



Warth & Klein  
Grant Thornton

TATA CONSULTANCY SERVICES DEUTSCHLAND GMBH,  
FRANKFURT AM MAIN

Report on the Audit of the  
Annual Financial Statements and Management Report  
for the year ended 31 March 2016

Translation only; the German version prevails

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**A. AUDIT ENGAGEMENT**

By resolution of the ordinary shareholders' meeting on 28 October 2015 of

**Tata Consultancy Services Deutschland GmbH,**

**Frankfurt am Main,**

we, Warth & Klein Grant Thornton AG, Wirtschaftsprüfungsgesellschaft, have been elected as auditors for the financial year ending 31 March 2016. Based on our proposal dated 1 November 2015, the management engaged us by letter dated 11 February 2016 to audit the annual financial statements for the financial year ended 31 March 2016 together with the accounting records and the management report.

We conducted our audit in accordance with section 317 HGB and German Generally Accepted Standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer in Deutschland e.V. (IDW) [Institute of Public Auditors in Germany], as laid down in the IDW Auditing Standards (IDW AuS).

Pursuant to section 321 paragraph 4a HGB we confirm that we observed the applicable regulations on auditor's independence in our audit.

We have prepared the following report on the results of our audit. The audit report has been prepared in accordance with IDW AuS 450.

Execution of the engagement and the extent of our responsibility, also in relation to third parties, is governed by the "General Terms of Engagement for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften" of 1 January 2002 as issued by the IDW and by our particular requirements. These terms of engagement are included as Appendix 6 to this report. The additionally enclosed English translation of the General Terms of Engagement is not legally binding. The extent of our liability is determined by section 323 paragraph 2 HGB. In relation to third parties No. 1 sec. 2 and No. 9 of these terms of engagement are relevant.

## **B. BASIC FINDINGS**

### **I. Position of the Company**

Pursuant to section 321 paragraph 1 clause 2 HGB we are required to take a position on the legal representatives' assessment of the position of the company, whereby the assessment of the company's continuance as a going concern and the opportunities and risks of the future development as set out in the management report are to be addressed in particular, insofar as the audited documents allow for such an assessment to be made.

The basis for our reporting on this matter is the legal representatives' assessment of the position of the company, insofar as this is documented in the management report. We have investigated the plausibility of the statements contained in the management report and their consistency to our findings made during the course of the audit. In accordance with professional regulations, we are not required to include our own forecasts and it is not our duty to make the individually required disclosures on the position of the company in place of the legal representatives.

The management report prepared by the company's legal representatives (board of directors) contains from our point of view the following key statements regarding the **economic position and the business performance including the company results**:

1. Revenue for the financial year increased by kEUR 38,131 to kEUR 262,695 compared with the 2014/2015 financial year due to successful sales efforts. Revenue growth was largely driven by higher revenue generated with existing customers and the attraction of new customers.
2. The profit for the period of kEUR 9,958 (prior year: kEUR 5,679) was much better than expected. The principal reason behind this was that employee benefit costs did not increase to the same degree as the total output. The relative decrease in employee benefit costs in comparison to the prior year is principally attributable to a one-time bonus payment.
3. The assets increased from kEUR 68,186 as at 31 March 2015 to kEUR 79,790, primarily due to the increase in trade receivables. This movement reflects the expanded business volume.
4. Equity decreased by kEUR 42 to kEUR 15,053 in comparison with the balance as at 31 March 2015. The equity ratio is at 18.9 % (prior year: 22.1 %). The decline in the equity ratio arises from the difference between the distribution of profits of kEUR 10,000 in the year and the profit for the year.

The key statements on the economic position and on the business performance have been sufficiently detailed in the management report. For further details, we therefore refer to the management report, which is attached to this report as Appendix 4.

The management report of the company's legal representatives contains from our point of view the following key statements regarding the **opportunities and risks of the future development** of the company:

1. In order to continue growing faster than the industry average in the 2016/2017 financial year and the following periods, the company plans to aggressively market its services to new customers and also to create new lines of business with existing customers. Further revenue growth is expected for the 2016/2017 financial year.
2. Foreign currency risks arise in particular from transactions concluded in U.S. dollars and other foreign currencies. Consequently, a weakening of the dollar or other foreign currencies against the euro could lead to foreign exchange losses. As at the reporting date, the receivables and bank balances denominated in U.S. dollar totalled kEUR 7,256. These are offset by U.S. dollar liabilities in the amount of kEUR 1,776.
3. Default and liquidity risks are mitigated by carefully selecting customers as well as close cooperation between sales and administrative functions in matters of monetary transactions as part of an efficient receivables management system. The company has a solvent established clientele with a solid credit standing. Losses on receivables outstanding are an absolute exception. In addition, the collaboration with the majority of the customers has existed for many years.
4. The company is a member of a reinsured pension obligation support fund. The company bears the risk that in the event that the reinsured assets do not cover the pensions obligation, it must meet the financial shortfall. However, this risk is mitigated to the extent that the fund is managed by a professional agency and the plan carries a minimum guaranteed rate of interest.

The key statements on opportunities and risks of the future development of the company have been sufficiently detailed in the management report. For further details, we therefore refer to the management report, which is attached to this report as Appendix 4.

On the basis of the assessment of the economic position of the company which we have been able to derive from our findings obtained during our audit of the annual financial statements and the management report we have come to the conclusion that the legal representatives' assessment of the company, in particular concerning the going concern



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and the opportunities and risks of the future development of the company, appears appropriate.

## **C. SUBJECT, NATURE AND SCOPE OF THE AUDIT**

### **I. Subject of the audit**

As the company exceeded the relevant size criteria in section 267 paragraph 1 HGB the audit has been a statutory audit.

The subject of our audit was the annual financial statements, comprising the balance sheet, the profit and loss account and the notes to the annual financial statements, together with the accounting system and the management report of Tata Consultancy Services Deutschland GmbH for the financial year ended 31 March 2016. The annual financial statements and the management report have been prepared on the basis of German HGB in conjunction with the relevant regulations of the GmbHG [“Gesetz betreffend die Gesellschaften mit beschränkter Haftung”: German Limited Liability Company Act] and with the supplementary provisions of the articles of association.

We have audited the annual financial statements taking into consideration audit evidence for the asset and liability items and compliance with the HGB regulations for large-sized limited liability companies with regard to the recognition, valuation and classification of the financial statement items, for the required disclosures in the notes to the annual financial statements and the appropriation of profits. We have also audited compliance with the relevant regulations of the GmbHG and compliance with the supplementary provisions of the articles of association. We have included the company’s accounting records in our audit.

We have audited the management report on the basis of considering whether it is consistent with the annual financial statements and our audit findings and whether it provides an accurate impression of the position of the company. In this respect we have also audited whether opportunities and risks of future development have been sufficiently presented.

The company’s legal representatives are responsible for accounting and for preparing the annual financial statements and the management report as well as for the representations they make to us. It is our responsibility, based on the audit performed by us, to form an opinion on the annual financial statements including the accounting records and on the management report.

