

Report
on the Performance of a Quality Control
in accordance with section 57a WPO
(Peer Review Report)

Fabel, Werner & Schnittke GmbH

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Germany

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Annex

General Terms and Conditions for Statutory Auditors and Audit Firms as amended on January 1, 2002

List of Abbreviations

AICPA	American Institute of Certified Public Accountants
CPA	Certified Public Accountant
e.V.	Eingetragener Verein (registered association)
FWS	Fabel, Werner, Schnittke
GmbH	Gesellschaft mit beschränkter Haftung (limited liability company)
HGB	Handelsgesetzbuch (German Commercial Code)
HRB	Handelsregister Abteilung B (Commercial Register, Section B)
IDW	Institut der Wirtschaftsprüfer in Deutschland e.V., Düsseldorf (German Institute of Statutory Auditors)
IDW PH	IDW Prüfungshinweis (IDW Audit Evidence)
IDW PS	IDW Prüfungsstandard (IDW Audit Standard)
ISA	International Standard on Auditing
VO	Verordnung (regulation)
WPO	Wirtschaftsprüferordnung (German Auditors' Regulations)

A. Addressee

- 1 Our peer review report is addressed to:

Fabel, Werner & Schnittke GmbH
Landsberger Str. 98
82110 Germering
Germany

B. Assignment and Subject of the Peer Review

- 2 On July 7, 2013 the management of the FWS GmbH - also called "Client" or "Company" hereinafter - gave us the assignment to carry out a peer review in accordance with section 57a WPO on the implementation of the introduced principles and measures for quality assurance (quality assurance system).
- 3 Our peer review covered the period from January 2012 to August 2014.
- 4 Mr. Ralph-Peter Scholz, statutory auditor, registered as peer auditor in accordance with section 57a para. 3 WPO, was responsible for conducting the peer review. Mr. Scholz is a Managing Director of the audit firm BTR Beratung Treuhand Revision GmbH, so that the requirements of section 57a para. 3 sentence 5 WPO are fulfilled.
- 5 It is the responsibility of the Client to establish a quality assurance system and to ensure that it is complied with. Our task is to assess the adequacy and effectiveness of the Company's quality assurance system in respect to attestation engagements in accordance with section 2 para. 1 WPO, based on our peer review.
- 6 Section 57 b para. 4 WPO in connection with section 323 para. 2 HGB shall prevail for the execution of the assignment as well as for our responsibility and liability, also in relation to third parties. As far as our rights and obligations cannot already be deducted directly from section 57a et sec. WPO, our assignment is based, also in relation to third parties, on the enclosed General Terms and Conditions for Statutory Auditors and Audit Firms as amended on January 1, 2002.

C. Information about the Company under Peer Review

Legal and Economic Basis

- 7 The Company "Fabel, Werner & Schnittke GmbH", located in Germering near Munich, Germany, was founded on December 8, 1997. It was registered in the Commercial Register of the local court (Amtsgericht) of Munich under HRB 118717.
- 8 The Company provides audit and consulting services for small and medium-sized enterprises and for internationally operating not-for-profit organizations. The assignments are carried out in approx. 40 countries in Europe, Northern and South America, Asia and Africa. In conducting the assignments the Company works together with the cooperation partner of the respective country. The basis for the cooperation is regulated in written cooperation contracts.
- 9 The shareholders of the Company are Mr. Frank Fabel, Certified Public Accountant (CPA), Mr. Thomas Werner, Certified Public Accountant (CPA) and Mr. Vladimir E. Schnittke. The directors of the Company are Mr. Frank Fabel and Mr. Thomas Werner.

Human Resources of the Company

- 10 In addition to the two managing directors, who are qualified auditors (CPA), the Company has two other employees who work exclusively in the office and in administration.
- 11 The Company thus employs a total of four employees including the managing directors.
- 12 The Company has concluded 31 cooperation contracts with audit partners in Europe, Asia and Africa.

Client Structure and Key Activities

- 13 The Clients of the Company are small and medium-sized enterprises, UN organizations as well as internationally operating not-for profit organizations, among others from Germany, the Netherlands, Sweden, USA, Russia, Kazakhstan, Serbia, Romania, Cameroon, Congo, Georgia etc.
- 14 The audits are carried out in the country of the Client or in the country of the project under audit. The Company mainly conducts voluntary audits in accordance with International Standard on Auditing (ISA) 800. The order situation can be described as positive.

Office Partnerships

- 15 There are no office partnerships.

Networking and Cooperation

- 16 Fabel, Werner & Schnittke GmbH is a member of the international audit network EMPACTA e.V., an association of internationally operating accountants and audit firms.

Branch Offices

- 17 There are branch offices in Moscow and Tirana.

