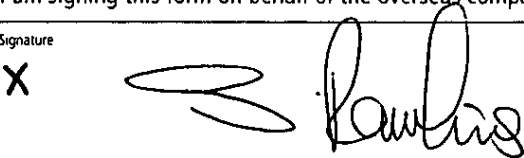
Accounts Have the accounts been audited? Please tick the appropriate box

☐ **No** Go to Section A5

☒ **Yes** Go to Section A4

**OS AA01**

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

<b>A4 Audited accounts</b>		
Audited accounts	Have the accounts been audited in accordance with a set of generally accepted auditing standards? Please tick the appropriate box <input type="checkbox"/> No Go to Part 3 'Signature' <input checked="" type="checkbox"/> Yes Please enter the name of the organisation or other body which issued those standards below, and then go to Part 3 'Signature'	Please insert the name of the appropriate accounting organisation or body
Name of organisation or body ①	INSTITUTE OF PUBLIC AUDITORS IN GERMANY	
<b>A5 Unaudited accounts</b>		
Unaudited accounts	Is the company required to have its accounts audited? Please tick the appropriate box <input type="checkbox"/> No <input type="checkbox"/> Yes	
<b>Part 3 Signature</b>		
Signature	I am signing this form on behalf of the overseas company	
	Signature  X	X
	This form may be signed by Director, Secretary, Permanent representative	

# OS AA01

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



## Presenter information

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

Contact name	C L SHEDD FCA
Company name	CLIVE SHEDD & CO
Address	232 SLADEPOOL FARM ROAD
Post town	BIRMINGHAM
County/Region	WEST MIDLANDS
Postcode	B 1 4 5 E E
Country	UNITED KINGDOM
DX	
Telephone	0121 474 4774



## Checklist

We may return forms completed incorrectly or with information missing

Please make sure you have remembered the following

- ☐ The company name and, if appropriate, the registered number, match the information held on the public Register
- ☐ You have completed all sections of the form, if appropriate
- ☐ You have signed the form



## Important information

Please note that all this information will appear on the public record



## Where to send

You may return this form to any Companies House address

### England and Wales

The Registrar of Companies, Companies House,  
Crown Way, Cardiff, Wales, CF14 3UZ  
DX 33050 Cardiff

### Scotland

The Registrar of Companies, Companies House,  
Fourth floor, Edinburgh Quay 2,  
139 Fountainbridge, Edinburgh, Scotland, EH3 9FF  
DX ED235 Edinburgh 1  
or LP - 4 Edinburgh 2 (Legal Post)

### Northern Ireland

The Registrar of Companies, Companies House,  
Second Floor, The Linenhall, 32-38 Linenhall Street,  
Belfast, Northern Ireland, BT2 8BG  
DX 481 N R Belfast 1



## Further information

For further information, please see the guidance notes on the website at [www.companieshouse.gov.uk](http://www.companieshouse.gov.uk) or email [enquiries@companieshouse.gov.uk](mailto:enquiries@companieshouse.gov.uk)

This form is available in an alternative format. Please visit the forms page on the website at [www.companieshouse.gov.uk](http://www.companieshouse.gov.uk)



**Strecker, Berger + Partner**

Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft

## **Report**

**on the Audit of the  
Annual Financial Statement  
dated December 31, 2011,  
and the Management Report  
for the Financial Year 2011**

