



Warth & Klein
Grant Thornton

Dalmia Refractories Germany GmbH, Düsseldorf

Report on the Audit of the Special Purpose Interim
Reporting Package for the Reporting Period from De-
cember 12, 2018 to March 31, 2019

Appendices

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Independent Auditor's Report

To Dalmia Refractories Germany GmbH

We have audited the accompanying Special Purpose Interim Reporting Package of Dalmia Refractories Germany GmbH, Düsseldorf, – which comprise the statement of financial position as at 31 March 2019, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows as well as the notes for the reporting period and related explanatory disclosures for the interim period from 12 December 2018 to 31 March 2019 including the summary of significant accounting policies (hereinafter: Interim Reporting Package).

Responsibility of the Legal Representatives

The legal representatives of the company are responsible for the appropriate preparation of the Interim Reporting Package in accordance with the financial reporting provisions described in the summary of significant accounting policies and other explanatory information that are included in the notes. The legal representatives are also responsible for the selection of the applicable financial reporting framework and that the applicable financial reporting framework is acceptable in the circumstances as well for such internal controls as the legal representatives determine is necessary to enable the preparation of financial statements that are free from material – intended or unintended – misstatements.

Auditor's Responsibility

Our responsibility is to express an opinion on the Interim Reporting Package based on our audit. We conducted our audit in accordance with the German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we comply with ethical requirements and plan and perform the audit such that we are able to express our audit opinion with reasonable assurance about whether the Interim Reporting Package are free from material misstatement and describes a true and fair view.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Interim Reporting Package. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material intended or unintended misstatement of the Interim Reporting Package. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the Interim Reporting Package 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 legal representatives, as well as evaluating the overall presentation of the Interim Reporting Package.

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

Opinion

In our opinion, on the basis of the knowledge obtained in our audit, the Interim Reporting Package of Dalmia Refractories Germany GmbH, Düsseldorf, for the interim period ended March 31, 2019 in all material respects gives a true and fair view of its assets, liabilities, financial position as at 31 March 2019 and of its financial performance for the interim period from 1 January 2019 to 31 March 2019 in accordance with the financial reporting provisions described in the summary of significant accounting policies and other explanatory information that are included in the notes.

Basis of Accounting and Restriction on Distribution and Use

Without modifying our opinion, we draw attention to the summary of significant accounting policies and other explanatory information that are included in the notes, which describes the basis of accounting. The Interim Reporting Package is prepared for purposes of information for Dalmia Refractories Limited, India, regarding the financial position, financial performance and cash flows of the company for the described interim period. As a result, the Interim Reporting Package may not be suitable for another purpose.

Our auditor's report intended for the company and Dalmia Refractories India Ltd.

Limitation of liability

In accordance with section 9 para. 2 of the General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften as of January 1, 2017 (see Appendix 5), our liability for an individual case of damages caused by negligence, with the exception of damages resulting from injury to life, body or health, as well as for damages that constitute a duty of replacement by a producer pursuant to section 1 ProdHaftG [German Product Liability Act: Produkthaftungsgesetz] is limited to EUR 4 million. This limitation of liability applies to you and to all other addressees respectively third parties (in the following: "recipients"), which receive our working results as intended by us. These recipients are joint and several creditors in accordance with § 428 Bürgerliches Gesetzbuch (BGB) [German Civil Code,] and the amount of liability of EUR 4 million for each case of damage is only available once to all recipients together.

We do not assume any liability, responsibility or other duties towards other third parties.

Düsseldorf, May 22, 2019

Warth & Klein Grant Thornton AG
Wirtschaftsprüfungsgesellschaft

Ralf Clemens
Wirtschaftsprüfer
[German Public Auditor]

Matthias Koch
Wirtschaftsprüfer
[German Public Auditor]

Attachment 1

Dalmia Refractories Germany GmbH
Statement of financial position as at March 31, 2019

Particulars	Note	Amount in Euro As at March 31, 2019
ASSETS		
Non - current assets		
(a) Property, plant and equipment	4	1.917.840
(b) Financial assets	5	
(i) Investments	5,1	10.477.000
Total non current assets		<u>12.394.840</u>
Current assets		
(a) Financial assets	6	
(i) Cash and cash equivalents	6,1	2.597.369
(b) Other current assets	7	51.633
Total current assets		<u>2.649.002</u>
Total assets		<u><u>15.043.842</u></u>
EQUITY AND LIABILITIES		
Equity		
(a) Equity share capital	8	1.825.000
(b) Other equity		(105.924)
Total equity		<u>1.719.076</u>
LIABILITIES		
Non - current liabilities		
(a) Financial liabilities	9	
(i) Borrowings	9,1	10.163.968
(b) Other non-current liabilities	10	500.000
Total non current liabilities		<u>10.663.968</u>
Current liabilities		
(a) Financial liabilities	11	
(i) Other financial liabilities	11,1	2.578.299
(b) Other current liabilities	12	82.500
Total current liabilities		<u>2.660.799</u>
Total Equity & Liabilities		<u><u>15.043.842</u></u>

Attachment 2

Dalmia Refractories Germany GmbH

**Statement of profit or loss and other comprehensive in-come for the interim reporting period from
December 12, 2018 to March 31, 2019**