Legal Disputes

- 18 According to the management there are currently no pending legal disputes or liability cases.

D. Description of the Quality Assurance System

- 19 The Company has complied with the professional duties established by the WPO and with the professional code for statutory auditors and certified accountants. It has implemented the professional rules in accordance with VO 1/2006 and the IDW audit standards. These professional duties and rules were implemented in organizational policies and described in a quality manual.
- 20 The "Internal Regulation for Quality Control" dated July 31, 2014 sets out the principles and measures of the quality assurance system for practice organization, order processing and internal review. The "Internal Regulation for Quality Control" provides the necessary internal rules and defines the various measures of quality assurance.
- 21 The following documents are available to ensure the proper implementation and documentation of audits:
- FWS Internal Regulations on Quality Control,
 - FWS Security Policy,
 - FWS Standard for Working Papers,
 - FWS Audit Report Design,
 - FWS General Terms and Conditions.
- 22 The company has its own checklists and work aids representing the basis of the audit assignments. Reporting is based on a sample report in MS Word.
- 23 The responsibilities, rules and tools for conducting an internal review are specified in the chapter "Internal Review".
- 24 The manual was made mandatory for all employees working in the Company and for all cooperation partners of the Client.
- 25 The managing director Thomas Werner, who is responsible for the adaptation and development of the quality assurance system, monitors the compliance with the internal rules and regulations.

1. Quality Assurance in the Organization of the Audit Firm

1.1. Independence, Impartiality and Avoiding Conflicts of Interest

- 26 Independence, impartiality and avoiding conflicts of interest is to be achieved by the following measures:
- 27 Every time before an individual audit assignment is accepted, the management examines whether there are any grounds within the audit team for rejecting the assignment in accordance with section 319 HGB.

- 28 The managing director responsible for the assignment has the duty to monitor whether the principles and measures regarding independence and conflict of interest are complied with.

1.2. Diligence

- 29 According to the regulations of the Company carrying out assignments diligently also requires that the statutory provisions and the professional rules are complied with. Any deviation from professional rules has to be justified separately.
- 30 There is an obligation to use all relevant checklists, audit tools, templates and sample reports for audit assignments in order to comply with the professional rules. A deviation is only possible in special, well-founded cases, after consulting the other managing director.

1.3. Confidentiality

- 31 All employees and cooperation partners are to be obliged with regard to confidentiality, insider regulations, data protection and money laundering regulations at the moment of employment or at the moment of becoming a cooperation partner. They sign respective statements when they begin to work for the Company. The confidentiality agreements are filed in the personnel file or together with the cooperation agreement.

1.4. Personal Responsibility

- 32 The audits are currently carried out exclusively by the two directors of the Company in cooperation with the business partner of the country, where the assignment is conducted with the respective director acting as an audit manager. By signing the audit reports the directors document that the assessment is based on their own conclusions.

1.5. Acceptance of Engagements, Continuation and Early Termination of Contracts

- 33 The managing directors, who check the compliance with the regulations, are exclusively responsible to accept and confirm audit assignments. In particular they have to consider independence and possible reasons for the rejection of engagements, compliance with professional obligations, the integrity of potential clients, conflicts of interest with existing clients as well as the risks related to the contract, before they accept the engagement.
- 34 It has to be ensured that the Company has sufficient information on the nature and scope of each assignment as well as on the activities, business practices, integrity and economic and legal environment of the client. The Company has to reject assignments, if it does not have the required competence.
- 35 The content and scope of all assignments are always agreed in writing by an order confirmation. The agreement makes reference to the "General Terms and Conditions".

- 36 There should be a meeting with the previous auditor in the case of a change of auditors, at least in the case of resignation or dismissal.
- 37 If there are changes that no longer allow the continuation of the assignment, the continuation of the assignment is to be refused or the contract is to be terminated prematurely.

1.6. Staff Development/Selection of Cooperation Partners

- 38 Cooperation partners who are professionally and personally suitable are selected on the basis of their written applications and intensive interviews by the managing directors.
- 39 Upon conclusion of the contract the employees or cooperation partners are informed about independence and confidentiality as well as about insider rules, data protection policy and money laundering regulations.
- 40 The personal and professional assessment of the cooperation partners is regularly carried out in meetings on the basis of common activities.
- 41 The qualification and information of professionals and cooperation partners is ensured by regular internal and external training. International conferences of the audit network EMPACTA are held in regular intervals, where professional developments are discussed.

The CPA qualification requires continuous professional education comprising at least 40 hours per annum. The compliance with the requirement of continuous professional education is a precondition for the annual renewal of the active CPA license.

- 42 The cooperation partners are additionally expected to organize their own professional education and training. The managing directors have extensive professional literature in the form of professional journals, handbooks and commentaries as well as electronic media research at their disposal which is constantly updated.

