

**action medeor International Healthcare gGmbH
Tönisvorst**

Report

**on the audit
of the annual financial statement**

as of

December 31, 2011

**Translation Report
(Only the German version is legally binding)**

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A. Main section

I. Assignment and execution of our assignment

Through

action medeor International Healthcare gGmbH,
- hereinafter also the "Company" -

represented by the managing director, Mr. Christoph Bonsmann, Düsseldorf, we were assigned to audit the annual financial statement for the financial year 2011 in accordance with the provisions of section 317 HGB (German commercial code).

We hereby declare pursuant to section 321 (4a) HGB that we are independent in the sense of section 319 HGB.

According to section 267 (1) HGB the Company is a small-sized corporation and therefore subject to audit in accordance with sections 316 ff HGB; according to section 10 no. 2 of the Company agreement it is a voluntary annual audit.

We present the following report regarding the nature and scope and regarding the results of our audit, which was compiled according to the principles of correct reporting of audits (IDW PS 450).

The execution of our audit and the results of the audit are presented in detail in sections II and III. The unrestricted auditor's opinion issued on the basis of our audit is reproduced in section IV.

We enclose with our report the audited annual financial statement, consisting of Balance sheet (Annex 1), Income statement (Annex 2) and Notes (Annex 3).

We also carried out further analysis and explanations in accordance with our assignment, which are shown in the explanatory notes B.

The execution of our assignment and our responsibilities, including in relation to third parties, are based on the agreed “General Engagement Terms for Wirtschaftsprüfer und Wirtschaftsprüfungsgesellschaften” as of January 1, 2002, which are enclosed with this report as Annex 8.

II. Subject, nature and scope of the audit

Subject of our audit was the annual financial statement as of December 31, 2011 (Annexes 1, 2 and 3) under consideration of the accounting for the financial year 2011 and the compliance with the applicable statutory accounting regulations. The audit of compliance with other statutory regulations is only insofar within the scope of the audit as this usually has consequences for the financial accounting.

We carried out our audit in compliance with the German principles of orderly auditing of annual financial statements as published by *Institut der Wirtschaftsprüfer* (IDW – German Institute of Auditors).

The scope of our audit assignment did not include an examination of the nature and suitability of the association's insurance protection, specifically whether all risks have been taken into account and are adequately covered by insurance.

The statutory representatives of the Company are responsible for the accounting and preparation of the financial accounting as well as for the information provided to us. Our assignment is to assess the documents presented by the statutory representatives and the information provided in the course of our dutiful audit.

The audit was performed in April and May 2012 in the premises of the association Deutsches Medikamenten-Hilfswerk “action medeor” e.V., Tönisvorst, and in our office.

Our audit was based on the annual financial statement as of December 31, 2010 audited by Dr. Heilmaier & Partner GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft and provided with an auditor's opinion dated June 20, 2011 which was approved without change by the shareholders' resolution of July 1, 2011.

The documents taken for our audit were the bookkeeping documents, vouchers, confirmations issued by banks and the association's files and correspondence. All agreements, investigations, accounts and corresponds, and other documents and vouchers, required for our audit were presented to us. We obtained information specifically from:

Herr Christoph Bonsmann, Managing Director,
Frau Kerstin Steuler, Authorized Signatory,
Frau Regina Gotzian, Accounting.

In addition to the above, the statutory representatives confirmed to us in writing as part of their standard letter of representation that the association's accounts and the financial accounting take full account of all assets, obligations, risks and accruals and deferrals that need to be booked, that they contain all receipts and expenditure, and that all relevant information has been provided and all existing liability contingencies notified to us.

When carrying out our audit of the financial accounting, we complied with the stipulations under sections 316 ff HGB as well as the German principles of orderly auditing of annual financial statements as published by *Institut der Wirtschaftsprüfer*. We accordingly adopted a problem-orientated approach in our audit – albeit without any special focus on fraud investigation – such that we would have recognised any irregularities or infringements of statutory regulations that could have a significant effect on the presentation of the asset, financial and profit situation of the association in relation to the actual situation.

The nature, scope and results of the individual audit activities we performed are recorded in our working papers.

Our audit activities were based on a plan regarding the main focal points of the audit which was in turn based on our preliminary assessment of the association's commercial situation and our estimate of the efficacy of the association's internal control system for its accounts. This estimate was based in particular on our knowledge of the general legal and economic context of the association's business.