We point out that audits for fraud and other specialised audits do not form part of an audit of annual financial statements. This applies in particular to the audit of compliance with regulations concerning taxation, pricing, competition, foreign exchange, social security law and the adequacy of insurance cover.

The audit of compliance with other regulations is only relevant to the audit of financial statements insofar as these regulations normally have an impact on the annual financial statements or the management report.

## **II. Nature and scope of the audit**

We conducted our audit in accordance with section 316 cont. HGB and German generally accepted standards for the audit of annual financial statements promulgated by the IDW. These standards require that we plan and perform the audit so that we can determine with reasonable assurance whether the accounting records, annual financial statements and management report are free from material misstatements. Evidence supporting the disclosures in the accounting records, the annual financial statements and the management report are examined primarily on a test basis within the framework of the audit. The audit includes the assessment of the accounting principles used and significant estimates made by management, as well as the evaluation of the overall presentation of the annual financial statements and the management report. We believe that our audit provides a reasonable basis for our opinion.

The audit was planned and performed by taking a risk-oriented approach. Based on this approach, we derived the nature and scope of the audit procedures to be performed from several criteria.

Within the risk-oriented approach we assessed the risk of material misstatements in the accounting due to fraud and error (= misstatement risk) regarding the presentation of business transactions or account balances and disclosures. The assessment of these risks was based on an analysis of the environment of the company (in particular industry specific factors) and management representations on significant corporate aims and strategies and on business risks (client specific factors). Furthermore, our provisional assessment of the company's position and the general assessment of the accounting-related internal control system were considered in the risk assessment.

Based on the risk assessment, we identified critical assertions and accordingly designed the audit programme which determines the nature and extent of tests of operating effectiveness of internal controls and of substantive audit procedures, the timing of their performance and the use of personnel.

We have determined the following audit key areas:

- Existence and cut-off of revenues
- Existence and valuation of trade receivables

- Completeness of employee benefit costs

Our audit procedures included tests of effectiveness of the internal control system as well as analytical audit procedures and tests of detail. Within the tests of effectiveness of the internal control system with regard to the determined audit emphasis we performed tests of design and – as far as deemed necessary – tests of operation of the internal control system. The resulting findings were the basis of the determination of the nature and extent of analytical audit procedures and tests of single business transactions and balance sheet items (tests of detail).

We performed our audit procedures in March and April 2016.

The starting point of our audit were the assets, deferred expenses/income, liabilities, and capital accounts brought forward from the prior year as presented in the annual financial statements for the financial year from 1 April 2014 to 31 March 2015. The annual financial statements for the year ended 31 March 2015 were audited by Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft and an unqualified audit opinion was issued.

We have examined whether the opening balances have been properly carried over from the previous year's annual financial statements. In accordance with IDW PS 205 we have performed additional audit procedures to obtain sufficient evidence that the opening balances not audited by us do not contain any material misstatements. In doing so, we have also used the results of the auditor of the previous year's annual financial statements. We have assessed the applicability of those results on the basis of critical examination of the audit report prepared by the previous year's auditor.

The legal representatives and named contact persons willingly provided us with all explanations and supporting documents requested. We also requested and have received a standard written letter of representation, in which the legal representatives confirm in writing, that all transactions which require recognition in the accounting records are reported in the book-keeping, that in the annual financial statements to be audited all assets, liabilities, accruals and special items, expenses and income are included, that all required disclosures have been made, and that the management report includes all material aspects, including anticipated developments, that are significant for an assessment of the position of the company as well as all disclosures required by section 289 HGB.

**D. FINDINGS AND EXPLANATIONS TO THE ACCOUNTING**

**I. Correctness of the accounting**

The company's accounting records are maintained in a proper manner. In our opinion, based on the findings of our audit, the bookkeeping and the other audited documents comply with the statutory provisions and German principles of proper accounting and the supplementary provisions of the articles of association throughout the reporting period. According to the results of our sample testing the information drawn from the additional audited documents is appropriately reflected in the accounting records, annual financial statements and management report.

In our opinion, based on the findings of our audit, the annual financial statements of the company, comprising the balance sheet, the profit and loss account and the notes to the annual financial statements, for the financial year ended 31 March 2016 submitted to us were prepared in accordance with the provisions of the German commercial law (HGB) including the German principles of proper accounting and with the applicable regulations of the GmbHG. The supplementary provisions of the articles of association relevant to the annual financial statements were considered.

The balance sheet and the profit and loss account were duly derived from the accounting records and from the additional audited documents. The regulations regarding classifications, disclosure and valuation established for large-sized companies have been observed.

The notes to the annual financial statements for the financial year ended 31 March 2016 are presented as Appendix 3. They comply with legal requirements. The details in the notes to the various positions of the annual financial statements and other disclosures made are provided correctly and completely.

According to section 286 HGB, the company limited the reporting in the notes to the annual financial statements and omitted some information. We assure that this limitation is conform with legal requirements.

In our opinion, based on the findings of our audit, the management report for the financial year ended 31 March 2016 contains the disclosures pursuant to section 289 HGB and complies with the supplementary provisions of the articles of association. In detail, we make the following statements with regard to the management report which is attached as Appendix 4 to this report:

- According to our audit findings the course of the business (including the company results) and the position of the company are appropriately described; the management report is consistent with the annual financial statements and with our audit

findings. The management report, as a whole, provides a true and fair view of the company's position.

- Our audit according to section 317 paragraph 2 clause 2 HGB has led to the result that the significant opportunities and risks of future development of the company are appropriately described and that the disclosures pursuant to section 289 paragraph 2 HGB are complete and suitable.

Furthermore, we refer to our statements on the legal representatives' assessment of the company's position in section B.

## **II. Overall view presented by the annual financial statements**

### **1. Client's business**

The company operates in the information technology market. It provides services in the areas of business consulting and software development. It runs domestic branch offices in Munich, Hamburg, Dusseldorf, Walldorf, Wolfsburg and Stuttgart.

### **2. Statement on the overall view presented by the annual financial statements**

In our opinion, based on the findings of our audit, the annual financial statements for the financial year ended 31 March 2016 comprising balance sheet, profit and loss account and notes to the annual financial statements as a whole provide 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.

### **3. Valuation principles and transactions with a significant impact**

For the description of the recognition and measurement principles we refer to the notes to the annual financial statements in Appendix 3. The company has retained the recognition and measurement methods for the items of the annual financial statements used in the previous year. Therefore, in continuity to the previous year, recognition and measurement options have been applied consistently.

### **Items not reported in the balance sheet**

The company has transferred the pension obligations existing as at 31 March 2009 into a reinsured pension obligation support fund. These pension obligations and the entitlements from corresponding reinsurance assets are therefore no longer reported in the balance sheet of the company. With reference to the valuation in accordance with IAS 19, the outsourced pension obligation has a value of kEUR 7,135 at the balance sheet date.