1.7. Overall Planning of Assignments

- 43 The overall planning of assignments is done with the help of a scheduling overview (protected by password) in the intranet of the Company. The time schedule is updated on a daily basis defining the necessary time and human resources. The time needed is planned quantitatively for all assignments and the human resources are allocated to the assignments. Changes are entered regularly.
- 44 The audit assignments are scheduled in consultation with the Company's clients.

1.8. Dealing with Complaints and Allegations

- 45 There are written regulations providing that complaints or allegations must be reported to the management. The investigation of complaints and possible measures for elimination of mistakes are to be carried out by management.

1.9. Professional and Organizational Guidelines and Tools

- 46 The Company uses its own audit programs, checklists and work aids for voluntary annual audits and other audit assignments.
- 47 The managing director Thomas Werner is responsible for regularly updating the auditing standards. The results of the internal review are taken into account.
- 48 The auditing standards correspond with the internationally accepted auditing standards (ISA).
- 49 With regard to the internal policies and measures to carry out statutory audits, it is referred to the autonomous application of IDW Auditing Standards for audit planning, for system tests (structural and functional tests as part of the internal control system and the IT system), for obtaining professional advice (if it is not possible to clarify questions internally, e.g. among professional colleagues), for the current audit assignment (sufficient participation of a CPA, completeness and accuracy of working papers) and for assignment related quality assurance (especially report critique).
- 50 The regulations generally provide for performing a quality assurance accompanying the engagement for the audit of publicly traded companies. However, due to the current client structure, there are no such assignments at the moment. In the case of other audit assignments, the performance of a quality assurance accompanying the engagement is considered at the moment of accepting the engagement. This can be the case if the audit result is relevant for the general public or if there are special circumstances or risks (e.g. uncertainty with regard to going concern).
- 51 Deviations from the principles and measures outlined above are only possible in justified cases.

2. Quality Assurance for Individual Audit Engagements

2.1. Organization of Assignment Processing

- 52 Professional and organizational guidance and tools for documenting audit assignments and for reporting can be found in the "Internal Regulation for Quality Control".
- 53 Other professional and organizational instructions are available in the library or in the form of electronic media, among others the current ISA and country-specific legislation.
- 54 The planning of audit assignments is carried out with the help of self-developed work aids.

- 55 As soon as the engagement is accepted the Company collects and evaluates relevant information. The information is described in the respective work aids and includes an assessment of external and internal factors such as general economic conditions, industry development, structure, management, monitoring, business activities, financial performance or legal requirements.
- 56 The analysis of current financial information as well as an assessment of a client's going concern status and a determination of materiality levels for misstatements in the recognition and measurement of individual items of the financial statements are based on the preliminary closing figures.
- 57 The risk assessment of audit areas and business processes is also carried out with the help of work aids and includes a description of the risk factors and their impact for the risk of misstatement. The assessment of any inherent risk, control risk and detection risk, taking into account the defined materiality thresholds, is summarized in a planning memorandum. This memorandum then serves as the basis for a possible adaption of the risk-based audit approach and the audit strategy.
- 58 Furthermore, the documentation of the planning phase may include an assessment of "related parties" and information on the possible existence of "irregularities".
- 59 The time schedule of audit activities is set out in writing in consultation with the Client. Timelines and the allocation of employees for the individual audit assignments are planned globally with target setting.

2.2. Compliance with Legal Requirements and Professional Rules

- 60 The Company applies the International Standards on Auditing (ISA) in order to ensure the compliance with legal requirements and professional regulations when conducting audit assignments.
- 61 The Company uses a risk-based audit approach in conducting the assignments. During the planning phase there is a risk-based determination of the nature, extent and timing of the examination activities and the audit program.
- 62 The directors also act as audit managers and thus ensure that the available work aids are applied in its current form.
- 63 The rules in the organization manual and other work aids will be updated and adjusted as required (changes of legislation, jurisdiction and professional rules for attestation engagements). This is the responsibility of the managing director Thomas Werner.

2.3. Instruction of the Audit Team

- 64 The Planning Memorandum is supplemented by the summarizing "Audit Program - Main Procedures" outlining system-specific and transaction-specific audits and the nature and extent of the audit procedures to be performed. In addition, a meeting of the audit team is held prior to the start of the audit. During this meeting the planning of the audit process is discussed.

2.4. Obtaining Professional Advice (Consultation), Resolving Disagreements

- 65 Written rules on the clarification of professional questions provide for the consultation of external experts, if there are important questions which cannot be solved within the audit team or with other professionals of the Company and if this is deemed to be necessary by management after assessing the individual case.
- 66 If there are disagreements on important questions within the audit team and the CPA responsible for the audit assignment, the persons consulted and possibly the persons responsible for quality assurance accompanying the engagement, they have to be solved as follows: the management must be informed. The management has a meeting with the parties involved discussing a professional solution of the disagreements, if necessary with the assistance of external consultants or institutions (e.g. AICPA). The solution and the grounds for this solution are to be documented in the work papers.