**Technoform  
Glass Insulation GmbH  
Lohfelden**

**Technoform Glass Insulation GmbH, Lohfelden****Balance sheet on 31st December 2011****Assets**

	<u>31/12/2011</u>		<u>31/12/2010</u>
	EUR	EUR	EUR
<b>A <u>Fixed assets</u></b>			
I <u>Intangible assets</u>			
Franchises, trademarks, patents, licenses and similar rights	142,631 00		153,288 00
II <u>Property, plant &amp; equipment</u>			
1 Technical equipment, plant and machinery	2,462,925 00		1,786,521 00
2 Other equipment, fixtures, fittings and equipment	1,860,078 82		2,100,355 94
3 including advance payments and assets under construction	404,687 64		691,202 95
		4,727,691 46	4,578,079 89
		4,870,322 46	4,731,367 89
<b>B <u>Current assets</u></b>			
I <u>Inventories</u>			
1 Raw materials and supplies	794,106 40		1,545,079 51
2 Finished goods and merchandise	2,611,097 78		2,516,120 48
3 Payments in advance	41,622 01		0 00
		3,446,826 19	4,061,199 99
II <u>Accounts receivable and other assets</u>			
1 Accounts receivable trade	1,335,817 89		2,298,627 04
2 Receivables from affiliated companies	1,615,448 74		638,244 47
3 Other assets	188,347 98		35,949 12
		3,139,614 61	2,972,820 63
III <u>Checks, cash on hand and in banks</u>		166,303 90	5,721 03
		6,752,744 70	7,039,741 65
<b>C <u>Deferred charges and prepaid expenses</u></b>		168,233 38	77,427 62
		11,791,300 54	11,848,537 16

## Equity and liabilities

	31/12/2011	31/12/2010
	EUR	EUR
<b>A Equity</b>		
I Subscribed capital	2,000,000 00	2,000,000 00
II Balance sheet profit	4,292,755 60	3,127,175 14
	<u>6,292,755 60</u>	<u>5,127,175 14</u>
<b>B Provisions and accrued liabilities</b>		
1 Tax provisions	295,000 00	841,562 00
2 Other provisions and accrues liabilities	594,166 06	930,537 25
	<u>889,166 06</u>	<u>1,772,099 25</u>
<b>C Liabilities</b>		
1 Liabilities due to banks	508,044 33	662,979 89
thereof with a remaining term		
of up to one year		
EUR 508,044 33 (P Y EUR 662,979 89)		
2 Advance payments received for projects	11,223 20	0 00
thereof with a remaining term		
of up to one year		
EUR 11,223 20 (P Y EUR 0 00)		
3 Trade accounts payable	2,822,564 33	2,559,397 31
thereof with a remaining term		
of up to one year		
EUR 2,822,564 33 (P Y EUR 2,559,397 31)		
4 Accounts due to affiliated companies	22,360 15	1,623,640 14
thereof with a remaining term		
of up to one year		
EUR 22,360 15 (P Y EUR 123,640 14)		
thereof due to shareholders		
EUR 0 00 (P Y EUR 27,676 68)		
5 Other liabilities	1,245,186 87	103,245 43
thereof with a remaining term		
of up to one year		
EUR 1,245,186 87 (P Y EUR 103,245 43)		
thereof for taxes		
EUR 878,394 08 (P Y EUR 36,007 33)		
thereof for social security		
EUR 1,709 04 (P Y EUR 217 45)		
	<u>4,609,378 88</u>	<u>4,949,262 77</u>
	<u>11,791,300 54</u>	<u>11,848,537 16</u>

**Technoform Glass Insulation GmbH, Lohfelden****Profit and loss account from  
1st January until 31st December 2011**

	2011		2010
	EUR	EUR	EUR
1 Revenues	41,530,332 58		36,484,692 30
2 Increase in the inventory of finished goods and work-in-progress	94,977 30		1,171,689 10
3 Other operating income	2,193,308 10		509,439 51
4 Total output		43,818,617 98	38,165,820 91
5 Cost of materials			
Cost of raw materials and supplies and goods and of purchased merchandise		24,746,584 35	18,136,325 44
6 Personnel expenses			
a) Wages and salaries	4,035,342 31		3,721,283 66
b) Social security, pensions and other benefit costs	909,228 34		792,654 99
thereof for pensions EUR 58,273 96 (P Y EUR 0 00)		4,944,570 65	4,513,938 65
7 Depreciation of intangible assets and property, plant and equipment		1,085,372 97	1,024,001 37
8 Other operating expenses		10,413,960 89	9,866,439 19
9 Other interest and similar income		1,975 74	2,315 37
10 Interest and similar expenses thereof to affiliated companies EUR 68,253 96 (P Y EUR 94,250 00)		204,887 84	147,654 88
11 Result from ordinary operations		2,425,217 02	4,479,776 75
12 Taxes on income		757,070 56	1,349,962 14
13 Other taxes		2,566 00	2,640 00
14 Net income		1,665,580 46	3,127,174 61
15 Accumulated income		2,627,175 14	0 53
16 Balance sheet profit		4,292,755 60	3,127,175 14