Particulars	Note No.	Amount in Euro For the period December 12, 2018 March 31, 2019
I Other income	13	39.952
II Total income		<u>39.952</u>
III Expenses		
Finance costs	14	82.500
Depreciation and amortization expense		7.419
Other expenses	15	55.958
Total expenses		<u>145.876</u>
V Profit / (loss) before exceptional items and tax (I - IV)		(105.924)
VI Exceptional items		
VII Profit / (loss) before tax (V + VI)		<u>(105.924)</u>
VIII Tax expense		
(1) Current tax		-
(2) Deferred tax		-
(3) Income tax pertaining to earlier years		-
		<u>-</u>
VIII Profit / (loss) for the period (V - VI)		(105.924)
IX Other comprehensive income		-
X Total comprehensive income for the Period (VII + VIII)		(105.924)
XI Total profit/(loss) for the Period		<u>(105.924)</u>
XII Earnings per equity share	16	
Nominal value of equity shares (1€ each)		
(1) Basic		(0)
(2) Diluted		(0)

Attachment 3

Dalmia Refractories Germany GmbH
Cash Flow Statement for the period December 12, 2018 to March 31, 2019

Particulars	Amount in Euro For the period December 12, 2018 March 31, 2019
A. Cash Flow from Operating Activities	
Net Profit before tax	(105.924)
Other Comprehensive income before tax	-
Adjustments	
Depreciation and amortization expense	7.419
Finance Cost	82.500
Operating Profit before working Capital Changes	(16.006)
<u>Adjustments for working Capital changes :</u>	
Trade and Other Payables	13.302
Trade and Other Receivables	(51.633)
Cash Generated from Operations	(16.006)
Direct Taxes (Paid)/Refund	
Net Cash from Operating activities	(54.337)
B Cash Flow from Investing Activities	
(Purchase) / Sale of fixed Assets(including Capital Reserve)(Net)	(1.808.259)
Payment for acquisition of subsidiary	(7.925.000)
Net Cash used in Investing Activities	(9.733.259)
C Cash Flow from Financing Activities	
Proceeds of Long term Borrowings	10.559.965
Proceeds of Equity Share capital	1.800.000
Net cash from / (used in) financing activities	12.359.965
Net increase in cash and cash equivalents (A+B+C)	2.572.369
Cash and cash equivalents (Opening Balance)	25.000
Cash and cash equivalents (Closing Balance)*	2.597.369
Change in Cash & Cash Equivalents	
Components of Cash & Cash Equivalents	As at 31 March 2019
Balances with banks	
- in Current Accounts	2.597.369
Net Cash & Cash Equivalents	2.597.369

Attachment 4

Dalmia Refractories Germany GmbH

Statement of Changes in Equity for the period December 12, 2018 to March 31, 2019

A Equity Share Capital			In Euro
Particulars	As at 12 December 2018	Changes during the period	As at 31st March, 2019
Equity Share Capital	25.000	1.800.000	1.825.000

B. Other equity								In Euro
Particulars	Reserves and Surplus					Items of other comprehensive		Total
	Capital Reserve	Securities Premium	Debenture Redemption Reserve	General Reserve	Retained earnings	Equity instruments through other comprehensive income	Remeasurements of Defined Benefits Plan	
As at 12.12.2018	-	-	-	-	-	-	-	-
Total comprehensive income for the period					(105.924)			(105.924)
Dividend and CDT Payment	-	-	-	-	-	-	-	-
As at 31.03.2019	-	-	-	-	(105.924)	-	-	(105.924)

Attachment 5

Note 1 Corporate Information

The Company is in the business of investing. The Company is having its office is situated at Dusseldorf , registered under the commerical register of the Local court of Dusseldorf under registration no. HRB 84999.

The registered office of the Company at CMS Hasche Sigle, Breite Strabe 3, 40213, Dusseldorf, Germany.

The financial year from DRGG is from 01 January to 31 December. However for the purpose of this reporting, the company reports the financial information for the period 12 December 2018 to 31 March 2019. Therefore standards which would typically be applicable to the preparation of these special purpose interim reporting package as of 01 January 2019 will only be applied when they are applicable for companies with a financial year from 01 April until 31 March.

Note 2 Significant accounting policies and critical accounting estimate and judgments:

2.1 Basis of preparation, measurement and significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

(a) Basis of Preparation

Dalmia Refractories Germany GmbH, Düsseldorf, Germany, prepares a special purpose interim reporting package (interim reporting package) for the interim financial period from 12 December 2018 to 31 March 2019, which comprise the statement of financial position as at 31 March 2019, the statement of profit or loss and other comprehensive income, the statement of changes in equity as well as the statement of cash flows for the interim period from 12 December 2018 to 31 March 2019, including the summary of significant accounting policies and related explanatory disclosures.

The interim reporting package is prepared by Dalmia Refractories Germany GmbH on an individual entity basis without consolidation of their subsidiaries, for purposes of providing information to Dalmia Refractories Limited and to enable Dalmia Refractories Limited to prepare the consolidated financial statements of Dalmia Refractories Limited. For this purpose, it has been prepared on the basis of International Financial Reporting Standards (IFRS) applicable to interim financial reporting as adopted by the EU, specifically IAS 34, as far as those standards refer to the preparation of the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity as well as the statement of cash flows. Requirements of those IFRS regarding the presentation of comparative figures are not applicable. In addition, Requirements of those IFRS regarding note disclosures are not applicable. Instead the interim reporting package has to include all notes disclosures as presented by Dalmia Refractories Limited in the “Notes to the financial statements” in the consolidated financial statements as of 31 March 2019 (including summary of significant accounting policies) as far as applicable for matters accounted for in the interim reporting package of Dalmia Refractories Germany GmbH.

Compliance with IFRS

The financial statements of the Company have been prepared on the basis of International Financial Reporting Standards (IFRS) applicable to interim financial reporting as adopted by the EU, specifically IAS 34, as far as those standards refer to the preparation of the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity as well as the statement of cash flows. Additionally the exemptions described in the Explanatory Notes apply.

These financial statements for the period December, 13 2018 to March 31, 2019 are the first financial statements which the Company has prepared in accordance with these IFRS.

