



Appendix 2: Additional Terms - Audit

These Additional Terms supplement our General Terms of Business and apply where expressly incorporated in the Engagement Letter.

Where the Services involve the audit of financial statements, the terms and conditions set out below shall apply.

Duties and responsibilities of directors

1. The directors and management ("the Directors") of the entity whose financial statements are to be audited are and shall be responsible for:
 - maintaining proper accounting records and for preparing the financial statements and all representations contained therein in accordance with the accounting standards indicated in the Engagement Letter and with the current laws and regulations in force on accounting records;
 - submitting to us the final annual report, provided that the Company is required to prepare one, and all its components together with the financial statements prior to the issue of the auditor's report (in any case, prior to the publishing of the annual report);
 - making available to us, as and when required, all the Company's accounting records and all other records and related information, including minutes of all Directors and shareholders' meetings;
 - the adoption of sound accounting policies and the implementation of record keeping and internal control to maintain the reliability of the financial statements and to provide reasonable assurance against the possibility of misstatements that are material to the financial statements;
 - the implementation and operation of accounting and internal control systems that are designed to prevent and detect fraud and error;
 - disclosing to us all significant facts relating to any frauds or suspected frauds known to the Directors that may have affected the entity; and
 - disclosing to us the results of its assessment of the risk that the financial statements may be materially misstated as a result of fraud.
2. Where the annual report is not submitted to us prior to the issue of the auditor's report, the Company is aware of the consequences this may have on the auditor's report, including the risk of considering the statutory requirement to have the annual report audited not fulfilled.
3. To ensure compliance with the confidentiality obligation, the Company will provide adequate working space (separate, lockable room with phone and internet connection) for our staff and a lockable cabinet in which we can store our workpapers for the duration of our audit fieldwork.
4. The Company will provide us with an unrestricted access to persons within the entity from whom we determine it is necessary to obtain audit evidence
5. The Company will enable the auditors to attend the Company's stocktakes and will discuss the arrangements for

the stocktake with the auditors at least one month before it takes place.

6. The Company will enable the auditors to have access to all the relevant premises and to the Company's assets for the purpose of verification of their physical existence.
7. The Company will inform the appropriate members of its staff about the terms of the audit and will ensure their full cooperation to ensure the smooth running of the audit work.

Duties and responsibilities of auditors

8. As auditors we shall have a responsibility to report whether in our opinion the financial statements have been properly prepared, and in particular whether a true and fair view is given of the financial position and results, and whether the Company's accounting records have been maintained in a manner that is complete, supportable and correct, and to report to those persons, specified in the Engagement Letter ("our Report"). The issue of our Report does not affect the responsibilities of the management of the Company relating to checks performed by government regulatory and supervisory bodies. In arriving at our opinion, we shall be required to consider the following matters and to address in our Report any which have not been complied with:
 - whether proper accounting records have been kept by the Company in accordance with the applicable legislations and if applicable, proper returns adequate for our audit have been received from branches not visited by us;
 - whether the Company's individual accounts and financial statements are in agreement with the accounting records and returns;
 - whether the financial statements have been prepared in compliance with the Act on Accounting, and the applicable Decrees of the Ministry of Finance;
 - whether we have obtained all the information and explanations which we think necessary for the purposes of our audit;
 - whether the data included in the annual report is in compliance with the audited financial statements.
 - whether the information in the Directors' report to be issued with the financial statements is consistent with the financial statements (if applicable).
9. We shall address in our Report such other matters as may be required by statute or other regulations governing our audit.
10. We shall have a professional responsibility to state in our Report if the financial statements do not comply in any material respect with applicable accounting standards, unless in our opinion the noncompliance is justified in the circumstances. In determining whether or not the departure is justified we shall consider:
 - whether the departure is required in order for the financial statements to give a true and fair view; and
 - whether adequate disclosure has been made concerning the departure.



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11. Our responsibility shall be to address in our Report the financial statements of the Company as a whole, rather than those of individual units or divisions.
12. Our professional responsibilities shall also include considering whether other information in documents containing the audited financial statements is materially consistent with those financial statements.

