

ERST European Retail Systems  
Technology GmbH  
Hamburg

Independent auditors report  
to PKF Hacketts, Brisbane,  
as group auditor of Techniche Ltd.  
on the financial report  
prepared for consolidation purposes  
as at June 30, 2017

# PKF FASSELT SCHLAGE

Partnerschaft mbB  
Wirtschaftsprüfungsgesellschaft  
Steuerberatungsgesellschaft  
Rechtsanwälte



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## ERST European Retail Systems Technology GmbH

Hamburg

Independent auditors report  
to PKF Hacketts, Brisbane,  
as group auditor of Techniche Ltd.  
on the financial report  
prepared for consolidation purposes  
as at June 30, 2017

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## **1. Engagement**

The management of

### **ERST European Retail Systems Technology GmbH, Hamburg**

– being called "ERST" or "company" further on –

engaged us to perform audit procedures on the financial statements of ERST for the twelve months ended June 30, 2017. A statutory audit is not required under Germany legislation but as ERST is expected to represent – via Urgent Technology Ltd. – a significant component of the Techniche group, Techniche Ltd. required us for consolidation purposes to issue an audit opinion confirming that the ERST financial information (balance sheet and income statement) covering the year ended June 30, 2017 gives a true and fair view of ERST's financial position as at June 30, 2017 and of its performance for the year then ended. Any formal going concern assessment of ERST was not required as this will be performed and considered at the Techniche group level.

We accepted the engagement on the basis of the letter dated of December 5, 2016.

This report summarises the work performed and should be read together with the completed checklist (**Appendix 3**). We also attached the audited financial statements to our audit report, consisting of the balance sheet (**Appendix 1, Page 1**) and the profit and loss account (**Appendix 1, Page 2**).

The basis for the accomplishment of the engagement and our responsibility, also in our relationship to third parties, are the agreed "General Terms and Conditions of Engagement for Wirtschaftsprüfer und Wirtschaftsprüfungsgesellschaften (German Public Auditors and Public Audit Firms) as of October 31, 2016" which are attached to this report.

## **2. Object and scope of the audit**

### **2.1. Financial Statements**

For the purpose of consolidation we have audited the accompanying financial statements of ERST which comprise the balance sheet as at June 30, 2017 and the income statement for the financial year ended on that date. We compared the financial statements to the financial information as at June 30, 2016. We have been provided with a file showing the monthly income and expenses for the twelve months ended June 30, 2017. A going concern assesment was not within the scope of our engagement.

## **2.2. Directors' Responsibility for the Financial Statements**

The Managing Directors of ERST are responsible for the preparation and fair presentation of the financial statements in accordance with German Accounting Standards. This responsibility includes establishing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

## **2.3. Auditor's Responsibility**

Our responsibility is to express an opinion on the financial statements (balance sheet and income statement) based on our audit. We conducted our audit in accordance with the International Standards on Auditing (ISA). The ISA require that we plan and perform the audit engagement to obtain reasonable assurance whether the financial report is free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements in the financial report. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **2.4. Independence**

We confirm that we are independent regarding ERST and the Technische group.

## **2.5. Principal Accounting Policies**

The company applies German GAAP.

## **2.6. Adjustments required between local GAAP to IFRS**

In order to comply with IFRS, adjustments of the financial statements would be necessary. These adjustments would refer to revenue recognition and goodwill. German GAAP does not provide for the percentage of completion method. Furthermore German GAAP requires a scheduled amortization for the goodwill whereas IFRS stipulates an annual impairment test.

## **3. Substantial audit results**

### **3.1. Business risks**

ERST is very much dependent on its business with BP affiliates and EDEKA Pfand GmbH. About 69 % (prior year: 71 %) of ERST's sales for the financial year ended June 30, 2017 result from business with BP affiliates and about 31 % (previous year: 29 %) result from transactions with EDEKA Pfand GmbH.

### **3.2. Contract with BP Germany**

The latest agreement is effective since January 1, 2013 and concerns mainly ordered services and issuing invoices. The ordered services are clearly defined and a total amount per year is fixed. Further on, the involved parties agreed that additional Application Development of kEUR 600 per annum are expected and set as yearly target order volume. If this target is not met, the customer will compensate the supplier with 44,5 % of the missing order volume. The invoicing term is on a quarterly basis.

### **3.3. Work in progress**

In principle work in progress is weighted with the percentage of completion and valued with the net realizable license fee. At the reporting date June 30, 2017 all projects were completed.

### **3.4. Identification of income and expenses with affiliated companies**

Transactions between ERST and Techniche Ltd. include management fees in the amount of kEUR 262 (prior year: kEUR 138) and license royalties in the amount of kEUR 404 (prior year kEUR 392), which are both represented in other operating expenses.

#### 4. Auditor's opinion

In our opinion the financial statements – comprising the balance sheet as at June 30, 2017 and the income statement for the financial year ended on that date – are in accordance with German GAAP and give a true and fair view of ERST European Retail Systems Technology GmbH's financial position as at June 30, 2017 and of its performance for the financial year ended on that date. As requested we did not perform any going concern assessment of ERST.

Hamburg, July 27, 2017

PKF FASSELT SCHLAGE

Partnerschaft mbB  
Wirtschaftsprüfungsgesellschaft  
Steuerberatungsgesellschaft  
Rechtsanwälte



Warlich  
Wirtschaftsprüfer



Dumke  
Wirtschaftsprüfer



## **APPENDIX**

Balance sheet as at June 30, 2017

Assets	EUR	EUR	EUR	30.06.2016 EUR	Shareholders' equity and liabilities	EUR	EUR	30.06.2016 EUR
<b>A. Fixed assets</b>					<b>A. Shareholders' equity</b>			
<b>I. Intangible assets</b>					<b>I. Subscribed capital</b>		29.050,00	29.050,00
1. Software	1,00			1,00				
2. Goodwill	1,00			1,00	<b>II. Balance sheet profit</b>		485.376,62	1.244.750,63
			2,00				514.426,62	1.273.800,63
<b>II. Tangible assets</b>								
Other equipment		6.140,00		8.143,00	<b>B. Accruals</b>			
					1. Tax accruals	74.011,50		0,00
					2. Other accruals	88.864,33		95.723,18
							162.875,83	
<b>B. Current assets</b>								
<b>I. Receivables and other assets</b>					<b>C. Accounts payable</b>			
1. Trade receivables	227.579,23			544.931,75	1. Trade payables	3.505,44		8.127,33
2. Other assets	59.845,06	287.424,29		128.140,35	– thereof falling due in less than one year:			
					EUR 3.505,44 (prior year: EUR 8.127,33)			
					2. Payables to affiliated companies	55.250,90		136.685,62
					– thereof falling due in less than one year:			
					EUR 55.250,90 (prior year: EUR 136.685,62)			
<b>II. Cash in hand and bank balances</b>		552.397,14		916.397,18	3. Other liabilities	82.216,03		56.629,08
					– thereof falling due in less than one year:			
					EUR 82.216,03 (prior year: EUR 56.629,08)			
					– thereof relating to taxes: EUR 81.232,42			
					(prior year: EUR 56.629,08)			
					– thereof relating to social security: EUR 800,40			
					(prior year: EUR 0,00)		140.972,37	
<b>C. Prepaid expenses</b>								
					<b>D. Deferred income</b>		33.333,34	33.333,30
							851.608,16	1.604.299,14

