

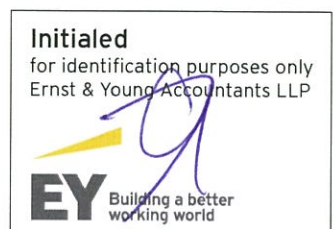
Lakeside Network Investments Holding B.V.

Besloten Vennootschap met beperkte aansprakelijkheid

Amsterdam, the Netherlands

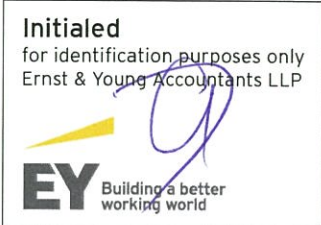
Annual accounts for the year ended 31 December 2018

Lakeside Network Investments Holding B.V.
Amstelveenseweg 760 – 3rd floor
1081 JK Amsterdam
The Netherlands
Chamber of Commerce no: 53150309



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1 BALANCE SHEET AS AT 31 DECEMBER 2018

Before appropriation of result

	Notes	31.12.2018 EUR	31.12.2017 EUR
ASSETS			
Financial fixed assets			
Participations	4.1.1	2,049,500	2,049,500
		2,049,500	2,049,500
Current assets			
Cash and cash equivalents	4.2.1	41,052	13,980
		41,052	13,980
TOTAL ASSETS		2,090,552	2,063,480
EQUITY AND LIABILITIES			
Shareholder's equity			
Share capital	4.3.1	18,000	18,000
Share premium	4.3.2	1,780,000	1,800,000
Other reserves	4.3.3	(148,047)	(73,347)
Result for the year		(80,696)	(74,700)
		1,569,257	1,669,953
Long-term liabilities			
Loans due to group companies	4.4.1	478,000	353,000
		478,000	353,000
Current liabilities			
Accrued expenses and other liabilities	4.5.1	43,043	40,527
Tax payable	4.5.2	252	-
		43,295	40,527
TOTAL EQUITY AND LIABILITIES		2,090,552	2,063,480

The accompanying notes form an integral part of these financial statements.

2 PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	01.01.2018 – 31.12.2018	01.01.2017 – 31.12.2017
		EUR	EUR
Operating expenses	5.1		
General and administrative expenses	5.1.1	(84,547)	(68,272)
		(84,547)	(68,272)
Operating result (loss)		(84,547)	(68,272)
Financial income and (expenses)	5.2		
Interest expenses	5.2.1	(8,406)	(6,428)
		(8,406)	(6,428)
Result before taxation (loss)		(92,953)	(74,700)
Corporate income tax	5.3	12,257	-
NET RESULT FOR THE YEAR (LOSS)		(80,696)	(74,700)

The accompanying notes form an integral part of these financial statements.

3 GENERAL NOTES TO THE FINANCIAL STATEMENTS

3.1 General information

Lakeside Network Investments Holding B.V. is a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*), incorporated on 14 July 2011 under the laws of the Netherlands, with its corporate seat in Amsterdam, the Netherlands and its registered address at Amstelveenseweg 760, 1081 JK Amsterdam, the Netherlands and registered with the trade register of the Chamber of Commerce under number 53150309 (the "Company").

Changes in management

On 28 February 2018, Mr. M.H.G Vennekens, Mr. J.L. de Zwart, Mr. S.A. Agnew, Mr. M.M. Furth and Vistra Management Services (Netherlands) B.V. were replaced by Mr. K. Fung, Ms. M.L. Trinh, Mr. T. Metzger and Mr. S. Tarnakin as directors of the Company.

On 28 February 2018, the Company changed its address from Strawinskyalaan 3127 8e, 1077 ZX Amsterdam, the Netherlands, to Amstelveenseweg 760, 1081 JK Amsterdam, the Netherlands.

On 10 August 2018, Ms. M.L. Trinh was replaced as director of the Company by Mr. L.D. Sutrisno.