2.5. Ongoing Monitoring of the Audit Process, Final Review of Assignment Results

- 67 There is no explicit planning for the monitoring of the audit process, since the directors themselves are to a large extent involved as CPAs and audit managers in conducting the audit assignment. The cooperation partners participating in the audit regularly have several years of professional audit experience. There are regular meetings of the audit team thus ensuring an ongoing monitoring of the audit process.
- 68 Monitoring of the assignment by management includes the tracking of the engagement progress, monitoring of the audit process with regard to the established audit strategy and a thorough review of work papers.

2.6. Report Critique, Assignment-Related and Assignment-Accompanying Quality Assurance

- 69 In the framework of an audit assignment it must be checked before delivering the audit report to the Client, whether the professional regulations applying to the audit report were complied with (report critique). This also requires assessing whether the audit procedures and findings outlined in the audit report are conclusive (VO 1/2006).
- 70 Before completion of the audit and delivering the audit report to the client, the audit report is looked through by a suitably qualified person which is not regularly involved in conducting the audit.
- 71 The results are documented in the work papers as well as by comments on the draft reports.
- 72 Written arrangements for the performance of a quality assurance accompanying the engagement generally provide that management will consider this in the case of special circumstances or higher assignment risks, in particular for audits without a statutory obligation of quality assurance accompanying the engagement.

2.7. Completing the Documentation of the Assignment and Archiving of Work Papers

- 73 The work papers, with any rework that may be necessary, are to be completed immediately after issuing the audit report. Then the files are to be treated confidentially and must be protected from access by third parties. The office is responsible for archiving. This is monitored by the management. The statutory retention periods are to be observed.

3. Rules for Internal Review

- 74 In its manual the Company has established rules for internal review in accordance with time and quantitative requirements of the professional charter. An internal review of practice organization and assignment processing must take place at least every three years. The review is to be assignment-related and include a reasonable amount of assignments.
- 75 The management is responsible for conducting the internal reviews. The second managing director, who was not entrusted with the audit engagement, carries out the review. After having selected cases for internal review, he documents the review with the help of the documentation aid annexed to IDW PH 9.140. Findings are summarized therein, necessary measures are discussed between the directors and implemented in the internal manual.
- 76 An internal review by external parties is not provided.

E. Nature and Extent of Peer Review

4. General Information

- 77 We conducted the peer review in compliance with the IDW Auditing Standard "The implementation of peer reviews in auditing practice (IDW PS 140)." In accordance with this standard, we have to plan and perform the peer review in a way that we are able to render an opinion with reasonable assurance, on whether the audit firm complied with the legal and statutory requirements with regard to the organizational set-up of the company and with regard to the performance of statutory audits in accordance with section 2 para. 1 WPO.
- 78 In determining the audit procedures, we took into consideration background information on the business activities and on the economic and legal environment of the company. We also took into account expectations on possible deficiencies of the quality assurance system that violate legal or statutory provisions.
- 79 In the course of the peer review we examined – primarily on a sample basis - the adequacy and effectiveness of the quality assurance system. We believe that our peer review provides a reasonable basis for our opinion.

5. Specific Details on the Implementation of the Peer Review

5.1. Period of the Peer Review

- 80 On September 11, 2014 the responsible peer auditor performed the peer review on the premises of the Client. The debriefing meeting was held on September 11, 2014, too.

5.2. Review Strategy

- 81 During the pre-review phase we obtained an understanding of the legal and economic environment of the Company, its client structure, its main activities and economic situation in order to determine the review strategy. To this end, we requested information and documents from the Company in accordance with the checklist "Preparation of peer reviews - recommendations for the audit firm under review (IDW PH 9.140, Annex 1)". Further, we obtained information on the professionals in the Company and on the cooperation partners.
- 82 After these procedures, we obtained an understanding of the target status of the quality assurance system. This was done on the basis of the company's quality manual and, as far as necessary, with the help of interviews. Furthermore, we obtained information about the nature and extent of the audit engagements of the company and we assessed the results of the company's internal review.

5.3. Selection of Review Procedures

83 Based on our audit planning, we determined the following areas of intensified review procedures:

- Evaluation of the adequacy of the organizational set-up of Fabel, Werner & Schnittke GmbH with respect to the existing structure.
- Assessment of the execution and documentation of the performed attestation engagements.
- Critical examination of the documentation for internal review of the Company, especially with regard to possible deficiencies and their elimination by the Company.