Profit and loss account for the financial year ended June 30, 2017

	EUR	EUR	01.07.2015 until 30.06.2016 EUR
1. Sales		2.410.306,62	2.427.539,83
2. Decrease in work in progress		0,00	– 1.230,00
3. Other operating income		25.779,96	16.872,60
4. Cost of materials			
Cost of purchased services		– 46.759,49	– 57.247,02
5. Personnel expenses			
a) Wages and salaries	– 747.883,39		– 714.438,60
b) Social security, pension and other benefits	– 120.980,33		– 119.707,98
– thereof relating to pensions: EUR 11.364,52 (prior year: EUR 11.364,52)			
		– 868.863,72	
6. Depreciation		– 4.458,36	– 5.642,70
7. Other operating expenses		– 862.774,82	– 749.322,11
8. Other interest and similar income		1,07	22,77
9. Interest and similar expenses		0,00	– 879,00
10. Taxes on income and earnings		– 212.440,27	– 265.441,87
11. Earnings after taxes		440.790,99	530.525,92
12. Other taxes		– 165,00	– 247,00
13. Annual net profit		440.625,99	530.278,92
14. Prior period unappropriated retained earnings brought forward		1.244.750,63	714.471,71
15. Profit distribution		– 1.200.000,00	0,00
16. Balance sheet profit		<u>485.376,62</u>	<u>1.244.750,63</u>

**ERST European Retail Systems Technology GmbH**  
Hamburg

**Commentaries on the balance sheet items and on the profit and loss account items**

**I. Commentaries on the balance sheet items**

**ASSETS**

**A. Fixed assets**

**I. Intangible assets**

<b>1. Software</b>	<b>EUR</b>	<b>1,00</b>
	EUR	1,00
<b>2. Goodwill</b>	<b>EUR</b>	<b>1,00</b>
	EUR	1,00

The goodwill was purchased in connection with the liquidation of E.R.S.T. Prüf- und Inspektions GmbH, Hamburg, (ERST P&I) in June 2008; a former subsidiary of ERST Technology GmbH. ERST Technology GmbH purchased the client base at the price of kEUR 65. The client base had been amortized over five years according to German GAAP.

**II. Tangible assets**

<b>Other equipment</b>	<b>EUR</b>	<b>6.140,00</b>
	EUR	8.143,00

<u>Composition</u>	<u>30.6.2017</u>	<u>30.6.2016</u>
	EUR	EUR
Fixtures and fittings	4.077,00	7.066,00
Factory and office equipment	2.063,00	1.077,00
	<u>6.140,00</u>	<u>8.143,00</u>

The fixed assets register was reviewed and agreed to the trial balance. Tangible assets are being amortized over three to fourteen years.

**B. Current assets****I. Receivables and other assets****1. Trade receivables**

	<b>EUR</b>	<b>227.579,23</b>
	EUR	544.931,75
<u>Composition</u>	<u>30.6.2017</u>	<u>30.6.2016</u>
	EUR	EUR
BP Germany	95.278,54	361.421,22
EDEKA Pfand GmbH	73.024,69	71.830,03
BP Oil International	59.276,00	638,00
BP Oil UK	0,00	111.042,50
	<u>227.579,23</u>	<u>544.931,75</u>

There are no receivables older than 45 days and amounts totaling kEUR 168 were paid until July 20, 2017.

**2. Other assets**

	<b>EUR</b>	<b>59.845,06</b>
	EUR	128.140,35
<u>Composition</u>	<u>30.6.2017</u>	<u>30.6.2016</u>
	EUR	EUR
Corporate income tax assessment period until June 30, 2016	18.488,59	52.215,89
Trade income tax assessment period until June 30, 2016	18.043,00	51.994,00
Securities	23.230,47	23.230,47
Other	83,00	699,99
	<u>59.845,06</u>	<u>128.140,35</u>

The claims for reimbursement of corporate and trade income tax result from advance payments.

The securities relates to the lease contract of the office.

**II. Cash in hand and bank balances**

	<b>EUR</b>	<b>552.397,14</b>
	<b>EUR</b>	<b>916.397,18</b>
<u>Composition</u>	<u>30.6.2017</u>	<u>30.6.2016</u>
	<b>EUR</b>	<b>EUR</b>
Cash in hand	67,69	431,10
Bank balances		
– Commerzbank AG, Hamburg	552.329,45	869.574,08
– HSBC Trinkhaus & Burkhardt AG	0,00	46.392,00
	<u>552.397,14</u>	<u>916.397,18</u>

We have reconciled current bank balances to bank statements.

**C. Prepaid expenses**

<b>EUR</b>	<b>5.644,73</b>
<b>EUR</b>	<b>6.684,86</b>

**SHAREHOLDER'S EQUITY AND LIABILITIES****A. Shareholders' equity**

<b>1. Subscribed capital</b>	<b>EUR</b>	<b><u>29.050,00</u></b>
	EUR	29.050,00

<b>2. Balance sheet profit</b>	<b>EUR</b>	<b><u>485.376,62</u></b>
	EUR	1.244.750,63

<u>Development</u>	<u>30.6.2017</u>	<u>30.6.2016</u>
	EUR	EUR
July 1	1.244.750,63	714.471,71
Profit distribution	-1.200.000,00	0,00
Annual net profit	<u>440.625,99</u>	<u>530.278,92</u>
June 30	<u>485.376,62</u>	<u>1.244.750,63</u>

Profit distribution in the amount of EUR 1.200.000,00 performed due to the shareholders' resolution from June 13, 2017.

**B. Accruals****1. Tax accruals**

	<b>EUR</b>	<b>74.011,50</b>
	EUR	0,00
<u>Composition</u>	<u>30.6.2017</u>	<u>30.6.2016</u>
	EUR	EUR
Corporate income tax assessment period until June 30, 2017	40.263,50	0,00
Trade income tax assessment period until June 30, 2017	33.748,00	0,00
	<u>74.011,50</u>	<u>0,00</u>

**2. Other accruals**

	<b>EUR</b>	<b>88.864,33</b>
	EUR	95.723,18
<u>Composition</u>	<u>30.6.2017</u>	<u>30.6.2016</u>
	EUR	EUR
Staff vacation	14.802,38	13.251,34
Staff bonus	48.046,63	56.334,14
Warranties	12.051,53	12.137,70
Review and preparation of the financial statements	13.000,00	13.000,00
Other	963,79	1.000,00
	<u>88.864,33</u>	<u>95.723,18</u>



**C. Accounts payable**

<b>1. Trade payables</b>	<b>EUR</b>	<b>3.505,44</b>
	<b>EUR</b>	<b>8.127,33</b>

<b>2. Payables to affiliated companies</b>	<b>EUR</b>	<b>55.250,90</b>
	<b>EUR</b>	<b>136.685,62</b>

The payables to affiliated companies relate solely to the liabilities towards Techniche Ltd., Australia.