On 5 March 2019, Mr. L.D. Sutrisno was replaced as director of the Company by Mr. R.A. van Weerdenburg.

Objectives

The objectives of the Company are:

- (a) To acquire directly or indirectly, to keep, to administer, to finance, to maintain, to exploit, to develop and to dispose of real estate and other kinds of credit exposures and to acquire, administer, rent or lease interests therein for its own account and on behalf of third parties;
- (b) to incorporate, to participate in any matter whatsoever in, to manage, to supervise, to cooperate with, to acquire, to maintain, to dispose of, to transfer or to administer in any other manner whatsoever all sorts of participations and interests in businesses, legal entities and companies as well as to enter into joint ventures;
- (c) to finance businesses, legal entities and companies;
- (d) to borrow, to lend and to raise funds, to participate in all sorts of financial transactions, including the issue of bonds, promissory notes or other securities, to invest in securities in the widest sense of the word, and to enter into agreements in connection with the foregoing;
- (e) to grant guarantees, to bind the Company and to grant security over the assets of the Company for the benefit of legal entities and companies with which the Company forms a group and for the benefit of third parties;
- (f) to advise and to render services to legal entities and companies with which the Company forms a group and to third parties;
- (g) to acquire, to administer, to operate, to encumber, to dispose of and to transfer moveable assets and real property and any right to or interest therein;
- (h) to trade in currencies, securities and financial assets in general;
- (i) to obtain, to exploit, to dispose of and to transfer patents and other industrial and intellectual property rights, to obtain and to grant licenses, sub-licenses and similar rights of whatever name and description and, if necessary, to protect the rights derived from patents and other industrial and intellectual property rights, licenses, sub-licenses and similar rights against infringements by third parties;
- (j) to carry out all sorts of industrial, financial and commercial activities, including the import, export, purchase, sale, distribution and marketing of products and raw materials;

and all matters related or conducive to the above, with the objects to be given their most expansive possible interpretation. In pursuing its objects, the Company shall also take into account the interests of the legal entities and companies with which it forms a group.

The principal activity of the Company is to act as a financing company.

3.2 Group structure

The sole shareholder of the Company is Lakeside Network Investments S.à r.l., a private limited liability company (*société à responsabilité limitée*), incorporated and existing under the laws of the Grand Duchy of Luxembourg (the "Shareholder").

3.3 General accounting policies

Basis of preparation

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles applicable in the Netherlands and are in compliance with the provisions of the Dutch Civil Code, Book 2, Title 9. The financial statements are prepared under the historical cost convention and presented in Euros ("EUR").

Valuation of assets and liabilities and determination of the results takes place under the historical cost convention. Unless presented otherwise at the relevant principle for the specific balance sheet item, assets and liabilities are presented at face value.

The Company qualifies as a micro sized company. Therefore, based on article 395a Book 2 of the Dutch Civil Code, exemptions apply to the figures, presentation and disclosures in the Company's financial statements.

Income and expenses are accounted for on accrual basis. Profit is only included when realized on the balance sheet date. Losses originating before the end of the financial year are taken into account if they have become known before preparation of the financial statements.

Comparison previous year

The accounting principles remained unchanged compared to the previous year.

Going concern

These financial statements have been prepared on a going concern basis, which basis for valuation and determination of results assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business.

Stand alone, the Company has a lack of liquidity and ability to meet its current liabilities. Consequently, the going concern of the activities of the Company depends on support from group companies for the funding of operational expenses. This has been provided by means of a promissory note.

On 31 March 2016, the Company and its indirect subsidiary, Elenia Oy, entered into promissory note agreement for the amount of EUR 500,000. As per agreement, the Company can draw from the promissory note within 5 years after the date of the agreement. The granted funding will enable the Company to continue its operating activities and to meet its financial obligations as they arise.