#### **E. REPETITION OF THE AUDITOR'S OPINION**

Our audit of the annual financial statements for the financial year ended 31 March 2016 of Tata Consultancy Services Deutschland GmbH reproduced in **Appendices 1 to 3** and the management report for the financial year ended 31 March 2016 reproduced in **Appendix 4** has led to no reservations. We have therefore issued an unqualified audit opinion in accordance with section 322 HGB which is repeated below:

“Auditor’s opinion:

We have audited the annual financial statements – comprising the balance sheet, the profit and loss account and the notes to the annual financial statements – together with the bookkeeping system and the management report of Tata Consultancy Services Deutschland GmbH for the financial year from 1 April 2015 to 31 March 2016. The maintenance of the books and records and the preparation of the annual financial statements and management report in accordance with German commercial law and supplementary provisions of the articles of association are the responsibility of the company’s management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and the management report based on our audit.

We conducted our audit of the annual financial statements in accordance with section 317 HGB [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 and in the management report 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, the annual financial statements and the management report 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 statements and management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.



In our opinion, based on the findings of our audit, the annual financial statements of Tata Consultancy Services Deutschland GmbH, Frankfurt am Main, for the financial year from 1 April 2015 to 31 March 2016 comply with legal requirements and supplementary provisions of the articles of association and give 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. The management report is consistent with the annual financial statements and as a whole provides a suitable view of the company's position and suitably presents the opportunities and risks of future development.”

Duesseldorf, 30 April 2016

Warth & Klein Grant Thornton AG  
Wirtschaftsprüfungsgesellschaft

Ralf Clemens  
Wirtschaftsprüfer  
[German Public Auditor]

Matthias Schoppe  
Wirtschaftsprüfer  
[German Public Auditor]

## APPENDICES

## Tata Consultancy Services Deutschland GmbH, Frankfurt am Main

Appendix 1

## Balance sheet as at 31 March 2016

ASSETS	31.03.2016	31.03.2015	EQUITY AND LIABILITIES	31.03.2016	31.03.2015
	Euro	Euro		Euro	Euro
<b>A. Fixed Assets</b>			<b>A. Equity</b>		
I. Intangible assets			I. Issued capital	150.000,00	150.000,00
Software purchased for consideration	4,50	4,50	II. Capital reserves	18.760,94	18.760,94
II. Property, plant and equipment			III. Retained profits brought forward	4.925.920,36	9.246.745,80
1. Office equipment	991.445,27	524.958,04	IV. Profit for the period	9.958.370,15	5.679.174,56
2. Advance payments	56.576,40	15.245,17		15.053.051,45	15.094.681,30
III. Investments and other financial assets	1.048.021,67	540.203,21	<b>B. Provisions</b>		
Other loans	0,00	37.079,50	1. Provisions for taxes	3.101.347,50	1.749.913,63
	1.048.026,17	577.287,21	2. Other provisions	13.910.365,19	17.477.498,72
<b>B. Current Assets</b>				17.011.712,69	19.227.412,35
I. Inventories			<b>C. Liabilities</b>		
Work in progress	5.327.335,92	6.699.916,40	1. Payments received on orders	9.504.369,90	7.076.333,15
II. Receivables and other assets			2. Trade payables	204.024,65	278.916,37
1. Trade receivables	58.770.711,12	42.064.723,23	- thereof with a maturity of up to one year		
2. Receivables from affiliated companies	10.099.232,38	10.968.308,00	Euro 204,024.65 (prior year: Euro 278,916.37)		
3. Other assets	1.697.692,82	1.086.877,24	3. Liabilities to affiliated companies	31.425.699,06	21.019.563,05
	70.567.636,32	54.119.908,47	- thereof with a maturity of up to one year		
III. Cash at bank	1.934.707,57	6.012.409,28	Euro 31,425,699.06 (prior year: Euro 21,019,563.05)		
	77.829.679,81	66.832.234,15	4. Other liabilities		
<b>C. Prepaid expenses</b>	912.358,58	776.321,98	- thereof from taxes		
			Euro 6,355,878.35 (prior year: Euro 5,201,868.01)		
			- thereof relating to social security		
			Euro 42,240.69 (prior year: Euro 0.00)		
			- thereof with a maturity of up to one year		
			Euro 6,591,206.81 (prior year: Euro 5,488,937.12)	6.591.206,81	5.488.937,12
				47.725.300,42	33.863.749,69
	79.790.064,56	68.185.843,34		79.790.064,56	68.185.843,34

## Tata Consultancy Services Deutschland GmbH, Frankfurt am Main

## Profit and Loss Account for the Period from 1 April 2015 to 31 March 2016

	Financial year Euro	Prior year Euro
1. Revenue	262.694.746,75	224.564.023,12
2. Increase in finished goods and work in progress	-1.372.580,48	1.726.595,08
3. Other operating income	906.114,39	1.385.952,49
4. Cost of materials Cost of purchased services	-157.430.163,74	-131.026.480
5. Employee benefit expense		
a) Wages and salaries	-65.942.263,70	-62.824.261,63
b) Social security, post-employment and other employee benefit costs	-6.902.332,50	-6.083.776,02
- thereof post-employment cost Euro 475,495.70 (prior year: Euro 439,500.04)	-72.844.596,20	-68.908.037,65
6. Amortization and write-downs of intangible assets and depreciation and write-downs of property, plant and equipment	-315.815,92	-442.352,39
7. Other operating expenses	-16.879.479,66	-19.108.906,14
8. Other interest and similar income - thereof from affiliated companies Euro 256,200.52 (prior year: Euro 229,129.62)	257.513,44	233.704,53
9. Interest and similar expenses	-18.090,00	-56.786,00
<b>10. Result from ordinary business activities</b>	<b>14.997.648,58</b>	<b>8.367.713,02</b>
11. Taxes on income	-5.039.278,43	-2.686.346,46
12. Other taxes	0,00	-2.192,00
<b>13. Profit for the period</b>	<b>9.958.370,15</b>	<b>5.679.174,56</b>

**Notes to the Financial Statement**  
**for the Financial Year from 01 April 2015 to 31 March 2016**  
**Tata Consultancy Services Deutschland GmbH, Frankfurt am Main**

**I. General information**

As at the reporting date, the entity met the size criteria of a large company as defined under sec. 267 para. 3 of the German Commercial Code (HGB).

The financial statements of Tata Consultancy Services GmbH were prepared according to the accounting and valuation methods under German commercial law. In addition to these regulations, the company was required to comply with the regulations under the German Limited Liability Companies Act (GmbHG).

**II. Accounting and valuation methods**

Intangible assets and property, plant and equipment are stated at acquisition cost less amortisation and depreciation, respectively. The assets are amortised or depreciated on a straight-line basis over the estimated individual useful lives. Intangible assets have a useful life of four years; property, plant and equipment have a useful life ranging from three to eight years.

Assets with cost of up to EUR 410.00 were fully depreciated in the year of acquisition.