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for the certain assets and liabilities which have been measured at fair value/amortised cost:

Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (‘the functional currency’). The financial statements are presented in ‘Euro’, which is the Company’s functional and presentation currency.

Current vis-à-vis non-current classification

The Company presents assets and liabilities in statement of financial position based on current/non-current classification.

The Company has presented non-current assets and current assets before equity, non-current liabilities and current liabilities.

An asset is classified as current when it is:

- a) Expected to be realised or intended to be sold or consumed in normal operating cycle,
- b) Held primarily for the purpose of trading,
- c) Expected to be realised within twelve months after the reporting period, or
- d) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when it is:

- a) Expected to be settled in normal operating cycle,
- b) Held primarily for the purpose of trading,
- c) Due to be settled within twelve months after the reporting period, or
- d) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. Deferred tax assets and liabilities are classified as non-current assets and liabilities. The Company has identified twelve months as its normal operating cycle.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. The Company uses valuation techniques that are appropriate in the circumstances for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole.

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

2.2 Critical accounting estimates and judgements

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

a. Property, plant and equipment and intangible assets

The useful life and residual value of plant, property equipment are determined based on technical evaluation made by the management of the expected usage of the asset, the physical wear and tear and technical or commercial obsolescence of the asset. Due to the judgements involved in such estimations, the useful life and residual value are sensitive to the actual usage in future period.

b. Provision

Provisions and liabilities are recognized in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events and the amount of cash outflow can be reliably estimated. The timing of recognition and quantification of the liability require the application of judgement to existing facts and circumstances, which can be subject to change. Since the cash outflows can take place many years in the future, the carrying amounts of provisions and liabilities are reviewed regularly and adjusted to take account of changing facts and circumstances.

c. Impairment of Financial and Non-Financial Assets

The impairment provision for financial assets are based on assumptions about risk of default and expected losses. The company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

The Company assesses at each reporting date whether there is an indication that a Non-financial asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount which is higher of an asset's or CGU's fair value less costs of disposal and its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

d. Income Tax:

The Company reviews at each balance sheet date the carrying amount of deferred tax assets. The factors used in estimates may differ from actual outcome which could lead to an adjustment to the amounts reported in the standalone financial statements.

e. Contingencies:

Management has estimated the possible outflow of resources at the end of each annual reporting financial year, if any, in respect of contingencies/claim/litigations against the Company as it is not possible to predict the outcome of pending matters with accuracy.

Note 3 Significant Accounting policies

3.1 Property, plant and equipment

All items of Property, plant and equipment are stated at historical cost net of tax/ duty credit availed which includes capitalised borrowing cost, less depreciation and impairment loss, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred. The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Expenditure incurred on assets which are not ready for their intended use comprising direct cost, related incidental expenses and attributable borrowing cost are disclosed under Capital Work-in-Progress.

3,2 Impairment of Non-financial assets

Assets which are subject to depreciation or amortisation are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

3,3 Other income:

Other Income are recognized as per the term of lease contract with leasee and when right to receive the lease rental is established.

3,4 Taxes

Tax expense comprises current and deferred tax. Income tax expense is calculated at 33.063%. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

3,5 Provisions, contingent liabilities and contingent assets

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that the outflow of resources embodying economic benefits will be required to settle the obligation in respect of which reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, the expense relating to provision presented in the statement of profit & loss is net of any reimbursement. If the effect of the time value of money is material, provisions are disclosed using a current pre-tax rate that reflects, when appropriate, the risk specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as finance cost.

Contingent liability is disclosed in the notes in case of:

- There is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.
- A present obligation arising from past event, when it is not probable that an outflow of resources will be required to settle the obligation
- A present obligation arises from the past event, when no reliable estimate is possible
- A present obligation arises from the past event, unless the probability of outflow are remote.

Commitments include the amount of purchase order (net of advances) issued to parties for completion of assets. Provisions, contingent liabilities, contingent assets and commitments are reviewed at each balance sheet date.

Contingent assets

A contingent asset is disclosed, where an inflow of economic benefits is probable.

3,6 Cash & Cash Equivalents

Cash and cash equivalents includes cash on hand and at bank, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

For the purpose of the Statement of Cash Flows, cash and cash equivalents consists of cash and short term deposits, as defined above, net of outstanding bank overdraft as they being considered as integral part of the Company's cash management.

Cash flow statement

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

3,7 Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all potential dilutive equity shares.

4. Property, Plant and Equipment

(i) Tangible assets

Particulars	Land Free Hold	Buildings	Total Tangible Asset
Gross block			
Balance as at 18 January 2018	-	-	-
Additions	681.106	1.244.153	1.925.259
Disposals	-	-	-
Balance as at 31 March 2019	681.106	1.244.153	1.925.259
Depreciation			
Balance as at 18 January 2018	-	-	-
Depreciation for the period	-	7.419	7.419
Accumulated depreciation on disposals	-	-	-
Balance as at 31 March 2019	-	7.419	7.419
Net block			
As at 31 March 2019	681.106	1.236.734	1.917.840

Dalmia Refractories Germany GmbH
Notes to the financial statements as on March 31, 2019

5 Non- Current Assets: Financial Assets

5,1 Investments

**As at 31st
March, 2019**

A Unquoted Investment

Investments in Subsidiaries (At Cost)

450,000 shares of GSB Group GMBH of Euro 1 each fully paid

10.477.000

10.477.000

Aggregate amount of Non Current Investments.