In February 2018, the Company delivered advance notices under the promissory note to Elenia Oy requesting funding for an aggregate amount of EUR 125,000. The funding will be used to settle the operational expenses of the Company.

On 1 November 2018, the Company and its indirect subsidiary, Elenia Oy, entered into promissory note agreement for the amount of EUR 500,000. As per agreement, the Company can draw from the promissory note within 5 years after the date of the agreement. The granted funding will enable the Company to continue its operating activities and to meet its financial obligations as they arise.

On 22 January 2019, Lakeside Network Investments S.à r.l., as sole shareholder of the Company, issued a letter of comfort in favour of the Company, stating its intention to guarantee compliance by the Company with all liabilities, obligations and commitments of the Company in the event of any shortage of funds. The undertaking is valid for a period of twelve (12) months from the date of approval of preparation of the annual report of the Company.

As a result the Company is able to meet its liabilities and operating expense funding for at least one year after sign off of these financial statements. As such, the financial statements have been prepared on a going concern basis.

Estimates

The preparation of the financial statements requires the management board to form opinions and to make estimates and assumptions that influence the application of principles and the reported values of assets and liabilities and of income and expenditure. The actual results may differ from these estimates. The estimates and the underlying assumptions are constantly assessed. Revisions of estimates are recognised in the period in which the estimate is revised and in future periods for which the revision has consequences.

Consolidation

The Company does not prepare consolidated accounts in accordance with article 408, Book 2 of the Dutch Civil Code. A copy of the consolidated financial statements of Elton Investment S.à r.l. will be filed with the Chamber of Commerce together with the standalone financials of the Company.

Foreign currency translation

The financial statements are prepared in euros, the functional and presentation currency of the entity.

Offsetting

Assets and liabilities are only offset in the financial statements if and to the extent that:

- an enforceable legal right exists to offset the assets and liabilities and settle them simultaneously, and
- the positive intention is to settle the assets and liabilities on a net basis or simultaneously.

3.4 Accounting policies for the balance sheet

General

The accompanying Financial Statements have been prepared in accordance with the statutory provisions of Part 9, Book 2, of the Netherlands Civil Code and the firm pronouncements in the Guidelines for Annual Reporting in the Netherlands as issued by the Dutch Accounting Standards Board, taking into account the exemptions offered by the Dutch Accounting Standards Board.

These financial statements were prepared on the 15 march 2019.

In general, assets and liabilities are stated at the amounts at which they were incurred or current value. If not specifically stated otherwise, they are recognized at the amounts at which they were acquired or incurred. The balance sheet and income statement include references to the notes.

Financial instruments

The Company's primary financial instruments, such as receivables and liabilities, not being derivatives, are valued at amortized cost unless explained otherwise in the notes. Due to the short-term nature of the financial instruments included in these financial statements, the estimated fair value for these financial instruments approximates the book value. This also applies to the long-term loans receivable and payable, as terms and conditions are market based.

Participations

Participating interests over whose financial and operating activities the Company exercises significant influence are valued using the cost method taking into account permanent impairment losses.

The Company assesses at each balance sheet date whether a financial asset is impaired. If there is objective evidence of a permanent impairment, the amount of the impairment loss is determined and recognized in the income statement for financial assets carried at cost.

If the value of the participating interest under the cost method has become nil, this method is no longer applied, with the participating interest being valued at nil, if the circumstances are unchanged. In

connection with this, any long-term interests that, in substance, form part of the investor's net investment in the participating interest, are included. An accrual is recorded if and to the extent the Company stands surety for all or part of the debts of the participating interest or if it has a constructive obligation to enable the participating interest to repay its debts.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, bank balances and deposits held at call with maturities of less than 12 months. Cash and cash equivalents are stated at face value.

Equity

Direct changes in equity are recognised net of the relevant income tax effects.