<b>3. Other liabilities</b>	<b>EUR</b>	<b>82.216,03</b>
	<b>EUR</b>	<b>56.629,08</b>

<u>Composition</u>	30.6.2017	30.6.2016
	EUR	EUR
Value added tax	55.424,99	45.048,59
Payroll tax	25.807,43	11.580,49
Social security	800,40	0,00
Other	183,21	0,00
	<u>82.216,03</u>	<u>56.629,08</u>

<b>D. Deferred income</b>	<b>EUR</b>	<b>33.333,34</b>
	<b>EUR</b>	<b>33.333,30</b>

This item refers to software support for the period from May 2017 to April 2018, which was paid by the BP International in February 2017.

**II. Commentaries on the profit and loss account****1. Sales**

<b>EUR</b>	<b>2.410.306,62</b>
EUR	2.427.539,83

About 69 % (prior year: 71 %) of ERST Technology's sales for the financial year ended June 30, 2017 result from business with BP affiliates and about 31 % (prior year: 29 %) result from transactions with EDEKA Pfand GmbH.

<u>Composition</u>	<u>30.6.2017</u>	<u>30.6.2016</u>
	EUR	EUR
Sales dissection - BP affiliates and other customers		
BP Germany	1.283.598,74	1.251.198,38
BP Oil International	317.244,50	227.617,50
BP Oil UK	32.166,46	232.645,00
BP Europa SE - BP Austria	17.610,00	2.730,00
BP Europa SE - BP Nederland	1.200,00	1.200,00
	<u>1.651.819,70</u>	<u>1.715.390,88</u>
EDEKA Pfand GmbH	<u>758.486,92</u>	<u>712.148,95</u>
	<u><u>2.410.306,62</u></u>	<u><u>2.427.539,83</u></u>

**2. Decrease in work in progress**

<b>EUR</b>	<b>0,00</b>
EUR –	1.230,00

**3. Other operating income**

<b>EUR</b>	<b>25.779,96</b>
EUR	16.872,60

<u>Composition</u>	<u>30.6.2017</u>	<u>30.6.2016</u>
	EUR	EUR
Cost transfer for use of a car	9.778,32	8.912,50
Reimbursements health insurance	9.524,86	2.699,14
Income from release of accruals	<u>6.476,78</u>	<u>5.260,96</u>
	<u><u>25.779,96</u></u>	<u><u>16.872,60</u></u>

<b>4. Cost of materials</b>	<b>EUR</b>	<b>46.759,49</b>
	EUR	57.247,02

Cost of materials relate to costs for the primary rate interface and serverhousing.

<b>5. Personnel expenses</b>	<b>EUR</b>	<b>868.863,72</b>
	EUR	834.146,58

<u>Composition</u>	<u>30.6.2017</u>	<u>30.6.2016</u>
	EUR	EUR
a) Wages and salaries	747.883,39	714.438,60
b) Social security, pension and other benefits	120.980,33	119.707,98
	<u>868.863,72</u>	<u>834.146,58</u>

<b>6. Depreciation</b>	<b>EUR</b>	<b>4.458,36</b>
	EUR	5.642,70

<b>7. Other operating expenses</b>	<b>EUR</b>	<b>862.774,82</b>
	EUR	749.322,11

<u>Composition</u>	<u>30.6.2017</u>	<u>30.6.2016</u>
	EUR	EUR
Cost of distribution	428.067,16	437.841,21
Administration costs	348.186,28	223.308,98
Occupancy costs	80.779,72	80.777,99
Other expenses	5.741,66	7.393,93
	<u>862.774,82</u>	<u>749.322,11</u>

The increase of the administration costs is mainly influenced by higher expenses for management services (kEUR 262; prior year: kEUR 138) provided by Technische Ltd., Australia. This development resulted from the larger hourly volume in the financial year 2016/2017.

<b>8. Other interest and similar income</b>	<b>EUR</b>	<b>1,07</b>
	EUR	22,77

<b>9. Interest and similar expenses</b>	<b>EUR</b>	<b>0,00</b>
	EUR	879,00
<b>10. Taxes on income and earnings</b>	<b>EUR</b>	<b>212.440,27</b>
	EUR	265.441,87
<u>Composition</u>	<u>30.6.2017</u>	<u>30.6.2016</u>
	EUR	EUR
Trade income tax	109.078,00	136.027,50
Corporate income tax	97.973,27	122.667,69
Solidarity tax	5.389,00	6.746,68
	<u>212.440,27</u>	<u>265.441,87</u>
<b>11. Earnings after taxes</b>	<b>EUR</b>	<b>440.790,99</b>
	EUR	530.525,92
<b>12. Other taxes</b>	<b>EUR</b>	<b>165,00</b>
	EUR	247,00
<b>13. Annual net profit</b>	<b>EUR</b>	<b>440.625,99</b>
	EUR	530.278,92
<b>14. Prior period unappropriated retained earnings brought forward</b>	<b>EUR</b>	<b>1.244.750,63</b>
	EUR	714.471,71
<b>15. Profit distribution</b>	<b>EUR</b>	<b>-1.200.000,00</b>
	EUR	0,00
<b>16. Balance sheet profit</b>	<b>EUR</b>	<b>485.376,62</b>
	EUR	1.244.750,63

**PKF HACKETTS AUDIT**  
**TECHNISCHE LIMITED - GROUP AUDIT QUESTIONNAIRE 2017**

- 1. Parent company**                      **TECHNISCHE LIMITED**                      Year end    **30 JUNE 2017**
- 
- 2. Subsidiary/associate**
- 2.1 Name                      ERST European Retail Systems Technology GmbH
- 2.2 Country of Incorporation or, if not a company, address    Högerdamm 39, 20097 Hamburg
- 
- 2.3 Country of operation                      Germany
- 
- 2.4 Year end                      30 June 2017
- 
- 3. Other auditor firm**
- 3.1 Firm name                      PKF FASSELT SCHLAGE Partnerschaft mbB Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft Rechtsanwälte
- 3.2 Office address                      Jungfernstieg 7, 20354 Hamburg
- 3.3 Telephone No.                      +49 40 35552 168
- Fax No.                      +49 40 35552 222
- Email address                      Erik.Dumke@pkf-fasselt.de
- 3.4 Partner responsible    Erik Dumke
- 3.5 Person to whom enquiries should be made    Erik Dumke, Ralf Hiltshfel
- 
- 4.** Your co-operation is requested in the completion of this questionnaire which is intended to assist us in forming an opinion on the financial report and annual Australian Securities Exchange profit announcement of Technische Limited and its controlled entities for the year ending 30 June 2017. Please complete the questionnaire and signoff below and return it to us by 30 July 2017, together with a copy of the trial balance and financial reporting package (both marked for identification purposes).
- 5.** Wherever possible questions should be answered as either "Yes" or "No" or noting "N/a" (not applicable). Wherever a "No" answer is given please provide further information in the space provided. If necessary attach a detailed note.
- 6** If one questionnaire is inadequate to deal with a sub-group, all of the members of which are audited by you, please amend accordingly. Questionnaires need not be returned for a non-trading undertaking if no changes have occurred in that undertaking's circumstances since its last accounts.

**To PKF Hacketts Audit**

The attached questionnaire, which we have completed in so far as it is applicable to our audit of the ERST European Retail Systems Technology GmbH's trial balance and disclosure reporting package for the year ended 30 June 2017, gives all the information and explanations which have been requested by you under Australian Auditing Standards for the purposes of your obligations as auditors of Technische Limited.