## Technoform Glass Insulation GmbH, Lohfelden

### Appendix 2011

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#### General Information

The annual financial statement in hand has been drawn up in compliance with sections 242 et seqq and 264 et seqq of the German Commercial Code HGB as well as the relevant prescriptions defined in the German law pertaining to companies with limited liability (GmbHG) and in the Articles of Association. The regulations for medium-sized corporations apply.

The profit and loss account was drawn up using the total cost method.

#### Accounting and Valuation Methods

The following accounting and valuation principles remained decisive for the creation of the annual financial statement without change.

**Intangible assets** acquired are, insofar as subject to wear and tear, reduced by scheduled depreciations over their service life.

The **tangible assets** are valued at purchasing or manufacturing cost and reduced by scheduled depreciations insofar as subject to wear and tear.

The tangible fixed assets are reduced on the basis of the linear and diminishing balance depreciation method over their expected useful life. Low-value assets up to a value of 410 euros are fully depreciated in the year of acquisition, their immediate retirement being presumed. Additions to the fixed assets are written off on a pro rata temporis basis as a matter of principle.



**Inventories** are valued at the lower of either their purchasing/manufacturing cost or their current value

Inventories of **raw materials and supplies** are capitalized at the lower of either their average acquisition cost or current value at the reporting date

**Finished and unfinished products** are valued at manufacturing cost according to item-by-item calculations based on current operational accounting, with indirect production and material costs being considered alongside immediately attributable direct material costs, production overheads and extra itemised costs

All the valuations are based on net realisable values, i.e. the selling prices to be expected were adjusted for additional costs that may be incurred, and a reasonable profit

**Merchandise** is recognised at the lower of acquisition cost or market price

All recognisable risks for the **inventory assets** resulting from above average storage periods, reduced usability and lower replacement costs are recognised by adequate write-downs

Apart from the customary retentions of title, inventories are free from third-party rights

**Receivables and other assets** are carried at their nominal value

The **other provisions** take into account all contingent liabilities and impending losses from uncompleted business transactions. They are carried at the payment amount required according to sound business judgement. The other provisions in particular include provisions for commissions (150.4 TEUR), for staff bonuses (244.2 TEUR), for contributions to the employers' liability insurance association (89.7 TEUR) and for outstanding vacation payments (71.9 TEUR)

**Liabilities** are carried at their settlement amount

**Comments on the Financial Statement****Capital Assets**

The development of the individual items included in the capital assets is shown in the assets analysis below along with the depreciation and amortisation for the financial year

**Fixed assets**

**Franchises trademarks patents, licences and similar rights**

## II Tangible assets

1. Land, buildings, equipment, plant and machinery
2. Other equipment, fixtures, fittings and equipment
3. including advance payments and assets under construction

## Receivables and Other Assets

All receivables and other assets have a remaining term of less than one year

## Balance Sheet Profit

The balance sheet profit includes profits carried forward amounting to 2,627 2 TEUR, apart from that we draw attention to the proposal for appropriating the balance sheet profit on page 7

## Liabilities

The remaining terms and collateralisation of the liabilities are detailed in the liabilities analysis below

### Liabilities analysis in TEUR

Liability type	31/12/2011			31/12/2010	
	Remaining term Up to 1 year	Over 5 years	Total	Rem term of up to 1 year	Total
1 Liabilities to banks	508 0	0 0	508 0	663 0	663 0
2 Advance payments for orders	11 2	0 0	11 2	0 0	0 0
3 Trade liabilities	2,822 6	0 0	2,822 6	2,559 4	2,559 4
4 Liabilities to affiliated companies	22 4	0 0	22 4	123 6	1,623 6
- of which to partners			0 0		27 7
5 Other liabilities	1,245 2	0 0	1,245 2	103 2	103 2
- of which from taxes			878 4		36 0

## Comments on the Profit and Loss Account

### Income Tax

The income tax has reduced the company's results by 757.1 TEUR as a consequence of the tax deferral in 2011.