Amortized cost

Amortized cost is the amount at which a financial asset or liability is measured at initial recognition less repayments of the principal, plus or less the cumulative amortization using the effective interest method for any difference between this initial amount and the maturity amount, and less any reductions (effected directly or through a provision being formed) for impairment and doubtful debts.

Corporate income tax

Corporate income tax is calculated at the applicable rate on the result for the year period, taking into account permanent differences between profit calculated according to the financial statements and profit calculated for taxation purposes.

3.5 Accounting policies for the profit and loss account

Result

Revenues on transactions are recognized in the year that they are realized. Losses are recognized when foreseen.

Income and expenditure

Income and expenditures are allocated to the period to which they relate.

Interest income and expenses

Interest income and expenses are recognised in the income statement for all financial assets and liabilities.

Corporate income tax expense

The corporate income tax expense recognised in the income statement is based on the income for the financial reporting purposes in accordance with prevailing provisions and rates, taking into account permanent differences between income for tax purposes and income for financial reporting purposes.

4 NOTES TO THE SPECIFIC ITEMS OF THE BALANCE SHEET

4.1 Financial fixed assets

4.1.1 Participations

The participations can be detailed as follows:

	<u>31.12.2018</u>	<u>31.12.2017</u>
	EUR	EUR
Participations	2,049,500	2,049,500
	<u>2,049,500</u>	<u>2,049,500</u>

The net equity of the company can be detailed as follows:

	<u>31.12.2018</u>	<u>31.12.2017</u>
	EUR	EUR
Elenia Holdings S.à r.l. (Luxembourg, 90%)	(1,516,725,648)	(1,371,666,701)
	<u>(1,513,725,648)</u>	<u>(1,371,666,701)</u>

As at 31 December 2018, Elenia Holdings S.à r.l. had a negative net asset value of EUR 1,685,250,720 (2017: EUR 1,371,666,701) and the loss for the period amounted to EUR 161,176,608 (2017: EUR 213,571,592). The value of the activities exceeds the current valuation of the participation.

Movement in participations are as follows:

	<u>31.12.2018</u>	<u>31.12.2017</u>
	EUR	EUR
Opening balance	2,049,500	2,049,500
Closing balance	<u>2,049,500</u>	<u>2,049,500</u>

4.2 Current assets

4.2.1 Cash and cash equivalents

The cash and cash equivalents can be detailed as follows:

	<u>31.12.2018</u>	<u>31.12.2017</u>
	EUR	EUR
Bank – EUR	41,052	13,980
	<u>41,052</u>	<u>13,980</u>

The cash and cash equivalents are at the free and unrestricted disposal of the Company.

4.3 Shareholder's equity

The shareholder's equity can be detailed as follows:

	<u>Share capital</u>	<u>Share premium</u>	<u>Other reserves</u>	<u>Result for the year</u>	<u>Total</u>
	EUR	EUR	EUR	EUR	EUR
Equity as at 31 December 2016	18,000	1,800,000	(26,851)	(46,496)	1,744,653
Transfer	-	-	(46,496)	46,496	-
Result for the year	-	-	-	(74,700)	(74,700)
Equity as at 31 December 2017	18,000	1,800,000	(73,347)	(74,700)	1,669,953
Transfer	-	-	(74,700)	74,700	-
Share premium repayment	-	(20,000)	-	-	(20,000)
Result for the year	-	-	-	(80,696)	(80,696)
Equity as at 31 December 2018	18,000	1,780,000	(148,047)	(80,696)	1,572,257

4.3.1 Share capital

The authorised share capital amounts to EUR 90,000 divided into 6,300,000 A shares and 2,700,000 B shares of EUR 0.01 each. At balance sheet date a total of 1,800,000 A shares were issued and fully paid up.

4.3.2 Share premium

In February 2018, the Company has made a distribution in cash to its Shareholder at the expense of the share premium reserve in the total amount of EUR 20,000.