Our assessment of special risk areas arising that emerged in the course of our audit planning indicated the following emphases for our audit:

- development of fixed assets,
- evaluation of inventories,
- development and evaluation of trade receivables,
- development and evaluation of provisions,
- development of liabilities from donations not yet disposed,
- development of income from the use of donations,
- further individual circumstances and items that significantly affect the presentation of the Company's net assets, financial position and results of operations

On the basis of an assessment of the Company's internal control system we determined our further principal audit activities in compliance with the principles of materiality and economy. Both our analytic audit activities and our audit of specific cases were accordingly carried out in the form of random checks, depending on the nature and scope of the items in question, taking account of the significance of the audit areas and the organisation of the Company accounts. The random checks were selected in relation to the economic significance of the individual items of the annual financial statement and in order to allow adequate verification of compliance with statutory accounting regulations.

III. Findings and notes to the financial statement

1. Correctness of the financial accounting

1.1. Accounts and other audited documents

The Company's accounts (financial and asset accounts) are done through "Navision Financials" from Microsoft Deutschland GmbH, Oberschleißheim.

The accounts-related internal control system set up by the Company provides for a system of regulations regarding organisation and control that are adequate for the purpose and scope of the Company's business.

The organisation of the bookkeeping and internal control system related to the accounts is sufficient to allow complete, accurate, in line with the times and orderly recording and booking of business transactions. The table of accounts is sufficiently structured, and the system of documentation and records is ordered clearly and comprehensible. The books were opened correctly with the figures from the annual financial statement of the previous year and overall correctly maintained throughout the entire financial year.

The information taken from the other audited documents leads to a correct presentation of the relevant transactions in the accounting and financial statement.

In our opinion the overall conclusion is that the accounts and the other audited documents conform to all statutory requirements including the principles of correct accounting. The audit has resulted in no objections.

1.2 Annual financial statement

The financial accounting as of December 31, 2011 has been prepared in accordance with applicable regulations under commercial law and supplementary provisions of the Company agreement.

Balance sheet and Income statement are correctly derived from the accounts and the other audited documents. The structure of the Balance sheet (Annex 1) was drawn up in line with the regulations under section 266 HGB. The Income statement (Annex 2) was prepared according to the total cost accounting method pursuant to section 275 (2) HGB.

The Notes prepared by the Company (Annex 3) adequately explain the accounting and evaluation methods applied for preparing the Balance sheet and the Income statement. All individual particulars required by law and the information on the Balance sheet and Income statement that can optionally be included in the Notes are correct and presented accurately.

The annual financial statement therefore corresponds according to our findings to the statutory regulations including the principles of correct accounting. The audit has resulted in no objections.

2. Overall statement of the annual financial statement

Our audit has revealed that the annual financial statement gives a true and total compliance with the principles of correct accounting and a true and fair view of the net assets, financial position and result of operation of the Company that corresponds to the present situation.

In addition, we refer to the further breakdowns and explanations of the Balance sheet and the Income statement.

Concerning the bases for valuation and its amendments we refer to the statements of the Company in the Notes (Annex 3).

There were no creative measures taken with influence on net assets, financial position and result of operation. The reported result is therefore free of all special factors and items.

IV. Auditor's Opinion

To action medeor International Healthcare gGmbH

We have audited the annual financial statement, comprising the Balance sheet, the Income statement and the Notes for the financial year, together with the bookkeeping system of action medeor International Healthcare gGmbH for the business year from January 1 until December 31, 2011. The maintenance of the books and records and the preparation of the annual financial statement in accordance with German commercial law and the supplementary provisions of the Company agreement are the responsibility of the Company's management. Our responsibility is to express an opinion on the annual financial statement, together with the bookkeeping system, based on our audit.

We conducted our audit of the annual financial statement in accordance with § [Article] 317 HGB [„Handelsgesetzbuch": „German Commercial Code"] and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with German principles of proper accounting are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records and the annual financial statement are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the annual financial statement. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any objections.

In our opinion, based on the findings of our audit, the financial accounting complies with the legal requirements and the supplementary provisions of the company agreement and gives a true and fair view of the net assets, financial position and results of operations of the company in accordance with German principles of proper accounting.