Hamburg, July 27, 2017



Auditors

PKF Hacketts Audit

Group audit questionnaire – Technische Limited for the year ending 30 June 2017

## GROUP AUDIT QUESTIONNAIRE - 2017

### Appendix 3

Name of undertaking **ERST European Retail Systems Technology GmbH**  
Year ended **30 June 2017**

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# GROUP AUDIT QUESTIONNAIRE - 2017

## Appendix 3

Name of undertaking **ERST European Retail Systems Technology GmbH**

Year ended **30 June 2017**

	Short answer	Explanatory notes (if needed)
<b>1 Auditing Standards</b>		
1.1 Have you conducted your audit in accordance with German Generally Accepted Auditing Standards?	YES	
1.2 Were the trial balances, income statements and balance sheets forming the disclosure reporting package upon which you are reporting (including those of any controlled entities) audited wholly by yourselves?	YES	
1.3 Are you satisfied that you and your office have maintained audit independence from your client and are not party to any arrangements which might conflict with your duties and obligations as auditors?	YES	
1.4 Have you documented confirmations that you and your staff do not own shares in the Australian parent company, Techniche Limited.  Have all staff involved with the audit signed the attached independence declaration?	YES  YES	
1.5 Have you conducted your audit, and the completion of this questionnaire, free of any limitations placed on the scope of your audit by your client or other parties?	YES	
<b>2 Planning, controlling and recording</b>		
2.1 Did you consider risk in deciding the nature, timing and extent of your procedures?	YES	
2.2 Have you considered the fraud risk factors in the scope of your audit procedures?	YES	
2.3 Was the audit work performed, supervised and reviewed by staff with appropriate training, experience and proficiency?	YES	
2.4 Were the planned audit procedures, including programmes:- (a) appropriate to the business and circumstances of your client? (b) fully completed and reviewed?	YES YES	
2.5 Have you applied professional judgement and scepticism in the conduct of your audit?	YES	
2.6 Do the audit working papers record: (a) audit work done and evidence obtained? (b) audit conclusions? (c) errors, exceptions and missing evidence? (d) action taken in the event of such errors and exceptions?	YES YES YES YES	

# GROUP AUDIT QUESTIONNAIRE - 2017

## Appendix 3

Name of undertaking **ERST European Retail Systems Technology GmbH**

Year ended **30 June 2017**

	Short answer	Explanatory notes (if needed)
<b>3 The business and its accounting systems</b>		
3.1 Have you obtained a sufficient understanding of the client, its business and operations and the commercial, regulatory and political environment in which it operates?	YES	
3.2 Are you satisfied that the accounting records are adequate as a basis for the maintenance of proper and accurate trial balances and the financial reporting package?	YES	
<b>4 Internal controls</b>		
4.1 Based on your documented knowledge of the internal controls, results of walkthroughs and other testing, is the system of internal controls over accounting applications:- (a) adequate in the circumstances? (b) working as described to you by the client?	YES YES	
4.2 If your audit placed reliance on internal controls did you perform sufficient compliance tests to provide evidence that internal control procedures were being applied, as prescribed, throughout the accounting period?	YES	
4.3 Have significant weaknesses in internal control procedures been reported to management?	NONE	
4.4 Is management undertaking adequate action to overcome internal control weaknesses, particularly weaknesses previously reported by yourselves?	N/A	
<b>5 Audit evidence</b>		
5.1 Are you satisfied that you have obtained sufficient appropriate audit evidence in respect of the completeness, accuracy and validity of the information contained in the financial reporting package?	YES	
5.2 In so far as you did not rely on internal controls, did you carry out unrestricted substantive audit tests?	YES	
5.3 Did you use the work of a specialist to assist in providing or assessing audit evidence during the course of your audit?  If Yes, please provide details and how you obtained reasonable assurance that the work performed by this specialist was adequate for your purposes.	NO  N/A	



# GROUP AUDIT QUESTIONNAIRE - 2017

## Appendix 3

Name of undertaking **ERST European Retail Systems Technology GmbH**

Year ended **30 June 2017**

		Short answer	Explanatory notes (if needed)
<b>6</b>	<b>Accounting policies</b>		
6.1	Have all Technische Limited's accounting policies and instructions been applied and complied with by your client?  If No, please quantify the effect of the departures.	YES	
6.2	Are the accounting policies adopted appropriate to the client's circumstances and fully disclosed in the financial reporting package?	YES	
6.3	Has the financial reporting package, including the trial balances of non German subsidiaries of your client) been drawn up in accordance with the provisions of the German GAAP?	YES	
6.4	Does the financial reporting package adequately disclose and explain all material changes in the basis of accounting policies and treatments.  If No, please quantify the effect of the departures.	YES N/A	
6.5	Having regard to materiality, does the financial reporting package appear to recognise the substance of transactions over their legal form?	YES	
6.6	All comparative figures are as reported in the previous year's financial reporting package?	YES	
6.7	Have you ensured that subsidiary trial balances have been mapped consistently with the parent company account classifications?	YES	
<b>7</b>	<b>Income statement</b>		
7.1	Are you satisfied that the recording of income and expenditure in the income statement of the trial balance is materially complete and accurate?	YES	
7.2	Having regard to materiality, have you performed analytical procedures on income and expenditure items to support your conclusions?	YES	
7.3	Are you satisfied that all material items have been properly recorded, reported and disclosed?	YES	
7.4	Are you satisfied that revenue recognition has been in accordance with the accounting policies of the group?	YES	

# GROUP AUDIT QUESTIONNAIRE - 2017

## Appendix 3

Name of undertaking **ERST European Retail Systems Technology GmbH**

Year ended **30 June 2017**

	Short answer	Explanatory notes (if needed)
<b>8 Balance sheet</b>		
8.1 Are you satisfied that balance sheet items have been correctly recorded, classified and disclosed in the financial reporting package?	YES	
8.2 In your view, has appropriate disclosure been made in the financial reporting package of security arrangements and other special conditions associated with the client's borrowings?	YES	
8.3 Are you satisfied that the financial reporting package include adequate information on:- (a) the reasons for the taxation charge being materially different to the standard rate on the pre-tax profit? (b) potential liabilities for deferred tax not provided on timing differences and unrealised profits? (c) special circumstances affecting future taxation, including relief available because of past losses? (d) tax losses surrendered or available for surrender to other group entities?	N/A N/A N/A N/A	
<b>9 Cash and bank balances</b>		
9.1 Have you verified, by direct confirmation, all material bank and other accounts maintained by the client at any time during the financial year (including year end balances)?	YES	
9.2 If credit and overdrawn bank accounts have been set off, are you satisfied that a legal right of set off exists?	N/A	
9.3 Are you satisfied that the cash records were not kept open to record moneys received or cheques despatched after the close of the accounting period?	YES	
9.4 Are you satisfied with the validity of adjustments for cash-in-transit between group entities?	N/A	
9.5 Can you confirm that the remittance of funds is not subject to local exchange control?	YES	
9.6 Have you obtained a copy of any bank facilities agreements and can you confirm that the client has met all the conditions noted in the agreements.	YES	