The company has a reinsurance cover entitlement under life policies, which is measured at fair value. The fair value of the reinsurance cover entitlement consists of so-called premium reserves based on the business plan of the insurance company plus a credit balance from premium reimbursements, if any (so-called surplus sharing). The asset value of the reinsurance cover entitlement specified by the insurance company totalling kEUR 363, which corresponds to the acquisition cost, is used as the fair value of the off-set assets. The pension provision with matching cover is measured and netted with the fair value of the reinsurance cover entitlement in accordance with sec. 253 para. 1 sent. 3 of the German Commercial Code (HGB), because this amount constitutes covered funds within the meaning of sec. 246 para. 2 of the German Commercial Code (HGB). The income and expenses eliminated against each other amount to kEUR 6 and mainly relate to interest income and expenses.

In accordance with the completed contract method, revenue from long-term construction projects is recognised only when the performance obligation is completely fulfilled, that is, upon project completion. Expenses incurred for projects not yet completed were capitalised as work in progress in the reporting period. Work in progress has been capitalised at production cost pursuant to sec. 255 para. 2 of the German Commercial Code (HGB). In addition to directly attributable costs, the production costs also include appropriate indirect material and production overhead, in particular employee benefit expense. Debt interest is not included. If the expected sales revenue of an order does not cover the amounts capitalised plus all expected costs to sell, a write-down to the lower fair value is made. Appropriate provision is only made to the extent that an expected loss exceeds the costs capitalised.

Receivables and other assets have been carried at acquisition cost. Identifiable specific risks and the general default risk are covered by allowances.

Assets denominated in foreign currency with a remaining term of no more than one year are measured at the middle spot exchange rate in effect at the reporting date. All other assets denominated in foreign currency are measured at the translation rate in effect at the time of invoicing or the lower middle spot exchange rate in effect at the reporting date.

The entity does not take advantage of the option under sec. 274 para. 1 sent. 2 of the German Commercial Code (HGB) to recognise the excess of deferred tax assets on account of arising tax reliefs. Deferred taxes result from the differences between the commercial and tax balance sheets in the measurement of fixed assets in the amount of kEUR 135, of pension provisions and partial retirement provisions totalling kEUR 129 as well as of the provision for anticipated losses of kEUR 603 that are required to be measured at a tax rate of 32 %.

The other provisions have been made for contingent liabilities that are uncertain with regard to their amount or the timing of their occurrence. They are measured at anticipated settlement value on the basis of sound business judgement and cover the amount of anticipated contingent liabilities.

The other provisions with a residual term of more than one year are discounted at interest rates for matching maturities, which have been published by Deutsche Bundesbank (the German central bank).

Liabilities have been recognised at settlement value.

Liabilities denominated in foreign currency with a remaining term of no more than one year are measured at the mean spot exchange rate in effect at the reporting date. All other liabilities denominated in foreign currency are measured at the translation rate in effect at the time of invoicing or the higher middle spot exchange rate in effect at the reporting date.

The proportionate VAT that is related to payments received on account is carried as a liability under other liabilities until it is paid over.

### **III. Notes to the Balance Sheet**

The movements in fixed assets are shown in the table of movements in fixed assets.

The receivables from affiliated companies comprise trade receivables of kEUR 2,314 (prior year: kEUR 3,439), a short-term loan totalling kEUR 7,300 (prior year: kEUR 7,300) as well as the related accrued interest amounting to kEUR 485 (prior year: kEUR 229).

Other assets (kEUR 1,698; prior year: kEUR 1,087) primarily include receivables from staff totalling kEUR 1,267 (prior year: kEUR 693) as well as short-term rent deposits amounting to kEUR 426 (prior year: kEUR 381).

As in the prior year, the receivables and other assets have a residual term of less than one year.

Prepaid expenses largely comprise advance payments to employees for the following year and rent prepaid for the month of April 2016.

Other provisions (kEUR 13,910; prior year: kEUR 17,478) primarily include provisions for outstanding invoices (kEUR 6,966; prior year: kEUR 6,719), for bonus payments (kEUR 4,106; prior year: kEUR 6,991), for vacation (kEUR 1,194; prior year: kEUR 1,405), for provisions for expected recharges resulting from intragroup transfer prices (kEUR 1,138; prior year: kEUR 1,256) and volume-related discounts (kEUR 358; prior year: kEUR 818).

As in the prior year, all liabilities have a residual term of up to one year.

The liabilities to affiliated companies relate solely to trade payables.

The liabilities to affiliated companies (kEUR 31,426; prior year: kEUR 21,020) include liabilities to shareholders totalling kEUR 31,012 (prior year: kEUR 20,572).

#### **IV. Notes to the Profit and Loss Account**

Revenue increased by 17 % year on year to kEUR 262,695. Revenue in the corporate consultancy and software development segments is almost exclusively generated in Germany. 75% of total revenue relates to corporate consultancy and the remaining 25% relates to software development.

Matched against this revenue is the cost of purchased services totalling kEUR 157,430 (prior year: kEUR 131,027) and the employee benefit expense, including social security costs of kEUR 72,845 (prior year: kEUR 68,908).

Other operating income totalling kEUR 906 (prior year: kEUR 1.386) mainly includes exchange gains of kEUR 597 (prior year: kEUR 1,155).

Other operating expenses totalling kEUR 16,879 (prior year: kEUR 19,109) primarily comprise sales and administrative expenses. The related exchange losses amount to kEUR 1,083 (prior year: kEUR 196).

#### **V. Other required disclosures**

##### Disclosure of off-balance-sheet transactions

The company transferred the existing pension commitments as at 31 March 2009 to a reinsured pension obligation support fund, outsourcing future payment commitments. In the event that the pension obligation insurance assets are lower than the pension commitments, the entity is obliged to cover the shortfall in the amount not covered by the pension obligation insurance. However, this risk is mitigated to the extent that the fund is managed by a professional agency and the plan carries a minimum guaranteed rate of interest on the reinsurance cover entitlement.

Other financial obligations

As at 31 March 2016, the other financial commitments under rental agreements for the offices in Frankfurt, Dusseldorf, Munich, Hamburg, Stuttgart, Wolfsburg, and Walldorf and Berlin amounted to kEUR 1,576 payable in 2016/2017, kEUR 1,608 payable in 2017/2018, kEUR 1,431 payable in 2018/2019, kEUR 915 payable in 2019/2020 and kEUR 434 payable in 2020/2021 as well as under leases totalling kEUR 185 payable in 2016/2017, kEUR 123 payable in 2017/2018, kEUR 87 payable in 2018/2019 and kEUR 56 payable in 2019/2020. In addition, there are other financial commitments under a collective pension agreement with Allianz Lebensversicherungs AG in the form of a defined contribution benefit totalling kEUR 300. Therefore, the other financial obligations amount in total to kEUR 6,715.

Disclosures relating to the members of the company bodies

During the expired financial year, the company's business was conducted by the following individuals:

Pauroos Karkaria  
Sapthagiri Chapalapalli

Mr. Pauroos Karkaria is responsible for Accounting and Finance. Mr. Sapthagiri Chapalapalli is responsible for Sales. Mr. Pauroos Karkaria is employed by Tata Consultancy Services Limited, India.