Particulars

Aggregate amount of unquoted investments

10.477.000

Aggregate amount of impairment in value of investments

Current Assets:

6 Current financial assets

6,1 Cash & Cash Equivalent

**As at 31st
March, 2019**

Balances with banks

- in Current Accounts

2.597.369

2.597.369

7 Other Current Assets:

Balance with statutory authorities (net off)

11.681

Other Advances

39.952

51.633

Dalmia Refractories Germany GmbH
Notes to the financial statements as on March 31, 2019

8 Share Capital

Authorised	
1,825,000 Equity Shares of Euro 1 each	1.825.000
Total	1.825.000
Subscribed, issued & fully paid up	
1,825,000 Equity shares of Euro 1 each	1.825.000
Total	1.825.000

(i) **Reconciliation of number and amount of equity shares outstanding:**

	No. of shares
As at 12 December, 2018	25.000
Movement during the period	1.800.000
As at 31st March, 2019	1.825.000

Rights, restrictions and preferences attached to each class of shares

The Company has only one class of equity shares having par value of Euro 1/- per share. Each holder of equity share is entitled to one vote per share. In the event of liquidation of the company, the holder of equity shares will be entitled to receive the assets of the company. The distribution will be in proportion to the number of equity shares held by the shareholders.

(ii) **Details of shareholders holding more than 5% shares in the company**

	As at March 31, 2019	
	Number	% Holding
Equity shares of 1€ each fully paid		
Dalmia Refractories Limited	1.825.000	100%

As per records of the company, including register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

9 Financial Liabilities

	As at 31st
	March, 2019
9,1 Borrowings	
<u>Secured at amortised cost</u>	
Loans from banks	
- term loans	10.163.968
	10.163.968

1 Term Loan

Loans of Euro 11,000,000 as shown in long term borrowings and current maturities of long term debts are secured by equitable mortgage of Factory Land and Building at Dalmiapuram, Rajgangpur, Khambalia and Katni Units of the Company. In addition to that secured by first charge over moveable fixed assets and hypothecation of Stocks and other current assets as collateral extension. Processing fees paid amounting to Euro 440,035 has been netted off from the loan amount. The interest rate for the said Term Loans is 2.93% and effective interest rate is 3.75%. The term loan has to be repaid in quarterly installments. It is secured by Land, Building and movable fixed assets of GSB, and 100% of the shares of DRLs investment in GSB.

Dalmia Refractories Germany GmbH
Notes to the financial statements as on March 31, 2019

10 Other non-current liabilities

Other long term payables (refer Note 23)	500.000,00
	<u>500.000,00</u>

11 Financial Liability - Current

11,1 Other financial liabilities

Current maturities of long term debt	395.997,00
Other current financial liabilities (refer Note 23)	2.182.302
	<u>2.578.298,53</u>

12 Other current liabilities

Other Payables	82.500,00
	<u>82.500,00</u>

Dalmia Rafractories Germany GmbH
Notes to the financial statements as on March 31, 2019

Note No	Particulars	For the period ended March 31, 2019
13 Other income		
	i. Lease rental income	39.952
		<u>39.952</u>
14 Finance costs		
	Interest on	
	i. Term Loans	82.500
		<u>82.500</u>
15 Other expenses		
	i. Legal Charges	54.440
	ii. Bank charges	1.518
		<u>55.958</u>
16 Earning per Share		
	Profit after tax	(105.924)
	Number of equity shares outstanding during the period (weighted average)	1.825.000
	Nominal value of equity shares (Euro 1.00 each)	1
	Earning per share (Cents) Basic	(0,06)
	Earning per share (Cents) Diluted	(0,06)

Dalmia Refractories Germany GmbH
Notes to the financial statements as on March 31, 2019

Amount in Euro

17 Related Party Transaction

A. Relationships

- i) Subsidiary of the Company : GSB Group GMBH w.e.f. 01.01.2019
- ii) Holding of the Company : Dalmia Refractories Limited w.e.f. 12.12.2018

B. The following transactions were carried out with the related parties in the ordinary course of business:

Nature of Relationship	Name of Related Party	Nature of Transaction	For the period ended
			31-Mar-19
Holding co.	Dalmia Refractories Limited	Issue of Share capital	1.800.000
Subsidiary co	GSB Group GMBH	Lease rental income	39.952

C. Balances outstanding at year end:

Nature of	Name of Related Party	Nature of Transaction	31-Mar-19
Subsidiary co	GSB Group GMBH	Outstanding balance at year end (Amount Receivable)	39.952

18 Impairment Review

During the period, Company has acquired land and building on fair value of Euro 1,800,000 and has give on lease to their wholly onwend subsidiary GSB group GMBH.

As per requirment of IAS 36, management performed their testing and ensured that there will not be any Impairment charges on building.

19 Events occurring After the Balance Sheet date

No adjusting or significant non adjusting events have occurred between the reporting date and date of authorization of financial statements

20 All amounts including those in contingent liabilities and notes have been expressed in Euro.

21 Financial Risk Management Objectives And Policies

Financial Risk Factors

The Company's operational activities expose to various financial risks i.e. market risk, credit risk and risk of liquidity. The Company realizes that risks are inherent and integral aspect of any business. The primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The Company's senior management oversees the management of these risks and devise appropriate risk management framework for the Company. The senior management provides assurance that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives

A. Credit Risk :

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables and advances to suppliers) and from its financing activities, including deposits and other financial instruments. The Company has given thier land and building on lease to their wholly owned subsidiary company and timely check that there is no credit risk.

B. Liquidity Risk :

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of **term loan**. The table below summarises the maturity profile of the Company's financial liabilities based on contracted undiscounted payments (excluding transaction cost on borrowings).