# GROUP AUDIT QUESTIONNAIRE - 2017

## Appendix 3

Name of undertaking **ERST European Retail Systems Technology GmbH**

Year ended **30 June 2017**

	Short answer	Explanatory notes (if needed)
<b>10 Debtors/receivables and other current assets</b>		
<p>10.1 Did you verify the existence, accuracy and ownership of trade debtors by way of positive circularisation?</p> <p>If Yes, what was the date of circularisation?</p> <p>If No, what alternative testing procedures did you adopt to satisfy these audit objectives?</p>	<p>YES</p> <p>30/6/2017</p>	<p>Receivables from BP Germany (kEUR 95) are demonstrated by balance confirmation. BP International and EDEKA does not reply to the balance confirmation letters. Receivables from these two customers were detected by alternative audit procedures (invoices and bank statements to the incoming payments). Furthermore, we have tested Cut off with respect to all invoices of the new FY. No findings in the revenue recognition.</p>
10.2 Are you satisfied with the validity of write-offs/provisions for bad and doubtful debts?	NONE	Evidence of impairment is not available.
10.3 Are you satisfied that provisions against doubtful debts are adequate but not excessive?	N/A	Evidence of impairment is not available.
10.4 Are you satisfied that debts which have arisen outside the normal course of trade have been properly authorised and confirmed, (such as. staff loans, advances to customers, or suppliers.)?	N/A	
<b>11 Investments (including loans)</b>		
11.1 Was the ownership of investments verified?	N/A	
11.2 Were you satisfied that the market value of individual investments was not less than the carrying amount recorded in the financial reporting package?	N/A	
<b>12 Property, plant and equipment</b>		
12.1 <i>Verification</i>		
12.1.1 Is the carrying value (cost or valuation) recorded in the trial balances supported by and reconciled to a fixed assets register?	YES	
12.1.2 Have fixed assets been physically checked by the client against the fixed assets register within the last three years?	NO	kEUR 6 not material
12.1.3 Was the existence and ownership of material fixed assets subject to verification?	N/A	
12.2 <i>Depreciation/Amortisation</i>		
12.2.1 The carrying amounts of fixed assets that are no longer in use or which are unlikely to be used are not recorded at more than their recoverable amounts?	YES	

# **GROUP AUDIT QUESTIONNAIRE - 2017**

**Appendix 3**

Name of undertaking **ERST European Retail Systems Technology GmbH**

Year ended **30 June 2017**

	<b>Short answer</b>	<b>Explanatory notes (if needed)</b>
12.2.2 Are you satisfied that depreciation rates currently in use for all items of property, plant and equipment are appropriate, having regard to their estimated useful lives?	YES	
12.2.3 Are the estimated useful lives of fixed assets reviewed at least once every three years?	YES	
12.2.4 Are you satisfied that no exceptional provision for depreciation is necessary?	YES	
12.2.5 Are you satisfied that prior year valuations have not been invalidated as a result of any changes in circumstances?	YES	
<b>13 Goodwill and other intangible assets</b>		
13.1 Was the ownership of intangible assets verified?	N/A	n/m
13.2 Did you verify the cost of any intangible assets acquired during the year?  For any intangibles acquired, are you satisfied that the cost was allocated correctly between identifiable intangible assets and unidentifiable intangible assets (goodwill)?	NONE	
13.3 Were any intangibles revalued during the year?  If Yes, please provide details and basis of revaluation.	NO	
<b>14 Impairment of assets</b>		
14.1 Has the entity assessed whether there is any indication that an asset may be impaired?  If such an indication did exist, did the entity estimate the recoverable amount of the asset?	YES  N/A	
14.2 Has an impairment loss been booked for assets that have a recoverable amount less than the carrying amount?	N/A	
14.3 Are you satisfied that goodwill and any intangible assets with an indefinite useful life have been tested for impairment at least annually?	N/A	According to German GAAP the goodwill is amortized over 5 years

# GROUP AUDIT QUESTIONNAIRE - 2017

## Appendix 3

Name of undertaking **ERST European Retail Systems Technology GmbH**

Year ended **30 June 2017**

	Short answer	Explanatory notes (if needed)
<b>15 Intra-group balances</b>		
15.1 All balances with group and associated entities been verified by agreement to trial balances or in writing by the other entities?	YES	
15.2 Are you satisfied that the intra-group balances are recoverable?	YES	
15.3 Are funds freely remittable in settlement of indebtedness to and from other group and associated entities?	YES	
15.4 Have intra-group capital commitments and contingencies (including liabilities on group bank accounts and for sales taxes) been separately identified?	NONE	
15.5 Please confirm that the client has not agreed to support other group or associated entities either by guaranteeing their liabilities or subordinating intra-group debts?	YES	
15.6 Please confirm that the client has not received similar support from other group or associated entities?	YES	
<b>16 Creditors/payables</b>		
16.1 Have you satisfied yourself (by inspection of creditors' statements, direct confirmation or alternative methods of verification) that there appear to be no material unrecorded liabilities.	YES	
16.2 Are you satisfied that provision has been made for all known liabilities, the precise amounts of which are uncertain, including provisions under local legislation (such as holiday pay, long service leave) and after sales service and product maintenance?	YES	
16.3 Are you satisfied that provisions have only been recognised if the following conditions have been met:		
16.3.1 The company has a present obligation (legal or constructive) as a result of a past event;	YES	
16.3.2 It is probable that an outflow of resources will be required to settle the obligation; and	YES	
16.3.3 A reliable estimate can be made of the obligation	YES	
16.4 Are you satisfied that provisions made in previous years have not been used for purposes other than those for which they were created?	YES	
16.5 Have management represented that, except where indicated in the financial report, suppliers have not retained legal title or other rights in connection with the supply of goods?	YES	

# GROUP AUDIT QUESTIONNAIRE - 2017

## Appendix 3

Name of undertaking **ERST European Retail Systems Technology GmbH**

Year ended **30 June 2017**

	Short answer	Explanatory notes (if needed)
<b>17 Employee entitlements</b>		
17.1 Are you satisfied that there are no material unrecorded liabilities in respect of employee entitlements (eg. wages and salaries and annual leave)?	YES	
17.2 Are liabilities which are expected to be settled within twelve months from the reporting date measured at their nominal amount, and are all non-current liabilities measured at the present value of the estimated future cash flows?  If No, provide details on how entitlements are measured.	YES	
<b>18 Borrowings</b>		
18.1 Have you confirmed the amounts and details of all material loans, including finance leases and hire purchase creditors, direct with the lenders?	N/A	
18.2 Have you, by review of loan agreements and other audit procedures, established that all borrowing restrictions and conditions to which the entity is subject, have been complied with?	N/A	
18.3 Are you satisfied that the client has complied with the terms of its constitution, trust deed or other document governing the issue of debentures or, borrowing powers?	N/A	
<b>19 Taxation</b>		
19.1 Are you satisfied that adequate, but not excessive, provision has been made for current taxation liabilities arising from transactions included in the accounts?	YES	
19.2 Has adequate provision been made for matters in dispute with the taxation authorities, or subject to doubt?	YES	
19.3 Are you satisfied that deferred tax assets have been recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised?	N/A	
19.4 Are you satisfied that a deferred tax liability has been recognised for all taxable temporary differences?	N/A	