As Mr. Sapthagiri Chapalapalli is the only member of management to receive remuneration from the company, the option provided for in sec. 286 para. 4 of the German Commercial Code (HGB) was exercised.

Average number of employees during the financial year

The average number of employees amounts in total to 981 (prior year: 912). The employees are salaried employees. At the entity's registered office in Frankfurt, a total of 420 persons were employed (prior year: 368). The three significant branches had the following average number of employees: Dusseldorf (246; prior year: 230), Hamburg (50; prior year: 72) and Munich (173; prior year 147).

Parent company

Tata Consultancy Services Limited, Mumbai, India, prepares the consolidated financial statements for the smallest group of consolidated entities, while Tata Sons Limited,

Mumbai, India, prepares the consolidated financial statements for the largest group of consolidated entities, which include Tata Consultancy Services Deutschland GmbH. The sets of consolidated financial statements are available at Bombay House, Mumbai, India.

The consolidated financial statements of Tata Consultancy Services Limited, Mumbai, India, and of Tata Sons Limited, Mumbai, India, are published under the Commercial Register numbers 11-84781 and 478, respectively.

Fees paid to the auditors of the financial statements

The following fees were invoiced by the auditors of the financial statements for the financial year: kEUR 42.

Related-party transactions

With regard to the disclosures according to sec. 285 no. 21 of the German Commercial Code (HGB) for transactions with related companies and persons, the exemption option as set out in sec. 285 no. 21 clause 2 of the German Commercial Code (HGB) is to be applied; according to this option, transactions conducted with and between direct and indirect companies that are wholly owned subsidiaries and that are included in the consolidated financial statements of Tata Consultancy Services Limited are exempt from disclosure obligations.

With regard to affiliated companies, which are not directly or indirectly wholly owned subsidiaries of Tata Consultancy Services Limited, the following was realised in the year reported: expenses related to the purchase of order-related services of kEUR 551.

**Proposed appropriation of profits**

Management will propose to the meeting of the shareholders that the profit for the year of EUR 9,958,370.15 and the retained profits brought forward of EUR 4,925,920.36 be carried forward.

Frankfurt am Main, 25 April 2016

P. Karkaria  
(Managing Director)

S. Chapalapalli  
(Managing Director)

## GROSS FIXED ASSETS TABLE

AS AT 31 MARCH 2016

## TATA CONSULTANCY SERVICES DEUTSCHLAND GMBH, FRANKFURT AM M.

	Acquisition cost	Additions	Disposals	Reclassifications	Acquisition cost	Accumulated amortisation, depreciation and write-downs	Disposals	Charge for the year	Accumulated amortisation, depreciation and write-downs	Book value	Book value
	01.04.2015 EUR	EUR	EUR	EUR	31.03.2016 EUR	01.04.2015 EUR	EUR	EUR	31.03.2016 EUR	31.03.2016 EUR	31.03.2015 EUR
<b>I. Intangible assets</b>											
Software acquired for consideration	117,154.48	0.00	0.00	0.00	117,154.48	117,149.98	0.00	0.00	117,149.98	4.50	4.50
<b>Intangible assets</b>	<b>117,154.48</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>117,154.48</b>	<b>117,149.98</b>	<b>0.00</b>	<b>0.00</b>	<b>117,149.98</b>	<b>4.50</b>	<b>4.50</b>
<b>II, Property, plant and equipment</b>											
1. Office equipment	2,787,954.01	782,303.15	0.00	0.00	3,570,257.16	2,262,995.97	0.00	315,815.92	2,578,811.89	991,445.27	524,958.04
2. Prepayments	15,245.17	41,331.23	0.00	0.00	56,576.40	0.00	0.00	0.00	0.00	56,576.40	15,245.17
<b>Property, plant and equipment</b>	<b>2,803,199.18</b>	<b>823,634.38</b>	<b>0.00</b>	<b>0.00</b>	<b>3,626,833.56</b>	<b>2,262,995.97</b>	<b>0.00</b>	<b>315,815.92</b>	<b>2,578,811.89</b>	<b>1,048,021.67</b>	<b>540,203.21</b>
<b>III, Investments and other financial</b>											
Other loans	37,079.50	0.00	37,079.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00	37,079.50
<b>Investments and other financial assets</b>	<b>37,079.50</b>	<b>0.00</b>	<b>37,079.50</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>37,079.50</b>
	<b>2,957,433.16</b>	<b>823,634.38</b>	<b>37,079.50</b>	<b>0.00</b>	<b>3,743,988.04</b>	<b>2,380,145.95</b>	<b>0.00</b>	<b>315,815.92</b>	<b>2,695,961.87</b>	<b>1,048,026.17</b>	<b>577,287.21</b>

**Management Report**  
**for the Financial Year from 1 April 2015 to 31 March 2016**  
**of Tata Consultancy Services Deutschland GmbH, Frankfurt am Main**

**I. Basic Information about the company**

**1. Purpose of the business**

The company operates in the market of information technology. It provides services in the sectors of management consulting and software development. It maintains domestic branch offices in Munich, Hamburg, Dusseldorf, Walldorf, Wolfsburg, and Stuttgart.

**2. Research and development**

In the reporting year, the entity did not perform research and development.

**II. Economic report**

**1. Macroeconomic and industry-related framework conditions**

Determined on the basis of purchasing power parities, the Kiel Institute for the World Economy (IfW) anticipates a weak increase in global production, similar to that of the prior year. The Institute expects growth of 2.9% in 2016 and 3.5% in 2017. In the view of the Kiel Institute, (IfW), in the advanced economies the continued expansive monetary policies and low oil prices should favour business activity. According to the Kiel Institute for the World Economy (IfW), the increase in gross domestic product (GDP) in the Eurozone in 2015 amounted to 1.5 %. The Kiel Institute for the World Economy (IfW) expects increases of 1.5% and 1.9% for 2016 and 2017, respectively. The German Federal Statistical Office reported a 1.7 % increase in gross domestic product (GDP) for Germany in 2015 compared to the prior year. In its spring forecast, the Kiel Institute for the World Economy (IfW) projected an increase in economic performance by 1.9% in 2016 and by 2.4% in 2017.

The German Federal Statistical Office reported a 5.3 % increase in revenues in the information and communication sector in 2015, compared to the prior year. The number of employees increased by 2.7% during this period.

On the basis of a forecast published by the German Federal Association for Information Technology, Telecommunications and New Media (BITKOM) revenue from information technology is expected to increase by 3% to bnEUR 83.5 in 2016. Included within this is the software sector, for which an increase of 6.2% to bnEUR 21.5 is expected, along with growth of 2.7% to bnEUR 38.2 for business in IT services.

## 2. Business development

Revenue for the financial year increased by kEUR 38,131 to kEUR 262,695 compared with the prior year due to successful sales efforts. The Frankfurt site (registered office of the entity) generated revenue of kEUR 143,010 (prior year: kEUR 120,896). Revenue for the three major branches can be analysed as follows:

Dusseldorf (kEUR 56,238; prior year: kEUR 49,467), Hamburg (kEUR 25,868; prior year: kEUR 28,983), and Munich (kEUR 35,956; prior year: kEUR 25,218). The Walldorf, Wolfsburg and Stuttgart branches are only of minor significance as regards their business activities.