5.4. Examination of the Organizational Set-up of the Company

84 We examined the organizational set-up of the Company on the basis of the general professional duties in accordance with the Professional Code for Statutory Auditors/ Certified Accountants, specified in VO 1/2006. This included notably the following areas: independence, impartiality, avoidance of conflicts of interest, acceptance and continuation of engagements, qualification and information, overall planning of assignments, professional and organizational guidance and tools. The examination mainly consisted of a review of the organization manual and other organization's documents, observation of work processes and interviews of the client. We used checklist IDW PH 9140, Appendix 3.

5.4.1. Professional and Organizational Guidance and Tools (Manual)

- 85 The company keeps a short manual, which documents all regulations and measures for the organizational set-up of the Company, for the performance of audits and for the internal review of the audit engagements. The manual defines specific rules and specific measures for all areas of professional conduct. We completely examined the tools and the checklists which were used for practice organization and internal review. These tools and checklists meaningfully and reasonably implement the professional requirements in accordance with the structures of the Company. They complied completely with the professional legal requirements for statutory auditors.
- 86 We examined whether the documented regulations on assignment processing comply with the particular professional duties in the conduct of audits and the preparation of expert opinions (part 2) as well as with the particular professional duties to ensure the quality of professional performance according to section 2 para. 1 WPO (part 5) of the Statute for Professional Accountants / Certified Accountants, specified in VO 1/2006.

- 87 We completely reviewed the documented professional and organizational instructions and tools. These instructions and tools gave a comprehensive insight into the organization of the Company with regard to the performance of audit engagements. The documented regulations on the performance of engagements adequately covered all areas of the professional charter.
- 88 The organizational manual was available in a printed version. Sample documents for guidance and tools were kept ready for use in the manual or in an electronic version. The Company observed the principles and measures of the manual when performing the audit engagements.

5.4.2. Independence, Impartiality and Avoiding Conflicts of Interest

- 89 On a case-by-case basis the Company checks whether auditors and cooperation partners are independent, impartial and avoid conflicts of interest. We had insight into these checks.
- 90 The provided confirmations of independence, impartiality and avoidance of conflicts of interest complied with the framework of the organizational practice. The legal and statutory requirements were met.

5.4.3. Acceptance and Continuation of Engagements, Early Termination of Contracts

- 91 The Company provided reasonably structured and detailed documentation on the acceptance and continuation of engagements, including also a confirmation of independence, an allocation of personnel, time and professional resources and an assessment of assignment risks. The assessments of the assignments were understandable and comprehensible.
- 92 The Company prepared engagement letters and sent these letters to the clients. These letters were obtained in all cases under review and were countersigned by the clients.
- 93 The manual contains regulations in accordance with the professional charter for early termination of contracts as well as for taking over assignments that had been laid down by other auditors. According to the management however, no such cases had occurred in the past.
- 94 In our sample the rules for acceptance and continuation of engagements were followed in accordance with the legal and statutory requirements.

5.4.4. Continuous Professional Development of Audit Staff and Cooperation Partners

- 95 The Company did not document the evaluation of cooperation partners during the period under review. This is justifiable because of the close contact between management and cooperation partners.

- 96 Both professionals could show proof of external and internal trainings of continuous professional education complying both qualitatively and quantitatively with the conditions set forth in section 4a para. 5 of the professional charter for statutory auditors and certified accountants. The contents of the trainings were visible on the certificates of completion.
- 97 The professional education of the cooperation partners takes place in the country of the partners in their own responsibility and according to national rules. There is no monitoring by the Client. This is not objectionable in our opinion.
- 98 The literature in the library was kept up to date. A sufficient range of professional literature and journals was available.
- 99 In our opinion, the regulations and measures regarding the professional development of the audit staff and the cooperation partners are reasonable and effective.

5.4.5. Overall Planning of All Assignments

- 100 The Company uses a password protected calendar in its intranet for the overall planning of audit engagements. The calendar is based on the annual plan of audit assignments taking into account the expected time needed for every assignment.
- 101 The planning procedures seem to be suitable and appropriate in light of the structure and the size of the Company. There were no hints that a proper and timely execution of audit assignments could not be ensured.

5.4.6. Dealing with Complaints and Allegations

- 102 The written regulations on how to deal with complaints and allegations were consistent with statutory requirements. According to the management no such cases have occurred so far and consequently there was no documentation on the handling of complaints.

5.5. Criteria for the Selection of Individual Assignments in the Framework of Pre-audit Procedures

- 103 When selecting the sample for our risk-oriented, functional tests, we considered the client structure and the specific conditions of the Company. Our criteria for selection were the possible public interest, the risk associated with the performance of the engagement, the legal status, the basis of accounting used, the industry and the materiality of the assignment for the company. The responsible managing director signed the issued audit reports alone.
- 104 The list of engagements presented to us covered the period from January 2012 to August 2014.

