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Audit Report

Financial Statements and Management Report for the Financial Year 2018/2019

Cyient GmbH

Stuttgart

Copy No. 9

Ebner Stolz GmbH & Co. KG

Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft
Stuttgart

Abbreviations

Abbreviation	Term
Cyient, Company	Cyient GmbH, Stuttgart
IDW	Institut der Wirtschaftsprüfer in Deutschland e.V. [Institute of Public Auditors in Germany], Düsseldorf
IDW AuS	IDW Auditing Standard
IEL, parent company	Cyient Ltd., Hyderabad, India

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Attachments from the Auditor

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A. Audit Engagement

By resolution of the sole shareholder of

Cyient GmbH, Stuttgart,

dated 6 February 2019, we were elected the external auditor for a statutory audit of the financial year 2018/2019. On this basis, we were engaged by the Company's executive directors to audit the annual financial statements as of 31 March 2019 in accordance with Secs. 316 et seq. HGB ["Handelsgesetzbuch": German Commercial Code] including the underlying accounting records and management report. This audit report is addressed to Cyient GmbH, Stuttgart.

The General Engagement Terms for "Wirtschaftsprüfer und Wirtschaftsprüfungsgesellschaften" [German Public Auditors and Public Audit Firms] dated 1 January 2017, which are attached to this report as Exhibit 7, apply to the execution of this engagement and govern our responsibilities, also to third parties. Our liability is governed by Sec. 323 (2) HGB. Our relationship with third parties is governed by No. 1 (2) and No. 9 of the General Engagement Terms.

B. Copy of the Auditor's Report

We have rendered an auditor's report, a copy of which now follows, on the annual financial statements as of 31 March 2019 attached as Exhibits 1 to 4 and the management report for the financial year 2018/2019 (Exhibit 5):

"Independent auditor's report

To Cyient GmbH, Stuttgart

Audit Opinions

We have audited the annual financial statements of **Cyient GmbH, Stuttgart**, which comprise the balance sheet as of 31 March 2019 and the statement of profit and loss for the financial year from 1 April 2018 to 31 March 2019 as well as the notes to the financial statements, including the presentation of the recognition and measurement policies. In addition, we have audited the management report of Cyient GmbH, Stuttgart, for the financial year from 1 April 2018 to 31 March 2019.

In our opinion, on the basis of the knowledge obtained in the audit,

– the accompanying annual financial statements comply in all material respects with the requirements of German commercial law applicable to business corporations and give a true and fair view of the assets, liabilities and financial position of the Company as of 31 March 2019 and of its financial performance for the financial year from 1 April 2018 to 31 March 2019 in compliance with German Legally Required Accounting Principles, and
– the accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

Pursuant to Sec. 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.

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Basis for the Audit Opinions

We conducted our audit of the annual financial statements and of the management report in accordance with Sec. 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report" section of our auditor's report. We are independent of the Company in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the annual financial statements and on the management report.

Responsibilities of the Executive Directors for the Annual Financial Statements and the Management Report

The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to business corporations, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles. In addition, the executive directors are responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the executive directors are responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, the executive directors are responsible for the preparation of the management report that as a whole provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the management report.

Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the annual financial statements and on the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sec. 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and this management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

– Identify and assess the risks of material misstatement of the annual financial statements and of the management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
– Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems of the Company.
– Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.

- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles.
- Evaluate the consistency of the management report with the annual financial statements, its conformity with [German] law, and the view of the Company's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

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

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C. Statement on the Executive Directors' Assessment of the Situation of the Company

In our opinion, the position of the Company is presented and assessed accurately by the executive directors of the Company in the annual financial statements and in the management report and agrees with the findings of our audit. The opportunities and risks relating to future development have been adequately presented.

From our perspective, the following key statements concerning the business position and the future development of the Company made in the **management report** prepared by the executive directors should be highlighted:

1. In the financial year 2018/2019 the Company was once again able to increase its revenue. Revenue rose from EUR 22.2 million in the prior year to EUR 24.1 million. Earnings after tax increased from EUR 0.8 million in the prior year to EUR 1.0 million.