Revenue growth was largely driven by higher revenue generated with existing customers and the attraction of new customers.

Revenue as well as the profit for the period once again far exceeded the expectations of the prior year. In the prior year, a revenue increase for the current reporting period in excess of the industry average as well as a profit for the period of the same order of the prior year had been anticipated. The actual revenue increase realised was kEUR 38,131, which is far above the average and represents a rise of 17 % in comparison with the prior year. The profit for the period of kEUR 9,958 was also much better than expected.

The average number of people employed by the company increased from 912 in the 2014/2015 financial year to 981 in the 2015/2016 financial year.

## 3. Position of the company

### Results of operations

Total performance, which is composed of revenue and variance in inventories, increased from kEUR 226,290 in the 2014/2015 financial year to kEUR 261,322 in the 2015/2016 financial year.

	<u>2012/2013</u>	<u>2013/2014</u>	<u>2014/2015</u>	<u>2015/2016</u>
	kEUR	kEUR	kEUR	kEUR
Result from ordinary business activities	<u>3,151</u>	<u>7,114</u>	<u>8,368</u>	<u>14,998</u>

The reason for the profit increase mainly derives from the above-mentioned increase in total performance. Whilst the gross profit margin decreased from 42.4% in the prior year to 39.6% in the current reporting period, a further improvement in the profit for

the year was able to be achieved due to employee benefit costs not increasing to the same degree as the total output. The relative decrease in employee benefit costs in comparison to the prior year is principally attributable to a one-time bonus payment.

The development of the major expense categories in relation to total operating performance are presented in the following table:

	01.04.2014 - 31.03.2015	01.04.2015 - 31.03.2016
	%	%
Cost of purchased services	58	60
Employees benefit expenses	31	28
Other operating expenses	9	6

The cost of purchased services was largely incurred for services rendered by affiliated companies and by domestic subcontractors.

#### Financial position

In comparison to the position as at 31 March 2015, cash at bank has decreased from kEUR 6,012 to kEUR 1,935.

The cash flow from operating activities decreased from kEUR 20,022 in the 2014/2015 financial year to kEUR 14,010 in the 2015/2016 financial year. This is primarily due to the increase in trade receivables.

The entity discloses positive net financial assets of kEUR 7,340 (prior year: kEUR 7,081). These net financial assets are comprised of cash at bank, current receivables and other assets less current provisions and liabilities.

The entity held open credit lines at banks totalling kEUR 15,000.

Net assets

The assets increased from kEUR 68,186 as at 31 March 2015 to kEUR 79,790, primarily due to the increase in trade receivables. This movement reflects the expanded business volume.

The collection period for trade receivables (receivables \* 360 / revenue) increased from 67 days in the previous period to 81 days in the current reporting period.

Equity decreased by kEUR 42 to kEUR 15,053 in comparison with the balance as at 31 March 2015.

The equity ratio is at 18.9 % (prior year: 22.1 %). The decline in the equity ratio arises from the difference between the distribution of profits of kEUR 10,000 in the year and the profit for the year.

Provisions (kEUR 17,012; prior year: kEUR 19,227) largely comprise provisions for outstanding invoices (kEUR 6,966; prior year: kEUR 6,719), for bonus payments (kEUR 4,106; prior year: kEUR 6,991), for vacation (kEUR 1,194; prior year: kEUR 1,405), for expected recharges resulting from intragroup transfer prices (kEUR 1,138; prior year: kEUR 1,256), for volume-related discounts (kEUR 358; prior year: kEUR 818) and for tax provisions (kEUR 3,101; prior year: kEUR 1,750).

Liabilities to affiliated companies increased by kEUR 10,406 to kEUR 31,426 compared with the balance as at 31 March 2015, which is largely due to the increase in services purchased from the parent company.

The kEUR 1,102 year-on-year rise in other liabilities is mainly due to the increase in value added tax liabilities as well as liabilities related to retained wage and church taxes.

### III. Reporting on subsequent events

There were no major events after the end of the reporting period.

### IV. Reporting on future developments, risks and opportunities

#### 1. Reporting on future developments

In order to continue growing faster than the industry average in the 2016/2017 financial year and the following periods, management plans to increase its market presence, aggressively market its services to new customers and to create new lines of business with existing customers. Further revenue growth is expected for the 2016/2017 financial year. For the 2016/2017 financial year, profit for the period in the order of the reporting period is anticipated.

#### 2. Reporting on risks

##### Industry-related risks

The customers' propensity to invest is influenced, among other things, by the macro-economic development in the respective countries and in Europe as a whole as well as by the confidence in a positive cyclical development. Since the company realises the predominant part of its revenue in Germany, the development of the German economy is of particular importance to the company's growth.

##### Profit-oriented risks

Management anticipates net profit for the 2016/2017 and 2017/2018 financial years that is comparable to net profit realised in past reporting periods.

The entity is responsible for the local services it provides. Considering the quality of the services provided and past experience, the entity is of the opinion that the warranty risks for the services provided are insignificant.

##### Financial risks

Foreign currency risks arise in particular from transactions concluded in U.S. dollars and other foreign currencies. Consequently, a weakening of the dollar or other foreign currencies against the Euro could lead to foreign exchange losses. As at the reporting date, the receivables and bank balances denominated in U.S. dollar totalled kEUR 7,256. These are offset by U.S. dollar liabilities in the amount of kEUR 1,776.

Default and liquidity risks are mitigated by carefully selecting customers as well as close cooperation between sales and administrative functions in matters of monetary transactions as part of an efficient receivables management system. The company has a solvent established clientele with a solid credit standing. Losses on receivables

outstanding are an absolute exception. In addition, the collaboration with the majority of the customers has existed for many years.

The company is a member of a reinsured pension obligation support fund. In the event that the reinsurance plan assets do not meet the pension plan commitments, the company is obliged to cover the shortfall in the amount not covered by the insurer. However, this risk is mitigated to the extent that the fund is managed by a professional agency and the plan carries a minimum guaranteed rate of interest.

Management has not identified any risks to the existence of the company as a going-concern.

### **3. Reporting on opportunities**

To realise further growth again above the average of the industry in the 2016/2017 financial year and beyond, the company plans both to aggressively market its services to new customers and to establish new business segments with existing customer relationships. Further revenue growth is anticipated for the 2016/2017 and 2017/2018 financial years.

The company's ability to generate growth and to maintain economic dynamics is associated with its ability to address constantly changing business requirements and to help customers to effectively apply new technologies in all business segments.