Table hereunder provides the current ratios of the Company as at the period end

Particulars	As at 31st March, 2019			
	Payable on demand	Less than 1 year	More than 1 year	Total
Total current assets				2.649.002
Total current liabilities				2.660.799
Current ratio				1
Particulars	Payable on demand	Less than 1 year	More than 1 year	Total
As at March 31, 2019				
Borrowings	-	395.997	10.163.968	10.559.965
Other financial Liabilities	-	2.182.302	500.000	2.682.302
Trade and other payables		82.500	-	82.500
Total	-	2.660.799	10.663.968	13.324.767

C. Market Risk :

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company is exposed to the risk of movements in interest rates its assets, liabilities and future transactions.

Particulars	Fixed Rate Borrowing	Variable Rate Borrowing	Total Borrowing
As at March 31, 2019		12.742.267	12.742.267

Sensitivity analysis - For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year.

Sensitivity on variable rate borrowings	Impact on Profit & Loss Account
	For the period ended 31st March, 2019
Interest rate increase by 0.25%	(31.856)
Interest rate decrease by 0.25%	31.856

Foreign Currency Risk :

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's does not have the exposure to the risk of changes in foreign exchange rates.

22 Capital Management

For the purpose of the Company's capital management, equity includes issued equity capital, securities premium and all other equity reserves attributable to the equity shareholders and net debt includes interest bearing loans and borrowings less current investments and cash and cash equivalents. The primary objective of the Company's capital management is to safeguard continuity, maintain a strong credit rating and healthy capital ratios in order to support its business and provide adequate return to shareholders through continuing growth.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. The funding requirement is met through a mixture of equity, internal accruals and long term borrowings. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt.

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest bearing loans and borrowings that define capital structure requirements

Dalmia Refractories Germany GmbH
Notes to the financial statements as on March 31, 2019

23 Acquisition

On 1st January 2019 Dalmia Refractory Germany GMBH ("the Company") acquired 100% of the issued share capital of GSB Group GMBH ("GSB G") GSB G is the European leader in the area of refractory lances, RH Snorkels and other special pre-cast shape, with a well-focused market positioning & good brand reputation. GSB G specializes in combining steel core & refractory. Company currently has 2 production facilities, one in Dusseldorf, Germany and another one in Bhilai, India (owned through its subsidiary GSB Refractories India Private Limited).

The Company is 100% subsidiary of Dalmia Refractories Limited which is part of Dalmia Bharat Group. The Acquisition was made to increase group through inorganic growth.

Total consideration agreed of Euro 10,477,000 to acquire 100% shares of GSB G out of which Euro 7,925,000 had been paid to sellers till 31 March 2019 and remaining Euro 2,552,000 will be paid subsequently. Out of total balance consideration, Euro 500,000 will be paid post completion of 18 Month and accordingly same has been classified as long term payable.

Company has recorded amount paid and payable to erstwhile owners of GSB G as an Investment and same has been recorded on cost.

Consideration has been calculated basis working capital numbers as on 31 December 2018 as per audited financial statement of GSB G and GSB Refractories India Private limited. Company is in process of discussing final consideration computation with previous owners and any change if any will be adjusted subsequently not later 31 December 2019 and change if any will be recorded as part of Investment in standalone financial statement and in Goodwill in consolidated financial statement.

Acquisition related costs that were not directly attributable to the issue of shares are included in other expenses in profit or loss and in operating cash flow in the statement of cash flow.

Company also purchased land and building for a consideration of Euro 1,800,000 and has given on lease to their subsidiary GSB G.

Attachment 6

Allgemeine Auftragsbedingungen

für

Wirtschaftsprüfer und Wirtschaftsprüfungsgesellschaften

vom 1. Januar 2017

DokID:

1. Geltungsbereich

(1) Die Auftragsbedingungen gelten für Verträge zwischen Wirtschaftsprüfern oder Wirtschaftsprüfungsgesellschaften (im Nachstehenden zusammenfassend „Wirtschaftsprüfer“ genannt) und ihren Auftraggebern über Prüfungen, Steuerberatung, Beratungen in wirtschaftlichen Angelegenheiten und sonstige Aufträge, soweit nicht etwas anderes ausdrücklich schriftlich vereinbart oder gesetzlich zwingend vorgeschrieben ist.

(2) Dritte können nur dann Ansprüche aus dem Vertrag zwischen Wirtschaftsprüfer und Auftraggeber herleiten, wenn dies ausdrücklich vereinbart ist oder sich aus zwingenden gesetzlichen Regelungen ergibt. Im Hinblick auf solche Ansprüche gelten diese Auftragsbedingungen auch diesen Dritten gegenüber.

2. Umfang und Ausführung des Auftrags

(1) Gegenstand des Auftrags ist die vereinbarte Leistung, nicht ein bestimmter wirtschaftlicher Erfolg. Der Auftrag wird nach den Grundsätzen ordnungsmäßiger Berufsausübung ausgeführt. Der Wirtschaftsprüfer übernimmt im Zusammenhang mit seinen Leistungen keine Aufgaben der Geschäftsführung. Der Wirtschaftsprüfer ist für die Nutzung oder Umsetzung der Ergebnisse seiner Leistungen nicht verantwortlich. Der Wirtschaftsprüfer ist berechtigt, sich zur Durchführung des Auftrags sachverständiger Personen zu bedienen.

(2) Die Berücksichtigung ausländischen Rechts bedarf – außer bei betriebswirtschaftlichen Prüfungen – der ausdrücklichen schriftlichen Vereinbarung.

(3) Ändert sich die Sach- oder Rechtslage nach Abgabe der abschließenden beruflichen Äußerung, so ist der Wirtschaftsprüfer nicht verpflichtet, den Auftraggeber auf Änderungen oder sich daraus ergebende Folgerungen hinzuweisen.