Krefeld, June 14, 2012
Kr/Ph



thp treuhandpartner gmbh

Wirtschaftsprüfungsgesellschaft · Steuerberatungsgesellschaft

Manfred Steinborn

Manfred Steinborn
Wirtschaftsprüfer

Annette Dieckmann

Annette Dieckmann
Wirtschaftsprüfer

B. Explanatory Notes

Notes to the Balance sheet as of December 31, 2011

Assets

A. Fixed assets

I. Intangible fixed assets

<u>Acquired concessions, industrial and similar rights</u>	€	8.903,56
<u>and assets, and licences in such rights and assets</u>	previous year: €	10.220,82

Book value as of January 1, 2011	€	10.220,82
Additions:		
Software Navision licence/extension	"	3.126,18
Depreciation	"	-4.443,44
Book value as of December 31, 2011	€	8.903,56

Acquired computer software is disclosed.

The depreciation is based on an average useful life of three years and is undertaken according to the straight-line method.

II. Tangible fixed assets

	€	20.539,34
previous year:	€	17.129,98

1. Machinery and equipment

	€	9.456,13
previous year:	€	9.999,24

Book value as of January 1, 2011	€	9.999,24
Depreciation	"	-543,11
Book value as of December 31, 2011	€	9.456,13

2. Tenant fixtures

	€	413,36
previous year:	€	480,21

Book value as of January 1, 2011	€	480,21
Depreciation	"	-66,85
Book value as of December 31, 2011	€	413,36

3. Car pool

	€	1.462,54
previous year:	€	0,00

Book value as of January 1, 2011	€	0,00
Addition:		
Toyota Noah used	"	5.850,14
Depreciation	"	-4.387,60
Book value as of December 31, 2011	€	1.462,54

4. Storage equipment

	€	549,51
previous year:	€	673,09

Book value as of January 1, 2011	€	673,09
Depreciation	"	-123,58
Book value as of December 31, 2011	€	549,51

5. Container

	€	<u>2.439,87</u>
previous year:	€	465,82

Book value as of January 1, 2011	€	465,82
Addition:		
Storage container	"	2.389,38
Depreciation	"	<u>-415,33</u>
Book value as of December 31, 2011	€	<u>2.439,87</u>

6. Office equipment

	€	<u>1.956,20</u>
previous year:	€	2.675,64

Book value as of January 1, 2011	€	2.675,64
Depreciation	"	<u>-719,44</u>
Book value as of December 31, 2011	€	<u>1.956,20</u>

7. Low value assets

	€	<u>4.261,73</u>
previous year:	€	2.835,98

Book value as of January 1, 2011	€	2.835,98
Additions:		
Various office furniture	"	2.996,51
Depreciation	"	<u>-1.570,76</u>
Book value as of December 31, 2011	€	<u>4.261,73</u>

B. Current assets

I. Inventories

Medication

	€ 286.399,36
previous year:	€ 300.464,98

Inventories are valued at the closing rate. Our audit found no evidence that depreciations would have had carried out at a lower value.

II. Receivables and other assets

1. Trade receivables

	€ 161.859,61
previous year:	€ 153.296,25

Breakdown:

Receivables home	€ 7.384,23
Receivables abroad	" 154.475,38
	€ 161.859,61

2. Receivables from shareholders

	€ 11.010,55
previous year:	€ 0,00

<u>3. Other assets</u>	€ 20.328,59
previous year:	€ 41.222,33
Receivables from personnel	€ 4.888,68
Creditor accounts in debit	" 11.801,37
Other	" 3.638,54
	€ 20.328,59

<u>III. Cash in hand and bank balances</u>	€ 219.985,77
previous year:	€ 227.490,84
<u>Cash in hand</u>	
Petty Cash Book	€ 811,36
Central pay office	" 125,65
	€ 937,01

The cash balance corresponds with the cash journal as of December 31, 2011.

Bank balances

Current accounts

Volksbank Krefeld, account no. 500 500	€ 860,08
Volksbank Krefeld, Konto-Nr. 600 600 010	" 30.607,16
Volksbank Krefeld, account no. 600 600 036	" 47.309,92
National Bank of Commerce Limited, account no. 011 103 024 890	" 29.243,10
National Bank of Commerce Limited, account no. 011 105 012 415	" 88,02
National Bank of Commerce Limited, account no. 011 108 000 412	" 68,00
	€ 108.176,28

Fixed deposit account

Volksbank Krefeld, account no. 500 500 611	€ 110.872,48
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The amount recorded is proven by balance confirmations of the banks.