Frankfurt am Main, 25 April 2016

P. Karkaria  
(Managing Director)

S. Chapalapalli  
(Managing Director)

**Auditor's opinion:**

We have audited the annual financial statements – comprising the balance sheet, the profit and loss account and the notes to the annual financial statements – together with the bookkeeping system and the management report of Tata Consultancy Services Deutschland GmbH for the financial year from 1 April 2015 to 31 March 2016. The maintenance of the books and records and the preparation of the annual financial statements and management report in accordance with German commercial law and supplementary provisions of the articles of association are the responsibility of the company's management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and the management report based on our audit.

We conducted our audit of the annual financial statements in accordance with section 317 HGB [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 and in the management report 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, the annual financial statements and the management report 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 statements and management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the annual financial statements of Tata Consultancy Services Deutschland GmbH, Frankfurt am Main, for the financial year from 1 April 2015 to 31 March 2016 comply with legal requirements and supplementary provisions of the articles of association and give 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. The management report is consistent with the annual financial statements and as a whole provides a suitable view of the company's position and suitably presents the opportunities and risks of future development.

Duesseldorf, 30 April 2016

Warth & Klein Grant Thornton AG  
Wirtschaftsprüfungsgesellschaft

Ralf Clemens  
Wirtschaftsprüfer  
[German Public Auditor]

Matthias Schoppe  
Wirtschaftsprüfer  
[German Public Auditor]

# Allgemeine Auftragsbedingungen

## für

### Wirtschaftsprüfer und Wirtschaftsprüfungsgesellschaften

vom 1. Januar 2002

#### 1. Geltungsbereich

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

(2) Werden im Einzelfall ausnahmsweise vertragliche Beziehungen auch zwischen dem Wirtschaftsprüfer und anderen Personen als dem Auftraggeber begründet, so gelten auch gegenüber solchen Dritten die Bestimmungen der nachstehenden Nr. 9.

#### 2. Umfang und Ausführung des Auftrages

(1) Gegenstand des Auftrages ist die vereinbarte Leistung, nicht ein bestimmter wirtschaftlicher Erfolg. Der Auftrag wird nach den Grundsätzen ordnungsmäßiger Berufsausübung ausgeführt. Der Wirtschaftsprüfer ist berechtigt, sich zur Durchführung des Auftrages sachverständiger Personen zu bedienen.

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

(3) Der Auftrag erstreckt sich, soweit er nicht darauf gerichtet ist, nicht auf die Prüfung der Frage, ob die Vorschriften des Steuerrechts oder Sondervorschriften, wie z. B. die Vorschriften des Preis-, Wettbewerbsbeschränkungs- und Bewirtschaftungsrechts beachtet sind; das gleiche gilt für die Feststellung, ob Subventionen, Zulagen oder sonstige Vergünstigungen in Anspruch genommen werden können. Die Ausführung eines Auftrages umfasst nur dann Prüfungshandlungen, die gezielt auf die Aufdeckung von Buchfälschungen und sonstigen Unregelmäßigkeiten gerichtet sind, wenn sich bei der Durchführung von Prüfungen dazu ein Anlass ergibt oder dies ausdrücklich schriftlich vereinbart ist.

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

#### 3. Aufklärungspflicht des Auftraggebers

(1) Der Auftraggeber hat dafür zu sorgen, daß dem Wirtschaftsprüfer auch ohne dessen besondere Aufforderung alle für die Ausführung des Auftrages notwendigen Unterlagen rechtzeitig vorgelegt werden und ihm von allen Vorgängen und Umständen Kenntnis gegeben wird, die für die Ausführung des Auftrages von Bedeutung sein können. Dies gilt auch für die Unterlagen, Vorgänge und Umstände, die erst während der Tätigkeit des Wirtschaftsprüfers bekannt werden.

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

#### 4. Sicherung der Unabhängigkeit

Der Auftraggeber steht dafür ein, daß alles unterlassen wird, was die Unabhängigkeit der Mitarbeiter des Wirtschaftsprüfers gefährden könnte. Dies gilt insbesondere für Angebote auf Anstellung und für Angebote, Aufträge auf eigene Rechnung zu übernehmen.

#### 5. Berichterstattung und mündliche Auskünfte

Hat der Wirtschaftsprüfer die Ergebnisse seiner Tätigkeit schriftlich darzustellen, so ist nur die schriftliche Darstellung maßgebend. Bei Prüfungsaufträgen wird der Bericht, soweit nichts anderes vereinbart ist, schriftlich erstattet. Mündliche Erklärungen und Auskünfte von Mitarbeitern des Wirtschaftsprüfers außerhalb des erteilten Auftrages sind stets unverbindlich.

#### 6. Schutz des geistigen Eigentums des Wirtschaftsprüfers

Der Auftraggeber steht dafür ein, daß die im Rahmen des Auftrages vom Wirtschaftsprüfer gefertigten Gutachten, Organisationspläne, Entwürfe, Zeichnungen, Aufstellungen und Berechnungen, insbesondere Massen- und Kostenberechnungen, nur für seine eigenen Zwecke verwendet werden.

#### 7. Weitergabe einer beruflichen Äußerung des Wirtschaftsprüfers

(1) Die Weitergabe beruflicher Äußerungen des Wirtschaftsprüfers (Berichte, Gutachten und dgl.) an einen Dritten bedarf der schriftlichen Zustimmung des Wirtschaftsprüfers, soweit sich nicht bereits aus dem Auftragsinhalt die Einwilligung zur Weitergabe an einen bestimmten Dritten ergibt.

Gegenüber einem Dritten haftet der Wirtschaftsprüfer (im Rahmen von Nr. 9) nur, wenn die Voraussetzungen des Satzes 1 gegeben sind.

(2) Die Verwendung beruflicher Äußerungen des Wirtschaftsprüfers zu Werbezwecken ist unzulässig; ein Verstoß berechtigt den Wirtschaftsprüfer zur fristlosen Kündigung aller noch nicht durchgeführten Aufträge des Auftraggebers.

#### 8. Mängelbeseitigung

(1) Bei etwaigen Mängeln hat der Auftraggeber Anspruch auf Nacherfüllung durch den Wirtschaftsprüfer. Nur bei Fehlschlägen der Nacherfüllung kann er auch Herabsetzung der Vergütung oder Rückgängigmachung des Vertrages verlangen; ist der Auftrag von einem Kaufmann im Rahmen seines Handelsgewerbes, einer juristischen Person des öffentlichen Rechts oder von einem öffentlich-rechtlichen Sondervermögen erteilt worden, so kann der Auftraggeber die Rückgängigmachung des Vertrages nur verlangen, wenn die erbrachte Leistung wegen Fehlschlagens der Nacherfüllung für ihn ohne Interesse ist. Soweit darüber hinaus Schadensersatzansprüche bestehen, gilt Nr. 9.

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

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

#### 9. Haftung

(1) Für gesetzlich vorgeschriebene Prüfungen gilt die Haftungsbeschränkung des § 323 Abs. 2 HGB.