4.3.3 Other reserves

The management board proposes to add the loss for the year under review in the amount of EUR 79,162 (2017: EUR 74,700) to the Other Reserves. This proposal has not been reflected in the annual accounts.

4.3.4 Unappropriated result

The management board proposes to attribute the loss for the year under review amounting to EUR 80,696 (2017: loss EUR 74,700) to the retained earnings.

4.4 Long-term liabilities

4.4.1 Loans due to group companies

The loans due to group companies can be detailed as follows:

	<u>31.12.2018</u>	<u>31.12.2017</u>
	EUR	EUR
Elenia Oy	478,000	353,000
	478,000	353,000

The above balance is made up of two subordinated promissory note's. These promissory notes bear interest at the rate of EURIBOR twelve (12) months + 2% per annum.



The two promissory notes are repayable in full, being the principal and any accrued interest, on March 31, 2021 and October 31, 2023 respectively.

4.5 Current liabilities

4.5.1 Accrued expenses

The accrued expenses can be detailed as follows:

	<u>31.12.2018</u>	<u>31.12.2017</u>
	EUR	EUR
Accrued administrative fees	18,000	13,518
Accrued audit fees	21,543	20,009
Accrued tax advisor fees	3,500	7,000
	<u>43,043</u>	<u>40,527</u>

4.5.2 Tax payable

The tax payable can be detailed as follows:

	<u>31.12.2018</u>	<u>31.12.2017</u>
	EUR	EUR
Corporate income tax	252	-
	<u>252</u>	<u>-</u>

4.6 Contingent liabilities

During 2014 and 2015 the Company's indirect subsidiary, Elenia Oy, has refinanced its existing debt facilities with the combination of bond debt, private placements and new bank debt. The bond issuer is a Finnish Subsidiary of Elenia Oy, called Elenia Finance Oy. The company in the issuance of the Bonds is acting as a co-guarantor together with other group companies. The company together with other guarantors has each guaranteed the payments of all amounts due in respect of the Bonds pursuant to guarantees which are secured over the property of each of the guarantors.

According to the security agreement, dated December 17, 2013, the shares of the Elenia Holdings S.a.r.l. have been pledged to Citicorp Trustee Company Limited.

According to the security agreement, dated December 17, 2013, the shares of the company's indirect subsidiary Elenia Oy have been pledged to Citicorp Trustee Company Limited.

5 NOTES TO THE SPECIFIC ITEMS OF THE PROFIT AND LOSS ACCOUNT

5.1 Operating expenses

5.1.1 General and administrative expenses

The general and administrative expenses can be detailed as follows:

	01.01.2018 – 31.12.2018	01.01.2017 – 31.12.2017
	EUR	EUR
Administrative fees	52,977	37,150
Tax advisory fees	6,449	10,463
Audit fees	22,060	20,580
Banking fees	121	1
Other fees	2,940	77
	84,547	68,272

5.2 Financial income and (expenses)

5.2.1 Interest expenses

The interest and similar expenses can be detailed as follows:

	01.01.2018 – 31.12.2018	01.01.2017 – 31.12.2017
	EUR	EUR
Interest due to group companies	8,406	6,428
	8,406	6,428

5.3 Corporate income tax

Corporate income tax is calculated at the applicable rate on the result for the year/financial period, taking into account permanent differences between profit calculated according to the financial statements and profit calculated for taxation purposes. The tax liability for the year amounts to EUR nil (2017: EUR nil). The effective tax rate is equal to the nominal tax rate taking into account that over the first EUR 200,000 of profit the Company has to pay 20% tax and 25% over the remainder.

The corporate income tax income in the current year is due to a refund received relating to the 2013 assessment.

5.4 Subsequent events

The management board is not aware of any (other) events that took place after balance sheet date that could have a material effect on the financial position of the Company now presented.

5.5 Employees

During the year under review the Company, did not employ any personnel (2017: nil), and consequently no payments for wages, salaries or social securities were made (2017: nil).