2. Revenue was primarily generated in the sectors of transport (51%) and aerospace (22%).

3. With an equity ratio of 74.9% (prior year: 53.6%) the Company is on a healthy and solid financial footing.

4. All investments were paid from the cash flow from operating activities. In the financial year 2018/2019 overdraft facilities were again utilized to optimize the financing structures within the wider Group.

5. The Company anticipates further growth in business volume in the financial year 2019/2020. Due to the healthy order backlog and the renewal of contracts with a strategically key customer, management anticipates rising revenue and earnings after tax in the coming year.

Pursuant to Sec. 321 (1) sentence 2 HGB we, in our capacity as auditors of the financial statements, make the following assessment of the above reporting by the legal representatives of the Company in the financial statements and management report:

Financial performance

A heavily summarized analysis of the Company's financial performance is presented below:

	2018/2019 EUR m	2017/2018 EUR m	Delta EUR m
Total operating performance	23,4	21,8	1,6
Operating expenses *)	22,0	20,9	1,1
Operating result	**1,4**	**0,9**	**0,5**
Financial result	0,1	0,1	0,0
Non-operating result	0,0	0,0	0,0
Earnings before tax	1,5	1,0	0,5
Income taxes	0,5	0,2	0,3
Net profit or loss	**1,0**	**0,8**	**0,2**

*) This includes operating income of EUR 0.3 million (prior year: EUR 0.6 million) that has been offset.

Total operating performance improved dramatically once again in the reporting year.

Compared to the prior year the transport business assigned to the Company suffered a downturn. Worldwide, the transport division of the Cyient Group posted growth. The temporary decrease for the Company is primarily due to the cyclical nature of project business. This division is of decisive significance for the Company's business success. For the following year the management is forecasting an increase in revenue, particularly with the regard to the renewal of the contract with a strategically key customer and the geographic focus of the current projects in Europe.

The revenue of the aerospace division increased. The relative significance of the division in terms of its share of total revenue remained constant in comparison to the prior year.

The significance of other segments for the financial performance of the Company rose in the reporting year. This compensated for the decline in the transport division. Based on an assessment by the management, their relative significance will wane again as their revenue is expected to remain at the same level.

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Assets, liabilities and financial position

The Company generates the funds needed to finance its operations primarily from its operating cash flow. In addition, (non-recourse) factoring was still used as a financing instrument in the financial year. Overdraft facilities were drawn on to optimize the financing structures within the wider Group. As of the balance sheet date an amount of EUR 2.0 million had been drawn on the overdraft facility.

Future development and opportunities and risks

The use of engineering services provided by Indian engineers has long been customary practice by the key customers of Cyient. The Company has established itself as an extended development department for its customers and a trusted partner. Opportunities are perceived primarily in the internationalization of industrial processes and the increasing scarcity of professionals on the labor market in Europe. Increasing digitization and automation will favor the development of the Company. In order to exploit these opportunities, the Cyient Group has drawn up a global strategy whose implementation will be driven forward forcefully.

The significance of the transport segment remains high, in line with the development of business. This development is expected to continue in the coming year. Revenue from the segment is primarily generated with companies who are subsidiaries of a global player. To this extent there is a certain economic dependence on these companies. The contracts with this group of companies were renegotiated in the financial year and renewed for another five years. At the same time, higher prices were arranged.

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D. Analysis of the Assets, Liabilities, Financial Position and Financial Performance

After discussing the matter with the management, we have not analyzed the assets, liabilities, financial position and financial performance.

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E. Execution of the Audit

1. Subject of the Audit Engagement

We audited the Company's annual financial statements as of 31 March 2019 prepared in accordance with the German Commercial Code and the underlying accounting records and management report.

During our audit, we examined compliance with the relevant provisions of commercial and company law and the additional provisions of the articles of incorporation as well as German generally accepted accounting standards ("*Grundsätze ordnungsmäßiger Buchführung*"). It was not within the scope of our engagement to review compliance with other legal provisions or make a statement on the appropriateness of the insurance coverage. The disclosure and clarification of criminal deeds, such as fraud or embezzlement, as well as findings of any violations of the law beyond the accounting system were not within the scope of our audit.