### Other Financial Liabilities

Other annual financial liabilities arising from rental and lease contracts are provided to the amount of 1,442.5 TEUR.

### Further Information

#### Management

Petra Sommer, Eschenstruth, Germany

Dr. Matteo Dolcera, Milan, Italy

Thomas Wedekind, Edermunde, Germany

#### Total Emoluments of the Management

No information is provided on the compensation of the management in compliance with HGB Section 286.4 in conjunction with HGB Section 285.9.

#### Workforce

Average number of people employed during the financial year

Industrial employees	64
Salaried employees	26
Trainees	12
	<hr/>
	102
	<hr/>

**Name and Registered Office of the Parent Company drawing up the Consolidated Accounts**

Technoform Caprano + Brunnhofer GmbH, Kassel, Germany

Technoform Glass Insulation Holding GmbH, Kassel, Germany

The annual financial statements are published in the electronic German Federal Gazette

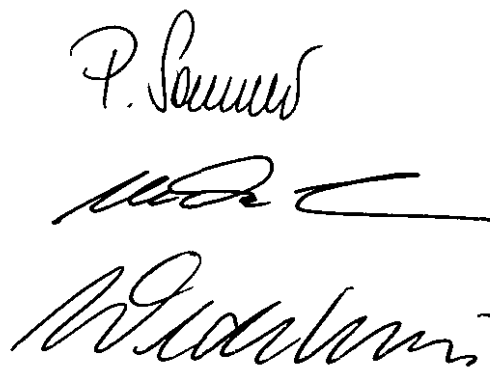
**Appropriation of Earnings/Proposed Appropriation of Earnings**

The management suggests that the net income for the year be carried forward to new account

Lohfelden, March 1, 2012

The Management

sgd Petra Sommer  
sgd Dr Matteo Dolcera  
sgd Thomas Wedekind



# TECHNOFORM GLASSINSULATION



## Management Report for the 2011 Financial Year

### **A Business and Framework Conditions**

#### **1 Overall Economic Situation**

The economic climate identified by the German ifo Institute for Economic Research has continued to worsen in the fourth quarter. The indicator now clearly falls short of its long-term average. This worsening was on the one hand attributable to a less favourable assessment of the current situation, but even more so to the expectations for the next six months. The results reflect the difficult situation in the global economy.

The economic climate in North America has continued its decline. The current economic situation has been regarded as unfavourable to a growing extent. The expectations for the coming six months are less optimistic than they still were in the third quarter, but remain positive. The economic climate indicator for Asia has declined further and is now also below its long-term average. The expectations for the next two quarters have worsened even more than the situation component. The economic climate in Western Europe has continued to decline, largely due to much more negative prospects.

(Source: CESifo-Gruppe „ifo Weltwirtschaftsklima“ [http://www.cesifo-group.de/portal/page/portal/ifoContent/N/data/Indices/wes/indexwes-container/indexwes-2011NOV/WES\\_World\\_IV\\_11.pdf](http://www.cesifo-group.de/portal/page/portal/ifoContent/N/data/Indices/wes/indexwes-container/indexwes-2011NOV/WES_World_IV_11.pdf))

#### **2 Economic Situation in Germany**

The ifo business climate indicator for the industrial sector in Germany has continued to improve in December after having stabilised in the previous month already. The current business situation reported by companies remained favourable. The business expectations of the companies have improved for the second time in succession. The German economy appears to successfully defy the downturn in Western Europe.