- 105 From this list the following engagements were selected for the respective year:
- 106 The sample contains three voluntary annual audits with different accounting frameworks and one audit of a project report of a large relief project of a UN organization. The selected assignments represent a reasonable sample of all major statutory audits in the meaning of section 2 para. 1 WPO.
- 107 There was no need to extend the sample and to adjust the review plan because of findings and information obtained in the course of the peer review.

5.6. Scope of the Peer Review

- 108 We performed a functional test of the selected statutory audits in the meaning of section 2 para. 1 WPO, in order to assess the effectiveness of the policies and measures for assignment processing.
- 109 Our tests mainly included a review of the work papers, audit reports, documents on the internal review as well as interviews with the ordering party.
- 110 Assessment criteria for examining the assignment processing were the following:
- compliance with the principles relating to the acceptance/continuation of engagements and the confirmation of assignments (independence, availability of auditors, existence of an engagement letter, agreement on a reasonable audit fee);
 - audit procedures in order to determine the risk of errors, including achieving an understanding of the company/audited organization, its economic and legal environment and its internal control system;
 - determination of the level of materiality;
 - determination of the risk of errors, of the inherent and the control risk including the assessment of the internal control environment as well as the execution of system checks;
 - definition and implementation of audit procedures in response to assessed risks in the form of functional tests and procedures designed for the gathering of evidence (analytical procedures and substantive tests);
 - treatment of specific risk areas as part of the examination (e.g. irregularities, going concern assumption, relationships with related parties, initial tests, events after the reporting date);
 - final overall assessment of the audit evidence obtained;
 - documentation of the audit performance and the audit findings (work papers);
 - reporting the results of the examination (audit certificate and audit report) and

- quality assurance in the execution of the engagement (organization of engagement processing including the use of qualified personnel, compliance with statutory requirements and the professional rules, guidance and supervision of the audit team, obtaining professional advice, concluding a review of audit results and work papers, quality assurance accompanying the engagement, report critique, resolving disagreements, completion of the assignment documentation and archiving of work papers).

111 During the audit we have used the checklists IDW PH 9.140, Annexes 4 and 5, as well as our own checklists. Ambiguities or other findings which were identified during the peer review have been discussed directly with the two directors.

5.6.1. Audit Planning of the Company

112 The staff planning for the engagements in the framework of the overall planning of assignments considers the allocation of audit managers and employees of cooperation partners who take part in the respective audits. There were no signs that personal and professional skills would not be sufficient for carrying out the audit activities.

113 Each audit assignment was recorded in the overall planning schedule for all engagements. The timetable for each audit is agreed in writing with the client.

114 The Company uses internal work papers for planning the factual audit procedures. The statements made therein were drafted in detail; the content was meaningful and backed up by external evidence. In narrative, non-formalized work papers the Company assesses the mandate and the audit risk, the economic and legal environment, the financial situation and the going concern assumption, internal and external factors of the specific business as well as potential risks arising from the internal control system. The determination of the audit risk was adequately documented.

115 The audit planning in terms of time and personnel resources was designed adequately according to the needs of the Company and proved to be orderly and appropriately. The documentation of the planning process was understandable and traceable.

5.6.2. Guidance of the Audit Team

116 The conclusions of the planning process were summarized in a work paper. In this document the risk assessments and the assessment of significant risks were identified. The audit instructions were fixed in the form of detailed audit procedures for every field of audit activity specifying the procedures to be performed by the employees of the local cooperation partner. The documentation was extensive and appropriate.

117 The Company developed an audit methodology for the guidance of the audit team. This methodology was meaningfully structured and appropriate for the purpose of a risk-based audit approach.

5.6.3. Obtaining Professional Advice, Resolving Disagreements

- 118 The regulations in place were in line with the rules of the professional charter. In our sample there was no documentation concerning professional advice or conflict management.

5.6.4. Examination of the Accounting-Related Internal Control System

- 119 The Company documented a preliminary risk assessment of the accounting-related internal control system in free narrative form.
- 120 Records of all essential cycles of the internal control system as well as records for the assessment of the IT system were described and substantiated in structured non-standardized documentation. All samples are supported by assessments and evidence. Possible findings were recorded.
- 121 The explanations and descriptions of the audit procedures for the internal control system as well as the assessments of the functional tests, which we reviewed in our sample tests, were understandable and complied with the requirements for an appropriate documentation.