# GROUP AUDIT QUESTIONNAIRE - 2017

Appendix 3

Name of undertaking **ERST European Retail Systems Technology GmbH**

Year ended **30 June 2017**

	Short answer	Explanatory notes (if needed)
<b>20 Share capital/stock and reserves</b>		
20.1 Are you satisfied that any restrictions or additional taxation on the distribution of reserves and dividends have been disclosed in the financial reporting package?	N/A	
20.2 If there is a deficiency of reserves in excess of share capital, can you confirm that the shareholders have no legal obligation to contribute to the deficiency?	N/A	
<b>21 Contingencies and commitments</b>		
21.1 Has the existence of all significant contingent liabilities, including guarantees and any potential liability arising from legal actions, and commitments, including capital and lease commitments, and put or call options, been adequately disclosed in the financial reporting package?	YES	
21.2 Have you sought and received confirmation from the entity's legal representatives that estimates of liability arising from legal actions to which the entity is party are reasonable?	NO	No legal actions
<b>22 Directors</b>		
22.1 Are you satisfied that any loan/current accounts with Directors of the parent company and their connected persons have been conducted in a proper manner and in accordance with the law?	YES	
22.2 Please confirm that there were no other transactions or quasi-loans, other than those disclosed in the financial reporting package, with the Directors of the parent company and their connected persons, other than by way of emoluments? (such as transactions with companies in which the Directors have significant interests, purchases or sales of assets, loans, or guarantees).	YES	
22.3 Are you satisfied that the financial reporting package record full details of emoluments including benefits in kind paid or payable by the client or on its behalf to:- (a) Directors of the parent company (or their connected persons)? (b) Directors of the company (or their connected persons)?	N/A YES	

# **GROUP AUDIT QUESTIONNAIRE - 2017**

## **Appendix 3**

Name of undertaking **ERST European Retail Systems Technology GmbH**

Year ended **30 June 2017**

	<b>Short answer</b>	<b>Explanatory notes (if needed)</b>
<b>23 Related parties and transactions</b>		
23.1 Please provide full details (including the names of the parties, the amounts and the significant terms and conditions) of all the entity's transactions with related parties which have not been disclosed in the entity's financial reporting package. Related parties include those entities which have control or significant influence over the entity, or over which the entity, Directors of the entity key management personnel and close relations of Directors and key management personnel, are also considered to be related parties.	N/A	
<b>24 Other matters</b>		
24.1 Is the entity able to continue as a going concern regardless of additional funds being provided by another group entity?  If No, provide details, and in particular whether: (a) that other group entity has confirmed its intention to provide support; and (b) you regard that undertaking as sufficient for you to be able to report without qualification in relation to this matter.	N/A	Going concern review performed by PKF Hacketts at the Technique Level
24.2 Please provide full details of any other matters arising from your audit which you believe should be known by us for either reporting to management of Technique Limited or considered when forming our opinion on the financial report and annual Australian Securities Exchange profit announcement of Technique Limited and its controlled entities for the year ending 30 June 2017.		
<b>25 Audit conclusions</b>		
25.1 Have you obtained written management representations on all important matters which required the exercise of judgement by senior management?	YES	
25.2 Are you satisfied that all significant matters relevant to your audit opinion have been properly taken into account?	YES	
25.3 Have you obtained satisfactory explanations for any significant variations and trends, observed from comparing the financial information with the previous year's financial information and with management accounts and budgets?	YES	
25.4 Please confirm that there are no material adjustments required to the financial report as a result of information arising or events occurring between the balance sheet date and the date of completing this questionnaire?	YES	



# GROUP AUDIT QUESTIONNAIRE - 2017

## Appendix 3

Name of undertaking **ERST European Retail Systems Technology GmbH**

Year ended **30 June 2017**

	Short answer	Explanatory notes (if needed)
25.5 Please provide details of any other material matters, not apparent from completion of the preceding sections, which were subject to special audit considerations and which you consider should be brought to our attention, explaining briefly how the matter was dealt with.	NONE	
25.6 Audit report (a) If your report is annexed to the financial reporting package, can you confirm that no matters have arisen since it was completed which have caused you to withdraw or amend your opinion? (b) If your report is not annexed, can you confirm that it will not be qualified?	YES N/A	
25.8 Please attach a copy of your management comment letter to the Board of Directors on any internal control weaknesses and other significant matters arising from the audit.  Have you discussed the matters in your report with the Board of Directors?	N/A N/A	

# General Terms and Conditions of Engagement

PKF FASSETT SCHLAGE Partnerschaft mbB

Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft Rechtsanwälte

## I. Provisions applying across engagements and activities

### 1. Scope/Applicable law

- 1.1. The following terms of engagement shall apply to all agreements concluded - irrespective of their form - between PKF FASSETT SCHLAGE Partnerschaft mbB Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft Rechtsanwälte (hereinafter referred to as PKF) and their clients which provide for an auditing or advisory activity by PKF unless these have been otherwise expressly agreed in writing or mandatorily prescribed by law.
- 1.2. If, in exceptional cases, contractual relationships are also established between PKF and persons or entities other than the client, the provisions regarding the **limitation of liability in Nos. 12, 14 and 16** below shall also apply to such third parties.
- 1.3. Proper general terms and conditions of clients shall not be applicable overall irrespective of whether the client opposes the validity of competing provisions in its general terms and conditions.
- 1.4. German law shall apply exclusively to the engagement, its execution and all of the claims arising from the engagement.
- 1.5. The court competent for the respective place of the PKF office with which the engagement relationship was established shall be responsible for disputes arising from the engagement relationship.

### 2. Scope and contents of the engagement

- 2.1. The subject of the engagement shall be the service agreed upon and not a defined economic outcome.
- 2.2. The engagement and its respective activities shall be executed in accordance with the generally accepted principles of professional conduct, observing the respective authoritative professional standards for auditors, tax advisors and lawyers.
- 2.3. In cases of doubt, the engagement shall be divided into separate activities relating to statutory audit, legal advice and other services including in particular also tax advice, voluntary audit and other services (e.g. management and IT consulting, provision of expert opinions). The application of foreign law shall require a specifically written agreement.
- 2.4. If, after making a final professional statement, the legal situation changes for reasons such as changes in statutory regulations or jurisprudence, PKF shall not be obliged to draw the client's attention to any resulting changes or conclusions.
- 2.5. In case of any possible defects, the client shall be entitled to make statutory claims with the provision that the claims not based on an intentional action shall prescribe after the expiry of one year from the start of the statutory commencement of the prescription period.
- 2.6. Obvious inaccuracies such as typing errors, calculation errors and formal defects included in a professional statement by PKF can be corrected by PKF also in relation to third parties. Inaccuracies which may render doubtful results contained in the professional statement by PKF shall entitle PKF to withdraw the statements also in relation to third parties.
- 2.7. Otherwise, for the scope and content of the engagement and its partial performances, the activity-related provisions shall apply in accordance with the following Items II, III and IV depending on the type of activity.