In accordance with Sec. 317 (4a) HGB, the audit does not extend to determining whether the going concern assumption applies beyond the information provided by the financial reporting or whether efficient or economical management could be secured.

2. Nature and Scope of the Audit

We performed our audit work intermittently in the offices of the Company in Stuttgart as well as in our offices in the period from April to June 2019. The Company must prepare monthly and quarterly reports and submit these to IEL. As in the prior years, we accompanied this process in our capacity as external auditors in the quarterly reporting in the financial year 2018/2019.

Details of the nature, scope and findings of the audit engagement are documented in our working papers.

Audit strategy

Our audit was performed in accordance with the applicable legal requirements of Secs. 316 et seq. HGB, and in compliance with the Generally Accepted Standards for the Audit of Financial Statements as issued by the IDW.

Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the assets, liabilities, financial position and financial performance in the annual financial statements in accordance with German principles of proper accounting and in the management report are detected with reasonable assurance.

The annual financial statements for the financial year from 1 April 2017 to 31 March 2018, which we audited and on which we issued an unqualified audit opinion, constituted the starting point of our audit.

The audit is based on a risk-oriented audit approach that is tailored to our knowledge of the business activity and the economic and legal environment of the Company and an analysis of specific areas of risk.

We prepared a risk profile for the financial statements in accordance with an assessment of the inherent risks, the Company's control environment and the internal system of accounting controls. On this basis, we defined the nature and scope of our analytical audit procedures (assessment of plausibility) and other specific audit procedures. For our substantive testing we obtained audit evidence by making a conscious sample and also by using spot-tests. In the process, due care was given to the principles of materiality and feasibility.

In the course of our audit we reviewed the accounting-based internal control system with regard to the recognition of revenue. In this regard, we assigned certain audit procedures to our Indian network partner, Sudit K. Pareth & Co., Chartered Accountants, Mumbai, India. Details can be found in our working papers. Where necessary for us to obtain the necessary degree of assurance, we extended the scope of the informative audit procedures, our substantive audit procedures in particular.

In the year under review, our audit strategy led to the following key audit matters:

- Revenue recognition
- Measurement of trade receivables
- Recognition and measurement of provisions

In the course of reviewing the management report, we assessed the completeness and plausibility of the disclosures on the basis of the understanding we obtained during our audit of the financial statements. We also reviewed whether the opportunities and risks to the future development of the Company have been adequately presented.

Confirmations and substantiations by third parties

To enable us to substantiate and measure the shares held in affiliated companies, we were provided with the annual financial statements of Cyient AB, Gothenburg, for the year ending 31 March 2018.

To review trade receivables and payables, we spot-tested the items and/or obtained confirmations of the balances on the reporting date using a consciously selected sample on the reporting date.

A seamless sequence of bank confirmations was obtained.

Receivables from affiliated companies and liabilities due to affiliated companies were confirmed by a seamless sequence of internal confirmations compiled by the Company.

Confirmations from lawyers regarding pending litigation and confirmations from tax advisors were also obtained.

An uncertified extract from the commercial register dated 8 May 2019 was made available to us.

Information sources, management representation letter

We were provided with information from the executive directors and other employees named to us. All requested explanations and supporting documents were readily supplied to us.

In a letter of representation submitted to us, the executive directors confirmed in writing the completeness of the bookkeeping, the financial statements and the management report as well as the additional information required by IDW AuS 303.

3. Independence

Pursuant to Sec. 321 (4a) HGB, we confirm that we have adhered to the applicable laws regarding our independence during our audit.

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F. Findings and Comments on the Accounting Records

1. Compliance of the Accounting with Legal Requirements

In our opinion, on the basis of the knowledge obtained in the audit, the accounting records and other audited documents comply, in all material respects, with the legal requirements.