<u>C. Prepaid expenses</u>	€	<u>8.113,55</u>
previous year:	€	17.020,94

This item includes payments made before the closing date, as far as they constitute expenditure for a certain period after the balance sheet date.

Equity and Liabilities

<u>A. Equity</u>	€ 140.191,57
previous year:	€ 135.504,07
<u>I. Subscribed capital</u>	€ 100.000,00
previous year:	€ 100.000,00
<u>II. Retained earnings / accumulated losses brought forward</u>	€ 35.504,07
previous year:	€ -42.859,71
<u>III. Net income for the financial year</u>	€ 4.687,50
previous year:	€ 78.363,78

B. Provisions

<u>1. Provisions for taxes</u>	€ 33.600,00
previous year:	€ 33.600,00

Corporate tax 2010 is disclosed.

<u>2. Other provisions</u>	€ 9.456,95
previous year:	€ 14.936,79

This provision concerns the costs for the audit of the annual financial statement as of December 31, 2011 and the costs for the audit of the annual financial statements 2010 and 2011 in Tanzania.

<u>C. Donations / Funds for projects not yet disposed</u>		€ 114.232,27
	previous year:	€ 91.410,00
Amount brought forward 1.1.2011		€ 91.410,00
<u>Income from donations 2011:</u>		
Free donations	€ 236.452,63	
Donations designed for recipients	" 205.000,00	" 441.452,63
		€ 532.862,63
<u>Use of donations 2011:</u>		
Free distribution of medication and equipment		€ 237.115,12
Use of donations designed for recipients		" 93.371,06
Operating expenses Headquarter		" 42.853,20
Non economic personnel expenses	€ 40.515,07	
Non economic depreciations	" 4.775,91	" 45.290,98
Total use of donations 2011		€ 418.630,36
Donations still to be used:		€ 2.603,33
Funds for projects still to be used:		" 111.628,94
Book value as of December 31, 2011		€ 114.232,27

Free donations are disposed for the free donation of medication and equipment to recipients who are to assist after the statutory purpose.

D. Liabilities

<u>1. Liabilities to banks</u>		€ 0,00
	previous year:	€ 4,62
<u>2. Trade payables</u>		€ 227.053,98
	previous year:	€ 233.913,26

<u>3. Liabilities to shareholders</u>	€ 164.953,41
previous year:	€ 183.025,47

This item concerns the grant of loans by the association Deutsches Medikamenten-Hilfswerk "action medeor" e.V.

Breakdown:

Loan 2004	€ 67.203,84
Loan 2005	" 11.160,27
Loan 2010	" 86.589,30
	<u>€ 164.953,41</u>

Loan 2004:

action medeor e.V. granted a loan in the amount of € 100.000,00 to action medeor International Healthcare gGmbH according contract dated December 23, 2004. The loan carries an interest rate of 5,5%. In 2011 interest amounted to € 3.898,14.

Loan 2005:

action medeor e.V. granted a loan in the amount of € 20.000,00 to action medeor International Healthcare gGmbH according contract dated June 10, 2005. The loan carries an interest rate of 5,5%. In 2011 interest amounted to € 672,91.

Loan 2010:

action medeor e.V. granted a loan in the amount of € 100.000,00 to action medeor International Healthcare gGmbH according contract dated February 25, 2010. The loan carries an interest rate of 5,0%. The loan is payable by 130 monthly instalments of € 1.000,00. In 2011 interest amounted to € 4.533,23.