The business climate in the manufacturing sector remains unchanged. The industrial firms may rate their current business situation a little less positive than in November, but nowhere near to the extent observed during the crash of 2008. Stabilisation tendencies are in evidence instead. The companies even rate their perspectives for the coming six months as slightly more positive. More opportunities are also being perceived again in their international business. The preponderance of companies intending to expand their workforce has been somewhat reduced, however.

The business climate in the construction industry has continued to improve. The surveyed construction companies report a slightly more favourable business situation than in November. They are also more hopeful regarding their business development over the next six months.

(Source: ifo Dresden Ifo Geschäftsklima Deutschland 12/2011)

## TECHNOFORM GLASSINSULATION



### 3 Industry-Specific Situation

According to current estimates, window sales have increased by ca. 3 percent in Germany in 2011. This is the figure arrived at in the latest study carried out by the four leading industry associations. According to this, approximately 12.9 million window units could be successfully marketed in the Federal Republic over the course of last year. Projections imply that a similar increase to ca. 13.2 million window units can also be expected for 2012, equalling a growth of 2.9 percent.

The positive development in the sector for new constructions is stymied by rather hesitant renovation activities, however. The managing directors of the industry associations are hence expressly in favour of the latest resolution of the coalition parties to bindingly raise the subsidies available for energy-related refurbishment as part of the CO<sub>2</sub> redevelopment programme to 1.5 billion euros per year from 2012 to 2014, but nonetheless perceive a further current need for action. The elaboration of a long-term building redevelopment schedule until 2050, which is planned by the Federal Government and would serve owners as a guideline for their investments, is furthermore just as important as advocating tax deductibility for energy-related refurbishment measures on a Lander level. Both activities could provide noticeable stimuli for the thermal modernization of existing buildings.

„Rapidly climbing energy prices and low interest rates should really provide building owners and modernisers with a much greater motivation to sustainably upgrade buildings with the latest materials and technologies“, says Jochen Gronegras, managing director of the German sheet glass association Bundesverband Flachglas (BF). Innovative products are amply provided in the window and door market and available for implementation.

(Source: <http://www.baulinks.de/webplugin/2012/0502.php4>)

### 4 Market Position

Technoform Glass Insulation GmbH (TGI for short) has also been able to continue expanding its market leadership as in 2011 (sic). This is attributable to the legal framework conditions in the respective European countries, and the resulting deployment of materials that provide better insulation.

### 5 Sales Trend

The turnover for 2011 has grown by ca. 113 percent from the previous year, with sales volumes increased by a factor of 1.2 in comparison to 2010. The planning for 2012 is based on a turnover as in 2011.



## TECHNOFORM GLASSINSULATION



### **6 Production**

#### **Capacities / Resources**

The capacities installed in Kassel-Lohfelden have been utilised to nearly 100 percent in 2011

### **7 Materials Management**

#### **Plastic**

The number of plastic procurement sources has been increased and the sources have been internationalised. The price situation was stable. We expect a price increase over the course of 2012 owed to rising oil prices.

#### **Steel**

The steel prices could be kept stable for the year 2011. Although the alloy surcharge had markedly increased at the beginning of the year, prices fell back to the levels of late 2009 over the remaining course of the year.

### **8 Investments**

The investments made in 2011 mainly served to boost productivity and expand the market.

# TECHNOFORM GLASSINSULATION



## B Analysis of the Business Performance and Position

### 1 Financial Situation (in euros)

	2009		2010		2011	
<b>Assets</b>	7,415,221	100%	11,848,537	100%	11,791,300	100%
Fixed capital	3,179,487	43%	4,731,367	40%	4,870,322	41%
Working assets	4,214,587	57%	7,039,742	59%	6,752,745	58%
Accruals and deferrals	21,147	0%	77,428	1 %	168,233	1%
<b>Liabilities</b>	7,415,221	100%	11,848,537	100%	11,791,300	100%
Equity	3,193,449	43%	5,127,175	43%	6,292,755	53%
Provisions	1,025,563	14%	1,772,099	15%	889,166	8%
Accounts payable	3,196,209	43%	4,949,263	42%	4,609,379	39%

### 2 Financial Situation

Technoform Glass Insulation GmbH was able to finance its business operations from the cash flow. Financing the company's ongoing business operations from the cash flow also remains the objective for 2012. Investments are made by way of outside financing.