5.6.5. Assignment Processing, Audit Techniques, Documentation

- 122 In each test area the performed audit procedures are specified, indicating the audit objectives, audit procedures, audit findings and audit results. These procedures are documented on a cover sheet per each test area with further references.
- 123 These cover sheets per test area show references and explanations which link the cover sheets to further work papers.
- 124 The procedures carried out, the conclusions made and the final assessments of audit procedures related to the test items were consistently described in non-standardized phrases.
- 125 The audit procedures applied, the conclusions and the final audit result were documented in "other" work papers, so that qualified third parties could trace and assess how the attestation engagement was conducted.
- 126 Analytical procedures related to the test areas, including a commented evaluation, were documented in the work papers "planning" and "analytical procedures".
- 127 The relationships with related parties were assessed with the help of individual surveys and statements.
- 128 Irregularities in the framework of the audit were already assessed in writing in the planning documentation as well as in the corresponding documentation on the performance of the audit.

- 129 The management representation letters were issued close to the date of the audit report.
- 130 The audit reports were designed in accordance with international standards.
- 131 It can be concluded that the factual audit work was documented with work papers containing meaningful assessments in compliance with professional standards.

5.6.6. Ongoing Monitoring of the Audit Performance and Review of the Assignment Results

- 132 It was evident from reviewing the work papers and reports that the compliance with the four-eye principle was documented.

5.6.7. Assignment-Related and Performance-Related Quality Assurance

- 133 The regulations for report critique corresponded to the requirements of section 24d of the professional charter for statutory auditors and certified accountants, which require a review by a third party not being involved in the execution of the assignment.
- 134 Report reviews were done in accordance with the requirements of the professional charter and the rules outlined in the manual. These reviews were made by a professionally qualified external co-worker not being involved in the execution of the assignment.
- 135 The review of reports was documented in the processing of the draft reports and in handwritten notes.
- 136 The approach complied with the requirements of section 24d of the professional charter for statutory auditors and certified accountants and did not give rise to any objections.

5.6.8. Completion of the Audit Documentation, Archiving

- 137 During our review there was no indication of a non-compliance with the provisions of VO 1/2006 and section 51b para. 2 WPO.

5.7. Examination of the Internal Review

- 138 We have examined the process of the internal review with respect to planning and documentation, the competence of the person doing the internal review, the scope and content of each review as well as to the observance and follow-up of possible recommendations resulting from the review.

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- 139 Additionally, we have used the results of the internal review, taking into account the results of our assessment of this internal review.
- 140 The internal review of the organizational set-up of the Company as well as the internal review of the audit assignments were carried out by the managing directors in July 2014.
- 141 The Company implemented the internal review using the IDW Manual for Peer Reviews, the related checklists as well as annex 3 of IDW PH 9.140.
- 142 It was evident that the result of the internal review resulted in an internal meeting of the professionals.
- 143 We have no objections concerning the implementation and the scope of the internal review of the organizational set-up and the processing of audit engagements.

F. Readiness to Provide Information/ Management Representation Letter

- 144 The directors of the Fabel, Werner & Schnittke GmbH readily provided all required information and evidence. The management signed the Management Representation Letter on September 11, 2014.

G. Opinion

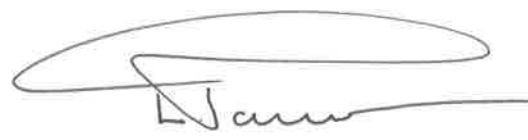
- 145 In our opinion, the quality assurance system is in line with the legal and statutory requirements and ensures an adequate performance of audit assignments in accordance with section 2 para. 1 WPO.

Munich, September 11, 2014

BTR Beratung Treuhand Revision GmbH
Audit firm



Ralph-Peter Scholz
Wirtschaftsprüfer
(Statutory Auditor)



Lothar Ponzer
Wirtschaftsprüfer
(Statutory Auditor)

[Translator's notes are in square brackets]

General Engagement Terms

for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften

[German Public Auditors and Public Audit Firms] as of January 1, 2002

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

1. Scope

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

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

2. Scope and performance of the engagement

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

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

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

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

3. The client's duty to inform

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

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

4. Ensuring independence

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

5. Reporting and verbal information

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

6. Protection of the Wirtschaftsprüfer's intellectual property

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

7. Transmission of the Wirtschaftsprüfer's professional statement

(1) The transmission of a Wirtschaftsprüfer's professional statements (long-form reports, expert opinions and the like) to a third party requires the Wirtschaftsprüfer's written consent to the extent that the permission to transmit to a certain third party does not result from the engagement terms.

The Wirtschaftsprüfer is liable (within the limits of No. 9) towards third parties only if the prerequisites of the first sentence are given.