<u>4. Other liabilities</u>	€ 47.652,15
previous year:	€ 74.451,93

Breakdown:

Salary payments 2011	€ 3.402,99
Income and church tax December 2011	" 1.591,76
LAPF Pension Fund	" 2.159,07
Social insurance contribution	" 2.731,24
Debtors with credit balances home	" 37.767,09
	<u>€ 47.652,15</u>

C. A n n e x e s

Assets				Balance sheet as of December 31, 2011				Equity and liabilities			
	€	€	Previous year €		€	€	Previous year €		€	€	Previous year €
<u>A. Fixed assets</u>				<u>A. Equity</u>							
I. <u>Intangible fixed assets</u>		8.903,56	10.220,82	I. <u>Subscribed capital</u>	100.000,00						
II. <u>Tangible fixed assets</u>				II. <u>Retained earnings / accumulated losses brought forward</u>	35.504,07						
1. Machinery and equipment	9.456,13			III. <u>Net income for the financial year</u>	<u>4.687,50</u>	140.191,57	135.504,07				
2. Leasehold improvements	413,36										
3. Car pool	1.462,54			<u>B. Provisions</u>							
4. Storage equipment	549,51			1. Provisions for taxes	33.600,00						
5. Container	2.439,87			2. Other provisions	<u>9.456,95</u>	43.056,95	14.936,79				
6. Office equipment	1.956,20										
7. Low value assets	<u>4.261,73</u>	20.539,34	17.129,98								
				<u>C. Donations / Funds for projects not yet disposed</u>		114.232,27	91.410,00				
<u>B. Current assets</u>				<u>D. Liabilities</u>							
I. <u>Inventories</u>		286.399,36	300.464,98	1. Liabilities to banks	0,00		4,62				
II. <u>Receivables and other assets</u>				of which due within one year: € 0,00 (previous year: € 4,62)							
1. Trade receivables	161.859,61		153.296,25	2. Trade payables	227.053,98		233.913,26				
2. Receivables from shareholders	11.010,55		0,00	of which due within one year: € 277.053,98 (previous year: € 233.913,26)							
3. Other assets	<u>20.328,59</u>	193.198,75	41.222,33	of which due to shareholders: € 63.217,42 (previous year: € 73.117,78)							
				3. Liabilities to shareholders	164.953,41		183.025,47				
III. <u>Cash in hand and bank balances</u>		219.985,77	227.490,84	of which due within one year: € 17.027,85 (previous year: € 18.072,05)							
				4. Other liabilities	47.652,15		74.451,93				
<u>C. Prepaid expenses</u>		8.113,55	17.020,94	of which due within one year: € 47.652,15 (previous year: € 74.451,93)							
				of which taxes: € 1.591,76 (previous year: € 11.638,69)							
				of which relating to social security: € 2.731,24 (previous year: € 2,82)		439.659,54					
		<u>737.140,33</u>	<u>766.846,14</u>			<u>737.140,33</u>	<u>766.846,14</u>				

Income statement
for the year ended December 31, 2011

			<u>previous year</u>	
	€	€	€	€
1. Revenues	1.123.996,11		891.379,53	
2. Income from the use of donations	85.716,69		251.368,89	
3. Change in inventory	-14.065,62		27.532,68	
4. Other income	<u>117.724,04</u>	1.313.371,22	<u>33.475,06</u>	1.203.756,16
5. Expenses for raw material and purchased services				
a) Expenses for raw material	905.350,66		754.760,75	
b) Expenses for purchased services	<u>28.148,44</u>	-933.499,10	<u>0,00</u>	-754.760,75
6. Personnel expenses				
a) Wages and salaries	100.426,33		94.527,72	
b) Social security, post-employment and other employee benefit costs	<u>50.657,55</u>	-151.083,88	<u>15.078,49</u>	-109.606,21
7. Depreciation of intangible fixed assets and tangible fixed assets		-12.270,11		-6.143,75
8. Other operating expenses		-203.239,78		-209.079,42
9. Other interest and similar income		910,47		1.137,04
10. Interest and similar expenses		<u>-9.501,32</u>		<u>-9.600,60</u>
11. Net operating income		4.687,50		115.702,47
12. Income taxes		<u>0,00</u>		<u>-37.338,69</u>
13. Net income		<u><u>4.687,50</u></u>		<u><u>78.363,78</u></u>

Notes for the financial year 2011

A. General Statements

The financial statements were prepared in compliance with the regulations of the Commercial Code.

In accordance to sec. 264 (1) and sec. 242 (3) of the Commercial Code the financial statement consist of

1. Balance sheet
2. Income statement
3. Notes

Action medeor International Healthcare gGmbH is a small-sized corporation in accordance to sec. 267 (1) of the Commercial Code since only two of three size criteria are applicable.