3. Mitwirkungspflichten des Auftraggebers

(1) Der Auftraggeber hat dafür zu sorgen, dass dem Wirtschaftsprüfer alle für die Ausführung des Auftrags notwendigen Unterlagen und weiteren Informationen rechtzeitig übermittelt werden und ihm von allen Vorgängen und Umständen Kenntnis gegeben wird, die für die Ausführung des Auftrags von Bedeutung sein können. Dies gilt auch für die Unterlagen und weiteren Informationen, Vorgänge und Umstände, die erst während der Tätigkeit des Wirtschaftsprüfers bekannt werden. Der Auftraggeber wird dem Wirtschaftsprüfer geeignete Auskunftspersonen benennen.

(2) Auf Verlangen des Wirtschaftsprüfers hat der Auftraggeber die Vollständigkeit der vorgelegten Unterlagen und der weiteren Informationen sowie der gegebenen Auskünfte und Erklärungen in einer vom Wirtschaftsprüfer formulierten schriftlichen Erklärung zu bestätigen.

4. Sicherung der Unabhängigkeit

(1) Der Auftraggeber hat alles zu unterlassen, was die Unabhängigkeit der Mitarbeiter des Wirtschaftsprüfers gefährdet. Dies gilt für die Dauer des Auftragsverhältnisses insbesondere für Angebote auf Anstellung oder Übernahme von Organfunktionen und für Angebote, Aufträge auf eigene Rechnung zu übernehmen.

(2) Sollte die Durchführung des Auftrags die Unabhängigkeit des Wirtschaftsprüfers, die der mit ihm verbundenen Unternehmen, seiner Netzwerkunternehmen oder solcher mit ihm assoziierten Unternehmen, auf die die Unabhängigkeitsvorschriften in gleicher Weise Anwendung finden wie auf den Wirtschaftsprüfer, in anderen Auftragsverhältnissen beeinträchtigen, ist der Wirtschaftsprüfer zur außerordentlichen Kündigung des Auftrags berechtigt.

5. Berichterstattung und mündliche Auskünfte

Soweit der Wirtschaftsprüfer Ergebnisse im Rahmen der Bearbeitung des Auftrags schriftlich darzustellen hat, ist alleine diese schriftliche Darstellung maßgebend. Entwürfe schriftlicher Darstellungen sind unverbindlich. Sofern nicht anders vereinbart, sind mündliche Erklärungen und Auskünfte des Wirtschaftsprüfers nur dann verbindlich, wenn sie schriftlich bestätigt werden. Erklärungen und Auskünfte des Wirtschaftsprüfers außerhalb des erteilten Auftrags sind stets unverbindlich.

6. Weitergabe einer beruflichen Äußerung des Wirtschaftsprüfers

(1) Die Weitergabe beruflicher Äußerungen des Wirtschaftsprüfers (Arbeitsergebnisse oder Auszüge von Arbeitsergebnissen – sei es im Entwurf oder in der Endfassung) oder die Information über das Tätigwerden des Wirtschaftsprüfers für den Auftraggeber an einen Dritten bedarf der schriftlichen Zustimmung des Wirtschaftsprüfers, es sei denn, der Auftraggeber ist zur Weitergabe oder Information aufgrund eines Gesetzes oder einer behördlichen Anordnung verpflichtet.

(2) Die Verwendung beruflicher Äußerungen des Wirtschaftsprüfers und die Information über das Tätigwerden des Wirtschaftsprüfers für den Auftraggeber zu Werbezwecken durch den Auftraggeber sind unzulässig.

7. Mängelbeseitigung

(1) Bei etwaigen Mängeln hat der Auftraggeber Anspruch auf Nacherfüllung durch den Wirtschaftsprüfer. Nur bei Fehlschlagen, Unterlassen bzw. unberechtigter Verweigerung, Unzumutbarkeit oder Unmöglichkeit der Nacherfüllung kann er die Vergütung mindern oder vom Vertrag zurücktreten; ist der Auftrag nicht von einem Verbraucher erteilt worden, so kann der Auftraggeber wegen eines Mangels nur dann vom Vertrag zurücktreten, wenn die erbrachte Leistung wegen Fehlschlagens, Unterlassung, Unzumutbarkeit oder Unmöglichkeit der Nacherfüllung für ihn ohne Interesse ist. Soweit darüber hinaus Schadensersatzansprüche bestehen, gilt Nr. 9.

(2) Der Anspruch auf Beseitigung von Mängeln muss vom Auftraggeber unverzüglich in Textform geltend gemacht werden. Ansprüche nach Abs. 1, die nicht auf einer vorsätzlichen Handlung beruhen, verjähren nach Ablauf eines Jahres ab dem gesetzlichen Verjährungsbeginn.

(3) Offenbare Unrichtigkeiten, wie z.B. Schreibfehler, Rechenfehler und formelle Mängel, die in einer beruflichen Äußerung (Bericht, Gutachten und dgl.) des Wirtschaftsprüfers enthalten sind, können jederzeit vom Wirtschaftsprüfer auch Dritten gegenüber berichtet werden. Unrichtigkeiten, die geeignet sind, in der beruflichen Äußerung des Wirtschaftsprüfers enthaltene Ergebnisse infrage zu stellen, berechtigen diesen, die Äußerung auch Dritten gegenüber zurückzunehmen. In den vorgenannten Fällen ist der Auftraggeber vom Wirtschaftsprüfer tunlichst vorher zu hören.

8. Schweigepflicht gegenüber Dritten, Datenschutz

(1) Der Wirtschaftsprüfer ist nach Maßgabe der Gesetze (§ 323 Abs. 1 HGB, § 43 WPO, § 203 StGB) verpflichtet, über Tatsachen und Umstände, die ihm bei seiner Berufstätigkeit anvertraut oder bekannt werden, Stillschweigen zu bewahren, es sei denn, dass der Auftraggeber ihn von dieser Schweigepflicht entbindet.