### 3. Remuneration

- 3.1. The amount of remuneration shall be determined in accordance with the individually agreed amount plus expenditures and statutory VAT and is due 14 days after receipt of the invoice.
- 3.2. Multiple clients shall be jointly and severally liable.
- 3.3. The out-of-pocket expenses cover items such as additional catering expenses in an amount recognised for tax purposes as well as the cost of travel and overnight stays.
- 3.4. If, a lump-sum remuneration has been agreed upon instead of remuneration based on time spent, and this is based expressly on an estimate of our effort, PKF shall inform the client if, due to unforeseeable circumstances in the client's area, the actually foreseeable level is substantially less or more than this estimate. PKF and the client shall then jointly adjust the lump-sum remuneration accordingly in accordance with the decrease or increase in time spent.
- 3.5. PKF is entitled to reasonable advance payments of remuneration and refund of out-of-pocket expenses and to make the delivery of its service dependent upon the full satisfaction of its claims. Moreover, PKF shall be entitled to invoice in instalments for audit engagements.
- 3.6. Offsetting against accounts receivable by PKF for remuneration and refund of out-of-pocket-expenses shall only be admissible against accounts receivable which are not disputed or which have been the subject of a final and non-appealable court decision.

### 4. Obligations of the client

- 4.1. The client shall guarantee that all actions are refrained from which could jeopardise the independence of PKF employees. This shall apply in particular to offers of appointment and to offers to take over engagements for the employee's account.
- 4.2. The client must arrange that PKF shall be provided with all documents necessary for the execution of the engagement without special request and in a timely manner and that PKF shall be notified of all developments and circumstances which can be of importance for the execution of the engagement. This shall also apply to any documents, developments and circumstances which only become known during the activity.
- 4.3. Upon request by PKF, the client must confirm the completeness of the documents submitted and the supplied information and explanations in a letter of representation formulated by PKF.
- 4.4. If the client defaults on acceptance of the service offered by PKF or if the client omits to comply with the obligations set out in No. 4 or otherwise, PKF shall be entitled to terminate the contract without notice after the

expiry of a reasonable period of time, unless statutory provisions are opposed to termination. The claim for remuneration arising up to termination as well as the claims for refund of the additional expenditure caused by the default or the omitted co-operation of the client and the compensation of damages caused shall remain unaffected, even if PKF does not make any use of its right to terminate.

- 4.5. The client shall guarantee that the output produced and any documents prepared by PKF within the scope of the engagement, in particular audit reports, expert opinions, organisation charts, drafts, drawings, lists and calculations, including calculations of quantities and cost, will only be used for its own purposes.

### 5. Passing-on of professional statements and results of engagements

- 5.1. The passing-on of professional statements by PKF to a third party shall require, irrespective of the contents and form of the statement, the written consent of PKF, unless consent for the passing-on to a defined third party follows from the contents of the engagement.
- 5.2. The client shall be obliged to conclude in writing with the third party in favour of PKF an agreement corresponding to one of the limitations of liability according to Nos. 12, 14 and 16 concerning the limitation of the liability of PKF and to appoint therein that the maximum amount of liability is an overall maximum total for all of the claims covered by the limitation of liability.
- 5.3. In any case PKF shall be liable in relation to a third party and only up to the amount of the limitations of liability in accordance with Nos. 12, 14 and 16 and only on the condition that the stipulations under No. 5.1 have been met.
- 5.4. The use of professional statements from PKF for advertising purposes shall be inadmissible. In the event of infringement, PKF shall be entitled, irrespective of the making of other claims, to terminate without notice all of the engagements of the client not yet performed.

### 6. Principle of written form

- 6.1. Results and disclosures have to be presented by PKF in writing or in text form. For verbal disclosures and advice, PKF shall only accept liability if they have been confirmed in writing so that then only the written presentation is authoritative.
- 6.2. In the case of audit engagements, the report shall be prepared in writing, unless agreed otherwise.
- 6.3. Verbal statements and information from PKF members of staff outside of the engagement shall always be non-binding.
- 6.4. An agreement deviating from or modifying the requirement of written form included in these terms and conditions of engagement must be in writing.

### 7. Storage and surrender of documents

- 7.1. PKF shall keep the provided documents and the documents produced by itself in connection with the execution of an engagement as well as the correspondence exchanged concerning the engagement for a period of ten years.
- 7.2. After the satisfaction of its claims under the engagement, PKF shall, upon the client's request, surrender all documents received during its activity for the engagement from the client or on behalf of the latter. This shall not apply, however, to the correspondence between PKF and its client and to the documents which the latter already possesses in the original or as a copy. PKF may produce and retain copies or photocopies of the documents to be returned to the client then.

### 8. Confidentiality obligation and data privacy

- 8.1. PKF is legally obliged to keep all facts which become known to it in connection with its activity for the client confidential, regardless of whether this involves the client itself or its business relations, unless the client releases PKF from this confidentiality obligation.
- 8.2. Reports, expert opinions and other written statements concerning the results of its activity may be handed over by PKF to third parties only with the client's consent.
- 8.3. PKF shall be entitled to store, use and process personal data entrusted to it by itself or via third parties within the scope of the engagement if this is necessary for the execution of the engagement.
- 8.4. PKF is affiliated internationally and nationally to the PKF network, a network of self-reliant and legally independent auditing companies and can, if necessary, fall back on the competences and capacities within the PKF network. PKF and the auditing companies within the PKF network shall therefore carry out a check as to whether already existing relations with clients could militate against the acceptance of new clients ('conflict of interests'). For this purpose the name of the client and the data necessary for identification (company name, sector) and the type of engagement shall be stored in the PKF network's databases. If PKF, in co-ordination with the client co-operates with members of the PKF network during the execution of the engagement, PKF shall be authorised to pass on additional information which is necessary for the processing of the engagement. This shall apply accordingly to any co-operation by PKF with third parties co-ordinated with the client.
- 8.5. Within the scope of quality checks/peer reviews prescribed by law or voluntary (checking of the quality assurance system by external auditors), PKF shall be entitled to give information and to present records and documents which are to be prepared for statutory reasons for correct and proper documentation of the execution of the engagement to persons subject to confidentiality for statutory reasons. This can also concern information, records and documents for this engagement.
- 8.6. **The client releases PKF from its confidentiality obligation with regard to Nos. 8.4 and 8.5.**

## 9. Transmission in electronic form

- 9.1. PKF receives and transmits as required information and documents by e-mail if the client opens access by stating its e-mail address and in the individual case has not objected to electronic transmission.
- 9.2. In order to avoid unauthorised cognisance, changes or destruction by third parties of the data transmitted or received, PKF offers a state-of-the-art encryption software.
- 9.3. Should third parties obtain unauthorised access to data transmitted or received, or destroy or modify them, PKF shall not be liable for damage/loss incurred by the client or third parties as a result of the transmission in electronic form.