The preparation of a Management Report is not required according to sec. 264 (1) 4 of the Commercial Code.

The company has an operating office in Dar Es Salaam, Tanzania.

B. Methods of balancing and assessment

1. Methods of balancing

The balance sheet contains all required assets, liabilities and prepaid expenses.

2. Methods of assessment

The assessment of assets, liabilities and provisions complies to legal right. All assets and liabilities were assessed by the principal of individual evaluation. Information about the methods of depreciation information are given in the context of the specification of the Balance sheet.

3. Fixed assets

A fixed assets development table is prepared. Information for each position will follow.

Fixed assets are valued by acquisition costs decreased of depreciation.

Fixed assets were written off over the estimated useful life.

4. Current assets

4.1 Inventories

Inventories are valued by acquisition costs. The assets were assessed by the principal of individual evaluation. The right to simplify the evaluation has not been applied.

4.2 Trade receivables

Trade receivables were rated at nominal value.

5. Provisions

Provisions consider all knowable risks and uncertain obligations.

6. Liabilities

Liabilities were rated at the performance value.

Liabilities to shareholders (without trade payables) are loan liabilities.

7. Foreign currency conversion

The account balances of the accounting area maintained in Tanzanian Shilling for the operating office in Tanzania were converted at the following period-end exchange rate:

1 Tanzanian Shilling = 0,000481691 Euro

C. Explanations on Income statement

Concerning sec. 275 (2) of the Commercial Code the Income statement is prepared by total cost accounting.

D. Other information

The company's Managing Director for the Business Year 2011 was:

Mr. Christoph Bonsmann, Düsseldorf.

Sole shareholder for the Business Year 2011 was:

Deutsches Medikamentenhilfswerk "action medeor" e. V., Tönisvorst.

The company engages 11 employees, of which one person is part-time worker and employees in Tanzania.

Fixed assets development table as of December 31, 2011

	historical cost €	additions €	retirements €	cumulative depreciation €	book value as of Dec. 31, 2011 €	depreciation of the financial year €	book value of retirements of the financial year €	book value as of Dec. 31, 2010 €
<u>I. Intangible fixed assets</u>	<u>13.823,67</u>	<u>3.126,18</u>	<u>0,00</u>	<u>8.046,29</u>	<u>8.903,56</u>	<u>4.443,44</u>	<u>0,00</u>	<u>10.220,82</u>
<u>II. Tangible fixed assets</u>								
1. Machinery and equipment	10.319,14	0,00	0,00	863,01	9.456,13	543,11	0,00	9.999,24
2. Tenant fixtures	534,79	0,00	0,00	121,43	413,36	66,85	0,00	480,21
3. Car pool	0,00	5.850,14	0,00	4.387,60	1.462,54	4.387,60	0,00	0,00
4. Storage equipment	1.306,65	0,00	0,00	757,14	549,51	123,58	0,00	673,09
5. Container	3.445,35	2.389,38	0,00	3.394,86	2.439,87	415,33	0,00	465,82
6. Office equipment	7.194,37	0,00	0,00	5.238,17	1.956,20	719,44	0,00	2.675,64
7. Low value assets	4.857,44	2.996,51	0,00	3.592,22	4.261,73	1.570,76	0,00	2.835,98
Tangible fixed assets in total	<u>27.657,74</u>	<u>11.236,03</u>	<u>0,00</u>	<u>18.354,43</u>	<u>20.539,34</u>	<u>7.826,67</u>	<u>0,00</u>	<u>17.129,98</u>
 Fixed assets in total	<u>41.481,41</u>	<u>14.362,21</u>	<u>0,00</u>	<u>26.400,72</u>	<u>29.442,90</u>	<u>12.270,11</u>	<u>0,00</u>	<u>27.350,80</u>

Legal and fiscal principles

Company:	action medeor International Healthcare gGmbH
Registered office:	Tönisvorst
Operating office:	Dar Es Salaam, Tanzania
Address:	St. Töniser Straße 21, 47918 Tönisvorst
Company agreement:	as of December 23, 2004
Commercial register:	Local Court Krefeld, HR B 10492
Object of the company:	<p>The purpose of the company is to provide development assistance to the countries of Africa, South and Latin America, Asia and Oceania and to support people who are in consequence of disease dependent on others in a selfless manner.</p> <p>The company pursues exclusively and directly charitable purposes as defined in the provisions of the section "tax-privileged purposes" of the Tax Code (AO) .</p>
Activities:	free or cost-covering distribution of medication and equipment
Shareholder:	<p>Deutsches Medikamenten-Hilfswerk</p> <p>"action medeor" e.V., Tönisvorst</p>
Subscribed capital:	<p>€ 100.000,00 = 100 %</p> <p>The subscribed capital has been fully paid.</p>

Business year:

Business year corresponds with the calendar year.