(2) Haftung bei Fahrlässigkeit, Einzelner Schadensfall

Falls weder Abs. 1 eingreift noch eine Regelung im Einzelfall besteht, ist die Haftung des Wirtschaftsprüfers für Schadensersatzansprüche jeder Art, mit Ausnahme von Schäden aus der Verletzung von Leben, Körper und Gesundheit, bei einem fahrlässig verursachten einzelnen Schadensfall gem. § 54 a Abs. 1 Nr. 2 WPO auf 4 Mio. € beschränkt; dies gilt auch dann, wenn eine Haftung gegenüber einer anderen Person als dem Auftraggeber begründet sein sollte. Ein einzelner Schadensfall ist auch bezüglich eines aus mehreren Pflichtverletzungen stammenden einheitlichen Schadens gegeben. Der einzelne Schadensfall umfaßt sämtliche Folgen einer Pflichtverletzung ohne Rücksicht darauf, ob Schäden in einem oder in mehreren aufeinanderfolgenden Jahren entstanden sind. Dabei gilt mehrfaches auf gleicher oder gleichartiger Fehlerquelle beruhendes Tun oder Unterlassen als einheitliche Pflichtverletzung, wenn die betreffenden Angelegenheiten miteinander in rechtlichem oder wirtschaftlichem Zusammenhang stehen. In diesem Fall kann der Wirtschaftsprüfer nur bis zur Höhe von 5 Mio. € in Anspruch genommen werden. Die Begrenzung auf das Fünffache der Mindestversicherungssumme gilt nicht bei gesetzlich vorgeschriebenen Pflichtprüfungen.

(3) Ausschlussfristen

Ein Schadensersatzanspruch kann nur innerhalb einer Ausschlussfrist von einem Jahr geltend gemacht werden, nachdem der Anspruchsberechtigte von dem Schaden und von dem anspruchsbegründenden Ereignis Kenntnis erlangt hat, spätestens aber innerhalb von 5 Jahren nach dem anspruchsbegründenden Ereignis. Der Anspruch erlischt, wenn nicht innerhalb einer Frist von sechs Monaten seit der schriftlichen Ablehnung der Ersatzleistung Klage erhoben wird und der Auftraggeber auf diese Folge hingewiesen wurde.

Das Recht, die Einrede der Verjährung geltend zu machen, bleibt unberührt. Die Sätze 1 bis 3 gelten auch bei gesetzlich vorgeschriebenen Prüfungen mit gesetzlicher Haftungsbeschränkung.

## 10 Ergänzende Bestimmungen für Prüfungsaufträge

(1) Eine nachträgliche Änderung oder Kürzung des durch den Wirtschaftsprüfer geprüften und mit einem Bestätigungsvermerk versehenen Abschlusses oder Lageberichts bedarf, auch wenn eine Veröffentlichung nicht stattfindet, der schriftlichen Einwilligung des Wirtschaftsprüfers. Hat der Wirtschaftsprüfer einen Bestätigungsvermerk nicht erteilt, so ist ein Hinweis auf die durch den Wirtschaftsprüfer durchgeführte Prüfung im Lagebericht oder an anderer für die Öffentlichkeit bestimmter Stelle nur mit schriftlicher Einwilligung des Wirtschaftsprüfers und mit dem von ihm genehmigten Wortlaut zulässig.

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

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

## 11. Ergänzende Bestimmungen für Hilfeleistung in Steuersachen

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

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

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

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

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

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

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

- die Bearbeitung einmalig anfallender Steuerangelegenheiten, z. B. auf dem Gebiet der Erbschaftsteuer, Kapitalverkehrsteuer, Grunderwerbsteuer,
- die Mitwirkung und Vertretung in Verfahren vor den Gerichten der Finanz- und der Verwaltungsgerichtsbarkeit sowie in Steuerstrafsachen und
- die beratende und gutachtliche Tätigkeit im Zusammenhang mit Umwandlung, Verschmelzung, Kapitalerhöhung und -herabsetzung, Sanierung, Eintritt und Ausscheiden eines Gesellschafters, Betriebsveräußerung, Liquidation und dergleichen.

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

## 12. Schweigepflicht gegenüber Dritten, Datenschutz

(1) Der Wirtschaftsprüfer ist nach Maßgabe der Gesetze verpflichtet, über alle Tatsachen, die ihm im Zusammenhang mit seiner Tätigkeit für den Auftraggeber bekannt werden, Stillschweigen zu bewahren, gleichviel, ob es sich dabei um den Auftraggeber selbst oder dessen Geschäftsverbindungen handelt, es sei denn, daß der Auftraggeber ihn von dieser Schweigepflicht entbindet.

(2) Der Wirtschaftsprüfer darf Berichte, Gutachten und sonstige schriftliche Äußerungen über die Ergebnisse seiner Tätigkeit Dritten nur mit Einwilligung des Auftraggebers aushändigen.

(3) Der Wirtschaftsprüfer ist befugt, ihm anvertraute personenbezogene Daten im Rahmen der Zweckbestimmung des Auftraggebers zu verarbeiten oder durch Dritte verarbeiten zu lassen.

## 13. Annahmeverzug und unterlassene Mitwirkung des Auftraggebers

Kommt der Auftraggeber mit der Annahme der vom Wirtschaftsprüfer angebotenen Leistung in Verzug oder unterläßt der Auftraggeber eine ihm nach Nr. 3 oder sonst wie obliegende Mitwirkung, so ist der Wirtschaftsprüfer zur fristlosen Kündigung des Vertrages berechtigt. Unberührt bleibt der Anspruch des Wirtschaftsprüfers auf Ersatz der ihm durch den Verzug oder die unterlassene Mitwirkung des Auftraggebers entstandenen Mehraufwendungen sowie des verursachten Schadens, und zwar auch dann, wenn der Wirtschaftsprüfer von dem Kündigungsrecht keinen Gebrauch macht.

## 14. Vergütung

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

(2) Eine Aufrechnung gegen Forderungen des Wirtschaftsprüfers auf Vergütung und Auslagenersatz ist nur mit unbestrittenen oder rechtskräftig festgestellten Forderungen zulässig.

## 15. Aufbewahrung und Herausgabe von Unterlagen

(1) Der Wirtschaftsprüfer bewahrt die im Zusammenhang mit der Erledigung eines Auftrages ihm übergebenen und von ihm selbst angefertigten Unterlagen sowie den über den Auftrag geführten Schriftwechsel zehn Jahre auf.

(2) Nach Befriedigung seiner Ansprüche aus dem Auftrag hat der Wirtschaftsprüfer auf Verlangen des Auftraggebers alle Unterlagen herauszugeben, die er aus Anlaß seiner Tätigkeit für den Auftrag von diesem oder für diesen erhalten hat. Dies gilt jedoch nicht für den Schriftwechsel zwischen dem Wirtschaftsprüfer und seinem Auftraggeber und für die Schriftstücke, die dieser bereits in Urschrift oder Abschrift besitzt. Der Wirtschaftsprüfer kann von Unterlagen, die er an den Auftraggeber zurückgibt, Abschriften oder Fotokopien anfertigen und zurückbehalten.

## 16. Anzuwendendes Recht

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

# General Engagement Terms

for

## Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften

[German Public Auditors and Public Audit Firms]

as of January 1, 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.