5.6 Directors

The Company has four directors, who served without remuneration.
The Company does not have a board of supervisory directors.

Amsterdam, 15 March 2019

the management board,

Mr. S. Tarnakin
Director A
(appointed as per 28 February 2018)

Mr. K. Fung
Director B
(appointed as per 28 February 2018)

Mr. T. Metzger
Director A
(appointed as per 28 February 2018)

Mr. R.A. van Weerdenburg
Director B
(appointed as per 5 March 2019)

Other information

1. Independent Auditors' report

Reference is made to the independent auditors' report as included hereinafter.



Independent auditor's report

To: the general meeting of shareholders of Lakeside Network Investments Holding B.V.

Report on the audit of the financial statements 2018 included in the annual report

Our opinion

We have audited the financial statements 2018 of Lakeside Network Investments Holding B.V., based in Amsterdam.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Lakeside Network Investments Holding B.V. as at 31 December 2018, and of its result for 2018 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

- ▶ The balance sheet as at 31 December 2018
- ▶ The profit and loss account for 2018
- ▶ The notes comprising a summary of the accounting policies and other explanatory information

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the Our responsibilities for the audit of the financial statements section of our report.

We are independent of Lakeside Network Investments Holding B.V. in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

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

Report on other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- ▶ Other information pursuant to Part 9 of Book 2 of the Dutch Civil Code

Based on the following procedures performed, we conclude that the other information:

- ▶ Is consistent with the financial statements and does not contain material misstatements
- ▶ Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

Description of responsibilities for the financial statements

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all material errors and fraud.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- ▶ Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- ▶ Obtaining an understanding of internal control relevant to the audit 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 company's internal control
- ▶ Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management
- ▶ Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern
- ▶ Evaluating the overall presentation, structure and content of the financial statements, including the disclosures
- ▶ Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

We communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

Zwolle, March 15, 2019

Ernst & Young Accountants LLP

signed by G.A. Dunnig

Publication of auditor's report

1 Conditions

Authorization to publish the auditor's report is granted subject to the following conditions:

- ▶ Further consultation with the auditor is essential if, after this authorization has been granted, facts and circumstances become known which materially affect the view given by the financial statements.
- ▶ The authorization concerns inclusion of the auditor's report in the annual report to be tabled at the Annual General Meeting (hereafter AGM) incorporating the financial statements as drawn up.
- ▶ The authorization also concerns inclusion of the auditor's report in the annual report to be filed with the Trade Registrar, provided consideration of the financial statements by the AGM does not result in any amendments.
- ▶ Financial statements for filing at the offices of the Trade Registrar which have been abridged in accordance with Section 397 of Book 2 of the Dutch Civil Code must be derived from the financial statements adopted by the AGM and a draft version of these financial statements for filing purposes must be submitted to us for inspection.
- ▶ The auditor's report can also be included if the financial statements are published electronically, such as on the internet. In such cases, the full financial statements should be published and these should be easily distinguishable from other information provided electronically at the same time.
- ▶ If the published financial statements are to be included in another document which is to be made public, authorization to include the auditor's report must again be granted by the auditor.

2 Explanations to the conditions

2.1 Board of supervisory directors and board of executive directors

The auditor usually forwards his report to the board of supervisory directors and to the board of executive directors. This is pursuant to Book 2 of the Dutch Civil Code, section 393 which stipulates *inter alia*: "The auditor sets out the outcome of his examination in a report". "The auditor reports on his examination to the board of supervisory directors and the board of executive directors".

2.2 Annual General Meeting (AGM)

Publication of the auditor's report will only be permitted subject to the auditor's express consent. Publication is understood to mean: making available for circulation among the public or to such group of persons as to make it tantamount to the public. Circulation among shareholders or members, as appropriate, also comes within the scope of the term "publication", so that inclusion of the auditor's report in the annual report to be tabled at the AGM similarly requires authorization by the auditor.