Managing Director:

Christoph Bonsmann, Düsseldorf

The Managing Director is entitled to sole representation and exempted from the restriction in sec. 181 BGB.

Fiscal principles

The company was exempted from corporate tax according the provisions in sec. 5 (1) no. 9 Corporate Tax Act (KStG) by tax assessment dated October 13, 2011 and from trade tax acc. sec. 3 no. 6 Trade Tax Act (GewStG) since the company pursues exclusively and directly tax-privileged charitable purposes in accordance with sec. 51 et seq. of the Tax Code (AO).

In Tanzania, the company is subject of taxation.

Financial status 2007 until 2011

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>change</u>	
	€	€	€	€	€	T€	%
<u>Assets</u>							
A. <u>Fixed assets</u>							
I. Intangible fixed assets	1.446,44	1.254,35	2.217,71	10.220,82	8.903,56	-1.317	-12,9
II. Tangible fixed assets	13.643,10	11.113,53	8.066,86	17.129,98	20.539,34	3.409	19,9
B. <u>Current assets</u>							
I. Inventories	228.446,36	242.264,73	235.818,22	300.464,98	286.399,36	-14.066	-4,7
II. Receivables and other assets							
1. Trade receivables	63.846,64	74.865,75	104.620,45	153.296,25	161.859,61	8.563	5,6
2. Receivables from shareholders	0,00	284.805,30	86.406,79	0,00	11.010,55	11.011	-
3. Other assets	64.242,60	49.551,02	67.692,14	41.222,33	20.328,59	-20.894	-50,7
III. Cash in hand and bank balances	383.040,52	149.717,70	212.274,76	227.490,84	219.985,77	-7.505	-3,3
C. <u>Prepaid expenses</u>	<u>2.350,70</u>	<u>5.053,69</u>	<u>8.682,70</u>	<u>17.020,94</u>	<u>8.113,55</u>	<u>-8.907</u>	<u>-52,3</u>
	<u>757.016,36</u>	<u>818.626,07</u>	<u>725.779,63</u>	<u>766.846,14</u>	<u>737.140,33</u>	<u>-29.706</u>	<u>-3,9</u>
<u>Equity and Liabilities</u>							
A. <u>Equity</u>							
I. Subscribed capital	100.000,00	100.000,00	100.000,00	100.000,00	100.000,00	0	0,0
II. Retained earnings / accumulated losses brought forward	-51.536,60	5.690,14	-61.251,68	-42.859,71	35.504,07	78.364	-182,8
III. Net income for the financial year	57.226,74	-66.941,82	18.391,97	78.363,78	4.687,50	-73.676	-94,0
B. <u>Provisions</u>							
1. Provisions for taxes	0,00	0,00	7.900,00	33.600,00	33.600,00	0	0,0
2. Other provisions	5.000,00	7.000,00	7.000,00	14.936,79	9.456,95	-5.480	-36,7
C. <u>Donations / Funds for projects not yet disposed</u>	261.569,23	378.028,05	143.897,09	91.410,00	114.232,27	22.822	25,0
D. <u>Liabilities</u>							
1. Liabilities to banks	0,00	716,03	0,00	4,62	0,00	-5	-100,0
2. Trade payables	217.280,92	216.206,94	309.534,96	233.913,26	227.053,98	-6.859	-2,9
3. Liabilities to shareholders	112.211,49	104.980,20	97.194,39	183.025,47	164.953,41	-18.072	-9,9
4. Other liabilities	<u>55.264,58</u>	<u>72.946,53</u>	<u>103.112,90</u>	<u>74.451,93</u>	<u>47.652,15</u>	<u>-26.800</u>	<u>-36,0</u>
	<u>757.016,36</u>	<u>818.626,07</u>	<u>725.779,63</u>	<u>766.846,14</u>	<u>737.140,33</u>	<u>-29.706</u>	<u>-3,9</u>