(2) Der Wirtschaftsprüfer wird bei der Verarbeitung von personenbezogenen Daten die nationalen und europarechtlichen Regelungen zum Datenschutz beachten.

9. Haftung

(1) Für gesetzlich vorgeschriebene Leistungen des Wirtschaftsprüfers, insbesondere Prüfungen, gelten die jeweils anzuwendenden gesetzlichen Haftungsbeschränkungen, insbesondere die Haftungsbeschränkung des § 323 Abs. 2 HGB.

(2) Sofern weder eine gesetzliche Haftungsbeschränkung Anwendung findet noch eine einzelvertragliche Haftungsbeschränkung besteht, ist die Haftung des Wirtschaftsprüfers für Schadensersatzansprüche jeder Art, mit Ausnahme von Schäden aus der Verletzung von Leben, Körper und Gesundheit, sowie von Schäden, die eine Ersatzpflicht des Herstellers nach § 1 ProdHaftG begründen, bei einem fahrlässig verursachten einzelnen Schadensfall gemäß § 54a Abs. 1 Nr. 2 WPO auf 4 Mio. € beschränkt.

(3) Einreden und Einwendungen aus dem Vertragsverhältnis mit dem Auftraggeber stehen dem Wirtschaftsprüfer auch gegenüber Dritten zu.

(4) Leiten mehrere Anspruchsteller aus dem mit dem Wirtschaftsprüfer bestehenden Vertragsverhältnis Ansprüche aus einer fahrlässigen Pflichtverletzung des Wirtschaftsprüfers her, gilt der in Abs. 2 genannte Höchstbetrag für die betreffenden Ansprüche aller Anspruchsteller insgesamt.

(5) Ein einzelner Schadensfall im Sinne von Abs. 2 ist auch bezüglich eines aus mehreren Pflichtverletzungen stammenden einheitlichen Schadens gegeben. Der einzelne Schadensfall umfasst sämtliche Folgen einer Pflichtverletzung ohne Rücksicht darauf, ob Schäden in einem oder in mehreren aufeinanderfolgenden Jahren entstanden sind. Dabei gilt mehrfaches auf gleicher oder gleichartiger Fehlerquelle beruhendes Tun oder Unterlassen als einheitliche Pflichtverletzung, wenn die betreffenden Angelegenheiten miteinander in rechtlichem oder wirtschaftlichem Zusammenhang stehen. In diesem Fall kann der Wirtschaftsprüfer nur bis zur Höhe von 5 Mio. € in Anspruch genommen werden. Die Begrenzung auf das Fünffache der Mindestversicherungssumme gilt nicht bei gesetzlich vorgeschriebenen Pflichtprüfungen.

(6) Ein Schadensersatzanspruch erlischt, wenn nicht innerhalb von sechs Monaten nach der schriftlichen Ablehnung der Ersatzleistung Klage erhoben wird und der Auftraggeber auf diese Folge hingewiesen wurde. Dies gilt nicht für Schadensersatzansprüche, die auf vorsätzliches Verhalten zurückzuführen sind, sowie bei einer schuldhaften Verletzung von Leben, Körper oder Gesundheit sowie bei Schäden, die eine Ersatzpflicht des Herstellers nach § 1 ProdHaftG begründen. Das Recht, die Einrede der Verjährung geltend zu machen, bleibt unberührt.

10. Ergänzende Bestimmungen für Prüfungsaufträge

(1) Ändert der Auftraggeber nachträglich den durch den Wirtschaftsprüfer geprüften und mit einem Bestätigungsvermerk versehenen Abschluss oder Lagebericht, darf er diesen Bestätigungsvermerk nicht weiterverwenden.

Hat der Wirtschaftsprüfer einen Bestätigungsvermerk nicht erteilt, so ist ein Hinweis auf die durch den Wirtschaftsprüfer durchgeführte Prüfung im Lagebericht oder an anderer für die Öffentlichkeit bestimmter Stelle nur mit schriftlicher Einwilligung des Wirtschaftsprüfers und mit dem von ihm genehmigten Wortlaut zulässig.

(2) Widerruft der Wirtschaftsprüfer den Bestätigungsvermerk, so darf der Bestätigungsvermerk nicht weiterverwendet werden. Hat der Auftraggeber den Bestätigungsvermerk bereits verwendet, so hat er auf Verlangen des Wirtschaftsprüfers den Widerruf bekanntzugeben.

(3) Der Auftraggeber hat Anspruch auf fünf Berichtsausfertigungen. Weitere Ausfertigungen werden besonders in Rechnung gestellt.

11. Ergänzende Bestimmungen für Hilfeleistung in Steuersachen

(1) Der Wirtschaftsprüfer ist berechtigt, sowohl bei der Beratung in steuerlichen Einzelfragen als auch im Falle der Dauerberatung die vom Auftraggeber genannten Tatsachen, insbesondere Zahlenangaben, als richtig und vollständig zugrunde zu legen; dies gilt auch für Buchführungsaufträge. Er hat jedoch den Auftraggeber auf von ihm festgestellte Unrichtigkeiten hinzuweisen.

(2) Der Steuerberatungsauftrag umfasst nicht die zur Wahrung von Fristen erforderlichen Handlungen, es sei denn, dass der Wirtschaftsprüfer hierzu ausdrücklich den Auftrag übernommen hat. In diesem Fall hat der Auftraggeber dem Wirtschaftsprüfer alle für die Wahrung von Fristen wesentlichen Unterlagen, insbesondere Steuerbescheide, so rechtzeitig vorzulegen, dass dem Wirtschaftsprüfer eine angemessene Bearbeitungszeit zur Verfügung steht.