Data gathered from other documentation examined (e.g. cost accounting to determine the cost of production, forecasts, contracts, minutes) are properly reflected in the accounting records, annual financial statements and the management report.

In the course of our audit there were no findings that the organizational and technical measures installed by the Company are not suitable for ensuring the security of the accounting data and IT systems used to process the accounting data.

We issued our audit opinion, a copy of which can be found in Section B., which contains the following aspects related to the conclusions of the audit:

- Based on the figures of the closing balance sheet of the prior year and derived from the bookkeeping and other documents we audited, the elements of the financial statements comply, in all material respects, with the requirements
- The recognition, presentation and measurement policies comply with the requirements in all material respects
- Compliance with all laws applying to accounting, including (German) generally accepted accounting principles and all requirements associated with the legal form of the Company
- Compliance with the terms of the articles of incorporation, where these concern the accounting
- Compliance of the disclosures in the notes to the financial statements in all material respects
- Compliance of the management report with the legal requirements in all material respects

In addition to the comments made in the auditor's report, we state the following:

The balance sheet and statement of profit and loss have been voluntarily prepared in accordance with the provisions of the HGB and GmbHG ["Gesetz betreffend die Gesellschaften mit beschränkter Haftung": Law pertaining to Limited Liability Companies] applying to large corporations and the articles of incorporation. The disclosures and explanations in the notes to the financial statements are complete and comply with the requirements for medium-sized corporations in all material respects.

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2. Overall Picture Conveyed by the Financial Statements

The annual financial statements comply overall with the legal requirements and provide a true and fair view of the assets, liabilities, financial position and financial performance of the Company in accordance with German principles of proper accounting.

In accordance with Sec. 321 (2) sentence 4 HGB, we address below the significant valuation bases and – where applicable – the influence of changes in the measurement policies, including the accounting options elected, the use of discretionary judgments and other contrived forms in addition to the presentations made in the notes to the financial statements.

Significant valuation bases

The policies used for the **recognition and measurement** of assets and liabilities comply with the statutory provisions and are presented in the notes to the financial statements.

Work in process which consists of contracts that have been started but not completed is measured at manufacturing cost. These are based on the imputed hourly rates of the project workers and the direct cost of materials, material overheads, direct production cost and production overheads as well as an appropriate share of administrative expenses.

Trade receivables are stated at face value. The general credit risk is provided for by recognizing a general bad debt allowance of 1%. All individually discernible risks are considered by recognizing specific valuation allowances. Specific valuation allowances were recorded to a small extent in the reporting year.

In accordance with Sec. 256a HGB assets and liabilities denominated in **foreign currency** are translated using the mean spot rate on the closing date. If the residual term of the instrument is more than one year, the imparity and realization principles are applied.

The **principle of consistency** has been observed when applying accounting policies. We refer to the notes to the financial statements.

Contrived forms

The following **issues** had a material impact on the assets, liabilities, financial position and financial performance of the Company:

The Company grants its customers terms of payment of more than 30 days. This results in opportunity costs for Cyient due to lost interest income from having to finance the related services up front. Thanks to the use of the factoring instruments listed below, this could be partly offset.

Commencing in the reporting year 2013/2014, Cyient has had the opportunity to assign its receivables from Bombardier to BNP Paribas S.A., Paris, under a reverse factoring agreement without any rights of recourse. There is no obligation on Cyient to factor these receivables.

Since the 2014/2015 reporting year, a contract for non-recourse factoring has been in place with HSBC Trinkaus & Burkhardt AG, Düsseldorf. Due to the negotiations with the bank, factoring was suspended in the last quarter of the financial year and not resumed until the beginning of April 2019.

The Company availed of the overdraft facilities to exploit the interest rate differential between Germany and India and thereby optimize the financing structure of the wider Group.

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G. Final Remarks

We issue the above report on our audit of the financial statements and the management report of Cyient GmbH, Stuttgart, for the financial year from 1 April 2018 to 31 March 2019 in accordance with the legal requirements. The changes in the structure of the report compared to the prior year are based on the "Generally Accepted Standards for the Issuance of Long-Form Audit Reports for the Audits of Financial Statements" (IDW AuS 450) revised.