### 3 Profit and Sales Situation

As in the previous year, the sales revenues could again be increased by another 113 percent in comparison to the previous year's figures. TGI ended the year 2011 with an operating profit of 1 665 million euros.

## TECHNOFORM GLASSINSULATION



### C Information on Significant Opportunities and Risks in the Future Development

No significant risks that could endanger the future development and continuation of the enterprise are known at this point in time given the information in hand and the strategic orientation

No events of special importance that could have a significant effect on the assets, financial standing and profit situation have occurred after the end of the financial year up to this point in time

### D General Information

#### Objectives and Projects for 2012

The following targets and projects have been initiated for 2012 and included in the planning

- ⇒ Implementation of the planning
- ⇒ Expansion of the branch in GB
- ⇒ Investments for process enhancement
- ⇒ Expansion of structures in Northern and Eastern Europe

The management of

Technoform Glass Insulation GmbH

Lohfelden, March 28, 2012

sgd Dr Matteo Dolcera

sgd Petra Sommer

sgd Thomas Wedekind



# Strecker, Berger + Partner

42400/11

## Auditor's Report

We have audited the annual financial statements, comprising the balance sheet and the income statement, together with the bookkeeping system of the Technoform Glass Insulation GmbH, Fuldabruck, for the business year from 1<sup>st</sup> January to 31<sup>st</sup> December 2011. The maintenance of the books and records and the preparation of the annual financial statements in accordance with German commercial law are the responsibility of the Company's management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system based on our audit.

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

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the annual financial statements comply with the legal requirements and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with [German] principles of proper accounting.

Kassel, 30<sup>th</sup> March 2012

sb+p Strecker Berger + Partner  
Wirtschaftsprüfungsgesellschaft  
Steuerberatungsgesellschaft



Andreas Fehr  
Wirtschaftsprüfer  
[German Public Auditor]



Heiner Eggert  
Wirtschaftsprüfer  
[German Public Auditor]

# General Engagement Terms

for  
**Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften**  
[German Public Auditors and Public Audit Firms]  
as of January 1, 2002

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

## 1 Scope

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

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

## 2 Scope and performance of the engagement

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

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

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

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

## 3 The client's duty to inform

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

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

## 4 Ensuring Independence

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

## 5 Reporting and verbal information

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

## 6 Protection of the Wirtschaftsprüfer's intellectual property

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

## 7 Transmission of the Wirtschaftsprüfer's professional statement

(1) The transmission of a Wirtschaftsprüfer's professional statements (long-form reports, expert opinions and the like) to a third party requires the Wirtschaftsprüfer's written consent to the extent that the permission to transmit to a certain third party does not result from the engagement terms. The Wirtschaftsprüfer is liable (within the limits of No. 9) towards third parties only if the prerequisites of the first sentence are given

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

## 8 Correction of deficiencies

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

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

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

## 9 Liability

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

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

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

(3) Preclusive deadlines

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

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

## 10 Supplementary provisions for audit engagements

- (1) A subsequent amendment or abridgement of the financial statements or management report audited by a Wirtschaftsprüfer and accompanied by an auditor's report requires the written consent of the Wirtschaftsprüfer even if these documents are not published. If the Wirtschaftsprüfer has not issued an auditor's report a reference to the audit conducted by the Wirtschaftsprüfer in the management report or elsewhere specified for the general public is permitted only with the Wirtschaftsprüfer's written consent and using the wording authorized by him.
- (2) If the Wirtschaftsprüfer revokes the auditor's report it may no longer be used. If the client has already made use of the auditor's report he must announce its revocation upon the Wirtschaftsprüfer's request.
- (3) The client has a right to 5 copies of the long-form report. Additional copies will be charged for separately.