Comparison of revenue and expenses 2007 until 2011

	2 0 0 7		2 0 0 8		2 0 0 9		2 0 1 0		2 0 1 1		change	
	€	%	€	%	€	%	€	%	€	%	T€	%
Revenues	561.625,16	56,6	780.795,27	47,7	922.269,87	64,2	891.379,53	76,2	1.123.996,11	94,0	233	26,1
Income from the use of donations	360.678,35	36,3	818.699,41	50,0	514.974,35	35,8	251.368,89	21,5	85.716,69	7,2	-166	-65,9
Change in inventory	70.309,59	7,1	38.366,67	2,3	-228,41	0,0	27.532,68	2,4	-14.065,62	-1,2	-42	-151,1
	992.613,10	100,0	1.637.861,35	100,0	1.437.015,81	100,0	1.170.281,10	100,0	1.195.647,18	100,0	25	2,2
Other operating income	7.872,46	0,8	8.591,78	0,5	25.489,30	1,8	33.475,06	2,9	117.724,04	9,8	84	251,7
	1.000.485,56	100,8	1.646.453,13	100,5	1.462.505,11	101,8	1.203.756,16	102,9	1.313.371,22	109,8	110	9,1
Expenses for raw material	-741.871,94	-74,7	-840.909,67	-51,3	-851.730,77	-59,3	-754.760,75	-64,5	-905.350,66	-75,7	-151	20,0
Expenses for purchased services	-39.680,56	-4,0	-17.443,50	-1,1	-22.497,95	-1,6	0,00	0,0	-28.148,44	-2,4	-28	-
Gross profit	218.933,06	22,1	788.099,96	48,1	588.276,39	40,9	448.995,41	38,4	379.872,12	31,8	-69	-15,4
Personnel expenses	-49.625,21	-5,0	-69.265,16	-4,2	-73.438,78	-5,1	-109.606,21	-9,4	-151.083,88	-12,6	-41	37,8
Depreciation	-9.502,00	-1,0	-6.402,68	-0,4	-4.902,88	-0,3	-6.143,75	-0,5	-12.270,11	-1,0	-6	99,7
Other operating expenses	-99.412,54	-10,0	-775.743,57	-47,4	-463.279,89	-32,2	-209.079,42	-17,9	-203.239,78	-17,0	6	-2,8
Operating income	60.393,31	6,1	-63.311,45	-3,9	46.654,84	3,2	124.166,03	10,6	13.278,35	1,1	-111	-89,3
Other interest and similar income	3.666,49	0,4	4.761,18	0,3	2.705,46	0,2	1.137,04	0,1	910,47	0,1	0	-19,9
Interest and similar expenses	-6.833,06	-0,7	-8.391,55	-0,5	-8.438,59	-0,6	-9.600,60	-0,8	-9.501,32	-0,8	0	-1,0
Net operating income	57.226,74	5,8	-66.941,82	-4,1	40.921,71	2,8	115.702,47	9,9	4.687,50	0,4	-111	-96,0
Extraordinary income	0,00	0,0	0,00	0,0	0,00	0,0	0,00	0,0	0,00	0,0	0	0,0
Income taxes	0,00	0,0	0,00	0,0	-22.529,74	-1,6	-37.338,69	-3,2	0,00	0,0	37	-100,0
Net income	57.226,74	5,8	-66.941,82	-4,1	18.391,97	1,3	78.363,78	6,7	4.687,50	0,4	-74	-94,0

Presentation of expenses incurred in 2011 and funds for projects obtained from third parties and presentation of donations intended for projects in 2011

		1.	2.	3.	4.	5.	6.
		-----	-----	-----	-----	-----	-----
				(1. + 2.)			
		General costs	Operating expenses	Total expenses	Funds received	Funds not yet used	Financed by own funds
		-----	-----	-----	-----	-----	-----
		€	€	€	€	€	€
Projekt							
	Drought Relief East Africa	93.371,06	0,00	93.371,06	205.000,00	111.628,94	0,00
		93.371,06	0,00	93.371,06	205.000,00	111.628,94	0,00

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.