Stuttgart, 26 June 2019

Ebner Stolz GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft

Christian Fuchs Wirtschaftsprüfer [German Public Auditor]	Cornelius Pietrzik Wirtschaftsprüfer [German Public Auditor]

When publishing or passing on a version of the financial statements (and/or the management report) that diverges from that on which we rendered our opinion (including translations into other languages) our prior approval is required to the extent that our audit opinion is quoted or reference is made to our audit; reference is made to Sec. 328 HGB.

Exhibits

Balance Sheet of Cyient GmbH, Stuttgart,

as of 31 March 2019

A s s e t s

	31 Mar 2019 EUR	31 Mar 2018 EUR
A. Fixed assets		
I. Intangible assets Concessions, industrial rights and similar rights and assets acquired for a consideration as well as licenses in such rights and assets	84.964,07	93.796,02
II. Property, plant and equipment Other equipment, furniture and fixtures	132.608,65	111.249,58
III. Financial assets		
1. Shares in affiliated companies	233.328,11	233.328,11
2. Loans to affiliated companies	3.260.000,00	3.970.000,00
	3.493.328,11	4.203.328,11
B. Current assets		
I. Inventories		
1. Raw materials, consumables and supplies	0,00	205.600,00
2. Work in process	148.123,79	841.053,51
	148.123,79	1.046.653,51
II. Receivables and other assets		
1. Trade receivables	11.230.317,44	8.862.218,19
2. Receivables from affiliated companies	4.674.615,25	11.740.179,05
3. Other assets	218.120,51	193.602,12
	16.123.053,20	20.795.999,36
III. Cash and cash equivalents	695.772,41	838.958,89
C. Prepaid expenses	73.269,55	169.791,16
D. Deferred tax assets	3.400,00	3.400,00
	20.754.519,78	27.263.176,63

Exhibit 1

Equity and liabilities

	31 Mar 2019 EUR	31 Mar 2018 EUR
A. Equity		
I. Subscribed capital	600.000,00	600.000,00
II. Capital reserves	4.709,25	4.709,25
III. Profit brought forward	13.998.020,52	13.155.731,68
IV. Net profit for the year	951.250,41	842.288,84
	15.553.980,18	14.602.729,77
B. Provisions		
1. Tax provisions	197.455,54	413.355,00
2. Other provisions	1.490.163,62	3.113.786,83
	1.687.619,16	3.527.141,83
C. Liabilities		
1. Liabilities to banks	2.006.487,19	1.081.828,87
2. Payments received on account of orders	375.651,64	326.357,18
3. Trade payables	137.419,15	233.296,36
4. Liabilities to affiliated companies	307.983,10	7.059.890,73
5. Other liabilities	685.379,36	431.931,89
	3.512.920,44	9.133.305,03
	20.754.519,78	27.263.176,63

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Exhibit 2

Statement of Profit and Loss

of Cyient GmbH, Stuttgart,

for the Period from 1 April 2018 to 31 March 2019

	2018 / 2019 EUR	2017 / 2018 EUR
1. Revenue	24.063.612,65	22.212.719,53
2. Decrease in inventories of finished goods and work in process	-692.929,72	-345.980,47
3. Other operating income	330.181,51	587.828,31
	23.700.864,44	22.454.567,37
4. Cost of materials		
a) Cost of raw materials, consumables and supplies and of purchased merchandise	205.600,00	0,00
b) Cost of purchased services	12.503.175,13	12.544.336,11
	12.708.775,13	12.544.336,11
5. Personnel expenses		
a) Wages and salaries	6.465.485,84	5.483.498,81
b) Social security and other benefit costs	1.171.861,48	1.017.512,97
	7.637.347,32	6.501.011,78
6. Amortization of intangible assets and depreciation of property, plant and equipment	96.567,61	76.843,50
7. Other operating expenses	1.852.509,43	2.348.555,57
	1.405.664,95	**983.820,41**
8. Other interest and similar income	159.350,64	183.835,91
9. Interest and similar expenses	104.006,63	86.401,42
10. Taxes on income	509.758,55	238.966,06
	-454.414,54	-141.531,57
11. Earnings after tax = Net profit for the year	**951.250,41**	**842.288,84**