## 11 Supplementary provisions for assistance with tax matters

- (1) When advising on an individual tax issue as well as when furnishing continuous tax advice, the Wirtschaftsprüfer is entitled to assume that the facts provided by the client – especially numerical disclosures – are correct and complete. This also applies to bookkeeping engagements. Nevertheless, he is obliged to inform the client of any errors he has discovered.
- (2) The tax consulting engagement does not encompass procedures required to meet deadlines, unless the Wirtschaftsprüfer has explicitly accepted the engagement for this. In this event the client must provide the Wirtschaftsprüfer, on a timely basis, all supporting documents and records – especially tax assessments – material to meeting the deadlines, so that the Wirtschaftsprüfer has an appropriate time period available to work therewith.
- (3) In the absence of other written agreements continuous tax advice encompasses the following work during the contract period:
  - a) preparation of annual tax returns for income tax, corporation tax and business tax as well as net worth tax returns on the basis of the annual financial statements and other schedules and evidence required for tax purposes to be submitted by the client
  - b) examination of tax assessments in relation to the taxes mentioned in (a)
  - c) negotiations with tax authorities in connection with the returns and assessments mentioned in (a) and (b)
  - d) participation in tax audits and evaluation of the results of tax audits with respect to the taxes mentioned in (a)
  - e) participation in Einspruchs- und Beschwerdeverfahren [appeals and complaint procedures] with respect to the taxes mentioned in (a)

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

- (4) If the Wirtschaftsprüfer receives a fixed fee for continuous tax advice in the absence of other written agreements the work mentioned under paragraph 3 (d) and (e) will be charged separately.
- (5) Services with respect to special individual issues for income tax, corporate tax, business tax, valuation procedures for property and net worth taxation, and net worth tax as well as all issues in relation to sales tax, wages tax, other taxes and dues require a special engagement. This also applies to:
  - a) the treatment of nonrecurring tax matters, e.g. in the field of estate tax, capital transactions tax, real estate acquisition tax
  - b) participation and representation in proceedings before tax and administrative courts and in criminal proceedings with respect to taxes and
  - c) the granting of advice and work with respect to expert opinions in connection with conversions of legal form, mergers, capital increases and reductions, financial reorganizations, admission and retirement of partners or shareholders, sale of a business, liquidations and the like.

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

## 12 Confidentiality towards third parties and data security

- (1) Pursuant to the law the Wirtschaftsprüfer is obliged to treat all facts that he comes to know in connection with his work as confidential irrespective of whether these concern the client himself or his business associations, unless the client releases him from this obligation.
- (2) The Wirtschaftsprüfer may only release long-form reports, expert opinions and other written statements on the results of his work to third parties with the consent of his client.
- (3) The Wirtschaftsprüfer is entitled – within the purposes stipulated by the client – to process personal data entrusted to him or allow them to be processed by third parties.

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

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

## 14 Remuneration

- (1) In addition to his claims for fees or remuneration, the Wirtschaftsprüfer is entitled to reimbursement of his outlays. Sales tax will be billed separately. He may claim appropriate advances for remuneration and reimbursement of outlays and make the rendering of his services dependent upon the complete satisfaction of his claims. Multiple clients awarding engagements are jointly and severally liable.
- (2) Any set off against the Wirtschaftsprüfer's claims for remuneration and reimbursement of outlays is permitted only for undisputed claims or claims determined to be legally valid.

## 15 Retention and return of supporting documentation and records

- (1) The Wirtschaftsprüfer retains for ten years the supporting documents and records in connection with the completion of the engagement – that had been provided to him and that he has prepared himself – as well as the correspondence with respect to the engagement.
- (2) After the settlement of his claims arising from the engagement the Wirtschaftsprüfer, upon the request of the client, must return all supporting documents and records obtained from him or for him by reason of his work on the engagement. This does not, however, apply to correspondence exchanged between the Wirtschaftsprüfer and his client and to any documents of which the client already has the original or a copy. The Wirtschaftsprüfer may prepare and retain copies or photocopies of supporting documents and records which he returns to the client.

## 16 Applicable law

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