## II. Statutory audit

### 10. Scope and contents of the engagement

- 10.1. The engagement shall not, unless it is directed distinctly towards it, cover the examination of the question as to whether the regulations of tax law or special regulations such as regulations of price, restriction of competition and control law have been observed; the same shall apply to the ascertainment of whether subsidies, grants or other benefits can be claimed. The execution of an engagement shall only comprise audit procedures which are systematically aimed at the discovery of falsification of the books and records and other irregularities, if during the carrying-out of audits any reason arises for this or this has been expressly agreed upon in writing.
- 10.2. PKF shall carry out the audit in accordance with Articles 316 et seq. of the German Commercial Code (HGB). Decisive for the execution of the engagement are the generally accepted German auditing standards laid down by the Institut der Wirtschaftsprüfer in Deutschland e.V. (IDW) (Institute of Public Auditors in Germany, Incorporated Association). Moreover, the audit approach is based on international auditing standards (International Standards on Auditing, ISA) which are set forth in our PKF International Audit Manual.
- 10.3. PKF shall plan and execute the audit in such a way that such incorrectnesses or infringements of statutory regulations or the articles of incorporation or the shareholders' agreement can be detected with reasonable certainty which have a significant effect on the presentation of the net assets, financial position and results of operations conveyed by the accounting subject to the observance of generally accepted accounting principles. To the extent that this serves to secure the propriety of the accounting, PKF shall audit and assess the accounting procedures as well as the company's own internal controls.
- 10.4. Moreover, if the client is a listed stock corporation, the audit by PKF will, in accordance with Art. 317, para. 4 of the German Commercial Code (HGB), also cover the early warning system established by the company to assess whether management has complied with its obligations according to Art. 91, para. 2 of the German Stock Corporation Act (AktG).
- 10.5. The client shall grant PKF in accordance with Art. 320 of the German Commercial Code (HGB) unrestricted access to all of the documents and information as described in No. 4.2 relevant for the audit. The audit activities shall be carried out as usual in the profession on the basis of samples. Hence there is an unavoidable risk that even significant false statements or other incorrectnesses (e.g. embezzlements) remain undiscovered.
- 10.6. The audit shall not restrict the responsibility of the statutory representatives of the company to be audited for the annual financial statements including the accounting and the management report. Regarding the type and scope as well as the result of the audit, PKF shall report with the scope usual in the profession and according to the statutory regulation (Art. 321 of the German Commercial Code (HGB)). The form of reporting shall be in accordance with the German principles of proper reporting laid down by the IDW.
- 10.7. A subsequent adjustment or shortening of the financial statements or management report audited by PKF and provided with an auditor's opinion shall require the written consent of PKF even if a disclosure does not take place. If PKF has not issued an auditor's opinion, a reference to the audit carried out by PKF in the management report or at another place intended for the public shall only be admissible with PKF's written consent and with the wording approved by it.
- 10.8. If PKF revokes the auditor's opinion, the auditor's opinion must not be used any longer. Irrespective of whether the client has already used the auditor's opinion, it shall be obliged at PKF's request to make known the revocation in the way and manner demanded by it and to recall all of the copies of the report.
- 10.9. The client shall receive five copies of the report. The client can request further copies against refund of expenses.

### 11. Disclosure

- 11.1. The client is obliged to disclose the annual financial statements and, if necessary, also the management report in electronic form.
- 11.2. If the client and PKF have expressly agreed this in the engagement letter or subsequently, PKF shall abbreviate the annual financial statements and, if necessary, the management report in accordance with the contents stipulations of the client while observing the statutory minimum requirements and make them available to the client together with the auditor's opinion in a data file form suitable for disclosure purposes.
- 11.3. Should the client abbreviate the annual financial statements and possibly the management report itself, PKF shall only in the case of an expressed agreement in the engagement letter check and certify that the client has carried out the abbreviation in a justified and admissible form and manner.

### 12. Limitation of liability

- 12.1. For audits required by law, the limitation of liability according to Art. 323, para. 2 of the German Commercial Code (HGB) shall apply.
- 12.2. The limitation of liability according to No. 12.1 shall apply even if liability towards a person or entity other than the client should be established.

## III. Legal advisory services

### 13. Scope and contents of the engagement

- 13.1. The contents and scope of the engagement shall generally be laid down between PKF and the client in the form of an engagement letter as well as a written remuneration agreement. The customer is reminded that a higher than the statutory fee can be agreed in writing within the scope of the remuneration agreement.
- 13.2. The subject of the engagement letter can also be a general advisory activity (continuous consulting) with or without a time limit which in the individual case is made concrete by the client by means of an inquiry or a notification. In these cases, the arrangements agreed upon in the engagement letter as well as in the written remuneration agreement included in the engagement letter shall apply.
- 13.3. PKF shall be entitled to take as a basis the facts stated by the client as correct and complete for advising on individual questions as well as also in the case of continuous consulting, but must draw the attention of the client to any incorrectness found.
- 13.4. Consulting engagements do not comprise the actions required for meeting deadlines unless PKF has expressly accepted an engagement for this. In this case, the client must present all relevant documents for the meeting of deadlines in such good time that PKF has reasonable processing time available.

### 14. Limitation of liability

- 14.1. If no written provision exists in the individual case, PKF's liability for claims for damages of all kinds, with the exception of damage/loss/injury resulting from harm to life and limb and impairment of health in the case of slightly negligently caused individual claims according to Art. 52, para. 1, No. 2 BRAO, shall be limited to € 10 million; this shall also apply if liability towards a person/entity other than the client has been established.
- 14.2. An individual claim is also due with regard to a uniform claim originating from several violations of duties. The individual claim comprises all of the consequences of a violation of duty regardless of whether damage/loss/injury has arisen in one or in several consecutive years. At the same time, multiple action or omission based on the same or same type of source of error shall be considered a uniform breach of duty if the matters concerned are related to each other legally or economically. In this case, PKF can only have claims made against it up to the amount of € 12.5 million.

## IV. Tax advice/Voluntary audit/Other services

### 15. Scope and contents of the engagement

- 15.1. The contents and the scope of the engagement shall principally be laid down between PKF and the client in the form of an engagement letter as well as in a written remuneration agreement. The customer is reminded that a higher or lower than the statutory fee can be agreed in writing within the scope of the remuneration agreement.
- 15.2. The subject of the engagement letter can also be the general consulting activity (permanent consulting) with or without a time limit which in the individual case is made concrete by the client by means of an inquiry or a notification. In these cases, the arrangements agreed upon in the engagement letter shall apply together with a possible written remuneration agreement.
- 15.3. Nos. 10 and 11 apply accordingly to the voluntary audit.
- 15.4. In case PKF has been assigned to compile VAT annual returns, this shall not include the checking of any accounting requirements as well as the question of whether all relevant VAT-related benefits have been claimed. No guarantee is provided for the completeness of the documents for the deduction of input tax.
- 15.5. PKF shall be entitled both in case of consulting on individual questions and also in case of continuous consulting to take the facts stated by the client and in particular numerical data as being correct and complete, but must draw the attention of the client to any incorrectness found.
- 15.6. Consulting engagements do not comprise the actions necessary for meeting deadlines, unless PKF has expressly accepted an engagement for this. In this case, the client must submit all relevant documents necessary for meeting deadlines, in particular tax assessment notices in such good time that PKF has a reasonable processing time available.

### 16. Limitation of liability

- 16.1. If no written provision exists in the individual case, the liability of PKF for claims for damages of all kinds, with the exception of damage/loss/injury from harm to life and limb and impairment of health, in the case of a slightly negligently caused individual claim shall, in accordance with Art. 54 a, para. 1, No. 2 WPO and Art. 67 a, para. 1, No. 2 Tax Consultant Law (StBerG) be limited to € 10 million, this shall also apply if liability towards a person/entity other than the client has been established.
- 16.2. Item 14.2 shall apply by analogy.