(3) Mangels einer anderweitigen schriftlichen Vereinbarung umfasst die laufende Steuerberatung folgende, in die Vertragsdauer fallenden Tätigkeiten:

- a) Ausarbeitung der Jahressteuererklärungen für die Einkommensteuer, Körperschaftsteuer und Gewerbesteuer sowie der Vermögensteuererklärungen, und zwar auf Grund der vom Auftraggeber vorzulegenden Jahresabschlüsse und sonstiger für die Besteuerung erforderlicher Aufstellungen und Nachweise
- b) Nachprüfung von Steuerbescheiden zu den unter a) genannten Steuern
- c) Verhandlungen mit den Finanzbehörden im Zusammenhang mit den unter a) und b) genannten Erklärungen und Bescheiden
- d) Mitwirkung bei Betriebsprüfungen und Auswertung der Ergebnisse von Betriebsprüfungen hinsichtlich der unter a) genannten Steuern
- e) Mitwirkung in Einspruchs- und Beschwerdeverfahren hinsichtlich der unter a) genannten Steuern.

Der Wirtschaftsprüfer berücksichtigt bei den vorgenannten Aufgaben die wesentliche veröffentlichte Rechtsprechung und Verwaltungsauffassung.

(4) Erhält der Wirtschaftsprüfer für die laufende Steuerberatung ein Pauschalhonorar, so sind mangels anderweitiger schriftlicher Vereinbarungen die unter Abs. 3 Buchst. d) und e) genannten Tätigkeiten gesondert zu honorieren.

(5) Sofern der Wirtschaftsprüfer auch Steuerberater ist und die Steuerberatervergütungsverordnung für die Bemessung der Vergütung anzuwenden ist, kann eine höhere oder niedrigere als die gesetzliche Vergütung in Textform vereinbart werden.

(6) Die Bearbeitung besonderer Einzelfragen der Einkommensteuer, Körperschaftsteuer, Gewerbesteuer, Einheitsbewertung und Vermögensteuer sowie aller Fragen der Umsatzsteuer, Lohnsteuer, sonstigen Steuern und Abgaben erfolgt auf Grund eines besonderen Auftrags. Dies gilt auch für

- a) die Bearbeitung einmalig anfallender Steuerangelegenheiten, z.B. auf dem Gebiet der Erbschaftsteuer, Kapitalverkehrssteuer, Grunderwerbsteuer,
- b) die Mitwirkung und Vertretung in Verfahren vor den Gerichten der Finanz- und der Verwaltungsgerichtsbarkeit sowie in Steuerstrafsachen,
- c) die beratende und gutachtliche Tätigkeit im Zusammenhang mit Umwandlungen, Kapitalerhöhung und -herabsetzung, Sanierung, Eintritt und Ausscheiden eines Gesellschafters, Betriebsveräußerung, Liquidation und dergleichen und
- d) die Unterstützung bei der Erfüllung von Anzeige- und Dokumentationspflichten.

(7) Soweit auch die Ausarbeitung der Umsatzsteuerjahreserklärung als zusätzliche Tätigkeit übernommen wird, gehört dazu nicht die Überprüfung etwaiger besonderer buchmäßiger Voraussetzungen sowie die Frage, ob alle in Betracht kommenden umsatzsteuerrechtlichen Vergünstigungen wahrgenommen worden sind. Eine Gewähr für die vollständige Erfassung der Unterlagen zur Geltendmachung des Vorsteuerabzugs wird nicht übernommen.

12. Elektronische Kommunikation

Die Kommunikation zwischen dem Wirtschaftsprüfer und dem Auftraggeber kann auch per E-Mail erfolgen. Soweit der Auftraggeber eine Kommunikation per E-Mail nicht wünscht oder besondere Sicherheitsanforderungen stellt, wie etwa die Verschlüsselung von E-Mails, wird der Auftraggeber den Wirtschaftsprüfer entsprechend in Textform informieren.

13. Vergütung

(1) Der Wirtschaftsprüfer hat neben seiner Gebühren- oder Honorarforderung Anspruch auf Erstattung seiner Auslagen; die Umsatzsteuer wird zusätzlich berechnet. Er kann angemessene Vorschüsse auf Vergütung und Auslagenersatz verlangen und die Auslieferung seiner Leistung von der vollen Befriedigung seiner Ansprüche abhängig machen. Mehrere Auftraggeber haften als Gesamtschuldner.

(2) Ist der Auftraggeber kein Verbraucher, so ist eine Aufrechnung gegen Forderungen des Wirtschaftsprüfers auf Vergütung und Auslagenersatz nur mit unbestrittenen oder rechtskräftig festgestellten Forderungen zulässig.

14. Streitschlichtungen

Der Wirtschaftsprüfer ist nicht bereit, an Streitbeilegungsverfahren vor einer Verbraucherschlichtungsstelle im Sinne des § 2 des Verbraucherstreitbeilegungsgesetzes teilzunehmen.

15. Anzuwendendes Recht

Für den Auftrag, seine Durchführung und die sich hieraus ergebenden Ansprüche gilt nur deutsches Recht.

General Engagement Terms

for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften [German Public Auditors and Public Audit Firms] as of January 1, 2017

1. Scope of application

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

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

2. Scope and execution of the engagement

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

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

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

3. The obligations of the engaging party to cooperate

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

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

4. Ensuring independence

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

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

5. Reporting and oral information

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

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

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

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

7. Deficiency rectification

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

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

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

8. Confidentiality towards third parties, and data protection

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

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

9. Liability

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

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

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

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

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

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

10. Supplementary provisions for audit engagements

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

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

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

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

11. Supplementary provisions for assistance in tax matters

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

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

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

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

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

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

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

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

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

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

12. Electronic communication

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

13. Remuneration

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

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

14. Dispute Settlement

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

15. Applicable law

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