2.3 Auditor's reports and financial statements

The authorization concerns publication in the annual report incorporating the financial statements that are the subject of the auditor's report. This condition is based on the auditors' rules of professional practice, which state that the auditor will not be allowed to authorize publication of his report except together with the financial statements to which this report refers.

The auditor will also at all times want to see the rest of the annual report, since the auditor is not allowed to authorize publication of his report if, owing to the contents of the documents jointly published, an incorrect impression is created as to the significance of the financial statements.

2.4 Events between the date of the auditor's report and the AGM

Attention should be paid to the fact that between the date of the auditor's report and the date of the meeting at which adoption, as appropriate, of the financial statements is considered, facts or circumstances may have occurred which materially affect the view given by the financial statements. Under COS 560, the auditor must perform audit procedures designed to obtain sufficient audit evidence to ensure that all events occurring before the date of the auditor's report that warrant amendment of or disclosure in the financial statements have been identified.

If the auditor becomes aware of events that may be of material significance to the financial statements, the auditor must consider whether those events have been adequately recognized and sufficiently disclosed in the notes to the financial statements. If between the date of the auditor's report and the date of publication of the financial statements, the auditor becomes aware of a fact that may have a material impact on the financial statements, the auditor must assess whether the financial statements should be amended, discuss the matter with management and act as circumstances dictate.

2.5 Trade Registrar

The financial statements are tabled at the AGM (legal entities coming within the scope of Title 9 of Book 2 of the Dutch Civil Code table the directors' report and the other information as well). The AGM considers adoption of the financial statements. Only after the financial statements have been adopted, do they become the statutory (i.e., the company) financial statements. As a rule, the statutory financial statements will be adopted without amendment. The auditor's report must be attached to the statutory financial statements as part of the other information. As a rule, the text of this report will be the same as that issued earlier. The documents to be made public by filing at the offices of the Trade Registrar will consist of the statutory financial statements, the directors' report and the other information. The auditor's report which refers to the unabridged financial statements will then have to be incorporated in the other information. If consideration of the financial statements by the AGM does not result in any amendments, the auditor's report may be attached to the financial statements adopted, by the AGM and, provided the annual report and financial statements are filed promptly at the offices of the Trade Registrar, published as part of these annual report and financial statements.

2.6 Other manner of publication

The financial statements may also be published other than by filing at the offices of the Trade Registrar. In that event, too, inclusion of the auditor's report is permitted, provided the financial statements are published in full. If publication concerns part of the financial statements or if the financial statements are published in abridged form, publication of any report the auditor has issued on such financial statements will be prohibited, unless:

- a. He has come to the conclusion that, in the circumstances of the case, the document concerned is appropriate
Or
- b. Based on legal regulations, publication of the document concerned is all that is required

If less than the full financial statements are published, further consultation with the auditor is essential. If the financial statements and the auditor's report are published on the internet, it should be ensured that the financial statements are easily distinguishable from other information contained on the internet site. This can be achieved, for example, by including the financial statements as a separate file in a read-only format or by including a warning message when the reader exits the financial statements document.

2.7 Inclusion in another document

If the published financial statements are to be included in another document which is to be made public, this is considered a new publication and authorization must again be obtained from the auditor. An example of this situation is the publication of an offering circular which includes the financial statements, after these financial statements have been filed at the office of the Trade Registrar together with the other annual reports. For each new publication, authorization must again be obtained from the auditor.

2.8 Events after the AGM

Even if facts and circumstances have become known after the adoption of the financial statements as a result of which they no longer give the statutory true and fair view, the auditor must stand by the report issued on the financial statements as adopted and by the auditor's report filed at the offices of the Trade Registrar. In that event, the legal entity is required to file a statement at the offices of the Trade Registrar on these facts and circumstances accompanied by an auditor's report. In this situation, too, further consultation with the auditor is essential.