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

8. Correction of deficiencies

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

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

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

9. Liability

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

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

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

(3) Preclusive deadlines

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

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

10. Supplementary provisions for audit engagements

(1) A subsequent amendment or abridgement of the financial statements or management report audited by a Wirtschaftsprüfer and accompanied by an auditor's report requires the written consent of the Wirtschaftsprüfer even if these documents are not published. If the Wirtschaftsprüfer has not issued an auditor's report, a reference to the audit conducted by the Wirtschaftsprüfer in the management report or elsewhere specified for the general public is permitted only with the Wirtschaftsprüfer's written consent and using the wording authorized by him.

(2) If the Wirtschaftsprüfer revokes the auditor's report, it may no longer be used. If the client has already made use of the auditor's report, he must announce its revocation upon the Wirtschaftsprüfer's request.

(3) The client has a right to 5 copies of the long-form report. Additional copies will be charged for separately.

11. Supplementary provisions for assistance with tax matters

(1) When advising on an individual tax issue as well as when furnishing continuous tax advice, the Wirtschaftsprüfer is entitled to assume that the facts provided by the client – especially numerical disclosures – are correct and complete; this also applies to bookkeeping engagements. Nevertheless, he is obliged to inform the client of any errors he has discovered.

(2) The tax consulting engagement does not encompass procedures required to meet deadlines, unless the Wirtschaftsprüfer has explicitly accepted the engagement for this. In this event the client must provide the Wirtschaftsprüfer, on a timely basis, all supporting documents and records – especially tax assessments – material to meeting the deadlines, so that the Wirtschaftsprüfer has an appropriate time period available to work therewith.

(3) In the absence of other written agreements, continuous tax advice encompasses the following work during the contract period:

- a) preparation of annual tax returns for income tax, corporation tax and business tax, as well as net worth tax returns on the basis of the annual financial statements and other schedules and evidence required for tax purposes to be submitted by the client
- b) examination of tax assessments in relation to the taxes mentioned in (a)
- c) negotiations with tax authorities in connection with the returns and assessments mentioned in (a) and (b)
- d) participation in tax audits and evaluation of the results of tax audits with respect to the taxes mentioned in (a)
- e) participation in Einspruchs- und Beschwerdeverfahren [appeals and complaint procedures] with respect to the taxes mentioned in (a).

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

(4) If the Wirtschaftsprüfer receives a fixed fee for continuous tax advice, in the absence of other written agreements the work mentioned under paragraph 3 (d) and (e) will be charged separately.

(5) Services with respect to special individual issues for income tax, corporate tax, business tax, valuation procedures for property and net worth taxation, and net worth tax as well as all issues in relation to sales tax, wages tax, other taxes and dues require a special engagement. This also applies to:

- a) the treatment of nonrecurring tax matters, e. g. in the field of estate tax, capital transactions tax, real estate acquisition tax
- b) participation and representation in proceedings before tax and administrative courts and in criminal proceedings with respect to taxes, and
- c) the granting of advice and work with respect to expert opinions in connection with conversions of legal form, mergers, capital increases and reductions, financial reorganizations, admission and retirement of partners or shareholders, sale of a business, liquidations and the like.

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

12. Confidentiality towards third parties and data security

(1) Pursuant to the law the Wirtschaftsprüfer is obliged to treat all facts that he comes to know in connection with his work as confidential, irrespective of whether these concern the client himself or his business associations, unless the client releases him from this obligation.

(2) The Wirtschaftsprüfer may only release long-form reports, expert opinions and other written statements on the results of his work to third parties with the consent of his client.

(3) The Wirtschaftsprüfer is entitled – within the purposes stipulated by the client – to process personal data entrusted to him or allow them to be processed by third parties.

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

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

14. Remuneration

(1) In addition to his claims for fees or remuneration, the Wirtschaftsprüfer is entitled to reimbursement of his outlays: sales tax will be billed separately. He may claim appropriate advances for remuneration and reimbursement of outlays and make the rendering of his services dependent upon the complete satisfaction of his claims. Multiple clients awarding engagements are jointly and severally liable.

(2) Any set off against the Wirtschaftsprüfer's claims for remuneration and reimbursement of outlays is permitted only for undisputed claims or claims determined to be legally valid.

15. Retention and return of supporting documentation and records

(1) The Wirtschaftsprüfer retains, for ten years, the supporting documents and records in connection with the completion of the engagement – that had been provided to him and that he has prepared himself – as well as the correspondence with respect to the engagement.

(2) After the settlement of his claims arising from the engagement, the Wirtschaftsprüfer, upon the request of the client, must return all supporting documents and records obtained from him or for him by reason of his work on the engagement. This does not, however, apply to correspondence exchanged between the Wirtschaftsprüfer and his client and to any documents of which the client already has the original or a copy. The Wirtschaftsprüfer may prepare and retain copies or photocopies of supporting documents and records which he returns to the client.

16. Applicable law

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