Scope of audit

13. We cannot provide assurance that an unqualified opinion will be rendered. Circumstances may arise in which it is necessary for us to modify our report or withdraw from the engagement. In such circumstances, our findings or reasons for withdrawal will be communicated to the board of directors or the appropriate representative of the Company.
14. Our audit shall be conducted in such a manner as we consider necessary to fulfil our responsibilities as described above and shall include such tests of transactions and of the existence, ownership and valuation of assets and liabilities as we consider necessary. We shall obtain an understanding of the accounting system of the Company in order to assess its adequacy as a basis for the preparation of the financial statements and to establish whether proper accounting records have been maintained by the Company. We shall expect to obtain such appropriate evidence as we consider sufficient to enable us to draw reasonable conclusions therefrom.
15. The nature and extent of our tests shall vary according to our assessment of the Company's accounting system and the system of internal control, where we wish to place reliance on it, and may cover any aspect of the business operations that we consider appropriate. Our audit shall not be designed to identify all significant weaknesses in the Company's systems. While we are not being engaged to report on the Company's internal control, we will communicate reportable conditions to you to the extent they come to our attention. Reportable conditions are significant deficiencies in the design or operation of internal control which could adversely affect the organisation's ability to record, process, summarise and report financial data consistent with the assertions of the Directors in the financial statements.
16. Our audit will be conducted in accordance with International Standards on Auditing and the relevant guidance of the Chamber of Auditors of the Czech Republic.
17. Our audit will include a review of the tax charge in the financial statements to ensure that it is not materially misstated. This is not a detailed tax compliance review and, as a consequence, our audit should not be expected to identify all deficiencies in the accounting records relating to the Company's tax position.
18. As part of our normal audit procedures we may ask the Directors to confirm formally in writing on the effectiveness of internal controls and certain matters affecting the financial statements, such as those which are significantly dependent on the judgement of the Directors, any uncorrected misstatements aggregated by us during this engagement and pertaining to the latest period presented are immaterial, both individually and in aggregate, to the financial statements taken as a whole and factors relating to fraud and error. We may also rely on information or advice given by persons suitably professionally qualified (whether or not employed by the Company), banks and other regulated entities. The responses to our inquiries, the written representations, and the results of audit tests comprise the evidential matter we will rely upon in forming an opinion on the financial statements.
19. In order to assist with the audit of the Company's financial statements, we shall request sight of all documents or statements, including any chairman's statement and/or Directors' report, which are due to be issued with the financial statements. We shall be entitled to attend all general meetings of the Company and to receive notice of all such meetings as well as copies of all written shareholder resolutions.
20. Our audit report or other documents issued to you should not be published, either in whole or in part, without our prior consent. The Company is obliged to submit to us a draft of their annual report with our audit opinion and to obtain our consent prior to publication.

Electronic publication and distribution of financial statements

21. We recognise that the Directors of the Company may publish its annual report, including the financial statements and our Report, on the Company's web site or distribute such material to shareholders by any other means including electronic means, such as e-mail.
 - The Directors of the Company shall first submit to KPMG for approval the information containing our Report intended for publication on the Company's web site or distribution, and KPMG shall not unreasonably withhold or delay such approval. We may withhold approval of the publication of the information including our Report on the Company's web site or the distribution of our Report if our Report is to be published or distributed in an inappropriate manner. Where we approve the information including our Report intended for publication on the Company's web site or distribution, we shall, if appropriate, supply an electronic version of our Report suitable for such publication or distribution.
 - It is and shall remain the responsibility of the Directors to ensure that any such publication or distribution properly presents the financial information and our Report. The Directors shall ensure that financial information on the Company's web site distinguishes clearly between financial information that we have audited and other information and avoids any inappropriate association.
 - The Directors shall retain responsibility for the controls over and the security of the Company's web site and our work shall not extend to any consideration or examination of such matters, which shall be beyond the scope of this engagement.

Representations and assistance from the Directors

18. As part of our normal audit procedures we may ask the Directors to confirm formally in writing on the effectiveness of internal controls and certain matters affecting the financial statements, such as those which are significantly dependent on the judgement of the Directors, any uncorrected



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- Any redistribution made by the Company is to be full, complete and unaltered in any way. Further, the KPMG report is drafted at a given date and KPMG has carried out no procedures of any nature subsequent to that date which in any way extends that date.
- The Company shall retain responsibility for using a secure method of communication when distributing the Company information and our Report electronically and our work shall not extend to any consideration or examination of such matters, which shall be beyond the scope of this engagement.
- Where the Company proposes to take advantage of laws or regulations allowing for electronic publication and distribution of annual reports, financial statements or other Company information and our Report and other financial information to shareholders and to any regulatory authority, the Company shall remain responsible for establishing and controlling the process for doing so.

- we shall have your authority to discuss your affairs with our successors, in accordance with professional standards and guidance.

Other auditors (if applicable)

27. In order to facilitate our work it may be necessary to arrange for divisions and subsidiary and associated or joint undertakings to engage their auditors to perform such work as we consider necessary. As part of this process, we may request you to communicate with directors of divisions, subsidiary and associated or joint undertakings, in order to explain and expedite the necessary procedures and engagement by them of local auditors.

Survival on termination

28. The following clauses of these Additional Terms shall survive expiry or termination of the Engagement Letter: clauses 20, 21, 22, 23, 24 and 25.

Safeguarding the Company's assets

22. The responsibility for safeguarding the assets of the Company and for the prevention and detection of fraud, error and non-compliance with law or regulations rests and shall rest with the Directors. We shall endeavour to plan our audit so that we have a reasonable expectation of detecting material misstatements in the financial statements (including those resulting from fraud, error or non-compliance with law or regulations), but our examination cannot be relied on to disclose all such material misstatements or frauds, errors or instances of non-compliance as may exist.

Group accounts (if applicable)

23. Where we address in our Report the accounts of a group of companies headed by the Client ("Group Accounts"), we shall make such enquiries of the auditors of other companies within the group concerned and review their work to the extent necessary to form our opinion on the Group Accounts. Responsibility for the audits of such subsidiaries shall remain with the auditors of the subsidiaries concerned.

Further material events

24. You shall inform us of any material event occurring between the date of our Report and that of the Annual General Meeting which may affect the financial statements.

Reference to KPMG in published documents

25. You shall not quote our name in any material other than financial statements (which we have audited) or pursuant to any statutory or regulatory requirement, without our prior written consent. The definitive version of the financial statements which we have audited shall be that bearing our original manuscript signature and we shall not be responsible or liable for any errors or inaccuracies appearing in any reproduction in any form or medium.

Termination of services

26. In the event of termination of the Engagement Letter,