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Notes to the Financial Statements of Cyient GmbH, Stuttgart,

for the Financial Year 2018/2019

A. Accounting Policies

The accounting policies used in the financial statements of Cyient GmbH, Stuttgart (Local Court of Stuttgart, HRB 251924) are voluntarily based on the provisions of the HGB ["Handelsgesetzbuch": German Commercial Code] for large corporations. The presentation, classification, recognition and measurement policies of the financial statements correspond to those applied in the prior year.

The financial statements for the year ending 31 March 2019 have been prepared in accordance with the provisions of HGB and the GmbHG ["GmbH-Gesetz": the German Limited Liability Companies Act].

The statement of profit and loss has been prepared using the nature of expense method.

Use was made of the relief from reporting duties allowed by Sec. 288 (2) HGB to the greatest possible extent.

Intangible assets acquired for a consideration are capitalized at acquisition cost and, if they have a limited life, are reduced by accumulated amortization. Amortization is recorded using the straight-line method over the customary useful life of the assets.

Property, plant and equipment is recognized at acquisition or production cost and, if it has a limited life, is reduced by systematic depreciation. Depreciation is recorded using the straight-line method over the customary useful life of the assets.

Low value assets are expensed in the year of acquisition.

Financial assets are recognized at the lower of cost or net realizable value.

Where the book value of a **fixed asset** calculated on the basis of the above accounting policies is above its net realizable value on balance sheet date, it is written down to net realizable value by recording an impairment loss. If the impairment loss no longer applies in subsequent financial periods, it is reversed by an appropriate amount to reflect the increase in fair value, provided that the revaluation does not exceed amortized cost.

Inventories of **raw materials and supplies** are valued at the lower of cost (plus incidental acquisition costs) and net realizable value.

Work in process is measured at production cost based on the respective unit costs taken from the cost accounting system. These are based on the imputed hourly rates of the project workers and the costs of materials, material overheads, direct production cost and production overheads as well as an appropriate share of administrative expenses.

Receivables and other assets are stated at their face value. All discernible specific risks are taken into account in the valuation. A general doubtful debt allowance of 1% was established on trade receivables to cover the general risk of default.

Other provisions take into account all foreseeable risks and contingent liabilities and are valued at the settlement amount on the basis of prudent business judgment.

Liabilities are reported at the settlement amount.

Receivables and liabilities denominated in **foreign currency** with a residual term of up to one year are translated using the mean closing rate in accordance with Sec. 256a HGB. To this extent, unrealized gains and losses on foreign currency translation are recognized in the financial statements. If the residual term is over one year, the currencies are translated at the historical exchange rate on the date the item originated. In the event of fluctuations in exchange rates between the date of origin and the closing date, assets and liabilities are translated using either the historical rate or the mean spot rate on the closing date taking account of the lower of cost or market principle for assets and the higher of cost or market for liabilities.

The purchase cost of assets that were acquired in foreign currency has been translated into euro using the historical rate. Depreciation of such assets is calculated in the foreign currency and translated into euro using the closing rate. The final depreciation recorded on the asset is then limited to its residual amortized cost denominated in euro.

B. Notes to the Balance Sheet and Statement of Profit and Loss

I. Balance Sheet

1. Fixed assets

The separate statement of changes in fixed assets is an integral component of the notes to the financial statements.

2. Receivables and other assets

As in the prior year, all the receivables due from affiliated companies are trade receivables. Receivables from shareholders amount to EUR 876,215.75 (prior year: EUR 1,704,236.97). All receivables are due in less than one year.

In the financial year receivables from affiliated companies were offset against liabilities to affiliated companies on a company-by-company basis due to the management of current accounts in accordance with Sec. 355 HGB. The prior-year figures remain unchanged. Liabilities of EUR 8,759,798.78 were offset.

3. Cash and cash equivalents

This item contains cash in hand and bank deposits.

4. Equity

In accordance with Sec. 268 (8) sentence 2 HGB, there is a **ban on distributing profits** up to the amount of deferred tax assets reported in the balance sheet.

5. Provisions

Other provisions chiefly relate to provisions for outstanding invoices (EUR 637k), obligations to personnel (EUR 534k), provisions for bonus payments and sales commission (EUR 104k).

6. Liabilities

As in past periods, all **liabilities to affiliated companies** stem from trade transactions. Liabilities to shareholders amount to EUR 0.00 (prior year: EUR 7,877.04).

Other liabilities break down as follows:

	31 Mar 2019 EUR	31 Mar 2018 EUR
Tax liabilities	558,112.52	355,915.10
Liabilities to social security	115,374.59	74,836.72
Sundry other liabilities	11,892.25	1,180.07
	685,379.36	**431,931.89**

All liabilities have a residual term of less than one year.

II. Statement of Profit and Loss

1. Other operating income

Other operating income contains income of EUR 267,210.45 from currency translation (prior year: EUR 52,685.11).

2. Pension costs

Social security, pension and other benefit costs contain pension costs of EUR 6,623.72 (prior year: EUR 6,402.73).

3. Other operating expenses

Other operating expenses contain expenses of EUR 162,418.86 from currency translation (prior year: EUR 564,842.14).

4. Financial result

Of other interest and similar income, EUR 108,182.81 refers to **affiliated companies** (prior year: EUR 129,424.33).

Interest and similar expenses contain an amount of EUR 24,380.00 (prior year EUR 24,313.22) relating to **affiliated companies**.

C. Other Notes

1. Shareholdings

As of the balance sheet date, the Company is the sole shareholder of Cyient Gothenburg AB (IEGS), Sweden. The financial statements of IEGS for the year ending 31 March 2018 report equity of EUR 711k (prior year: EUR 749k). IEGS generated a profit of EUR 308k for the financial year 2017/2018.

2. Human resources

The average headcount during the business year was as follows:

	2018/2019 Headcount	2017/2018 Headcount
Managers	0	0
Salaried employees	94	92
	94	**92**

3. Contingent liabilities and other financial obligations

Other financial commitments relate to rent and lease agreements amounting to EUR 607k. These break down as follows:

	up to 1 year EUR k	one to five years EUR k	Total EUR
Rent	135	420	555
Leases	49	3	52
Total	**184**	**423**	**607**

4. Off-balance sheet transactions

Receivables were factored to HSBC Trinkaus & Burkhardt AG, Düsseldorf, during the reporting year within the framework of a **factoring agreement**. As of 31 March 2019 the volume of receivables factored under this program amounted to EUR 10k (prior year: EUR 1,001k).

The decrease in the balance of receivables can be attributed to a temporary suspension of the factoring agreement.

5. Company boards

The executive directors are:

John Renard (businessman), London, UK
Beatrice Lippus (businesswoman), Ludwigsburg
Ashok Reddy Bodanapu (businessman), Hyderabad, India
Ramesh Dronamraju (businessman), Stuttgart

The remuneration paid to the managing directors totaled EUR 370,406.53 in the financial year.

6. Parent company

The Company is consolidated in the consolidated financial statements of the parent company, Cyient Ltd., Hyderabad, India. The consolidated financial statements can be obtained from the head office of the parent company. Cyient Ltd. prepares consolidated statements for the smallest and the largest group of companies.

7. Fees for services of the auditor of the financial statements

This disclosure is not made pursuant to Sec. 288 (2) sentence 2 HGB.

8. Subsequent events

Since the close of the financial year on 31 March 2019 there have been no significant events requiring reporting.

D. Profit appropriation

The management proposes to carry forward the retained earnings of EUR 14,949,270.93 to new account.

Stuttgart, 25 June 2019

Beatrice Lippus	John Renard
-Executive Director-	-Executive Director-
Ashok Reddy Bodanapu	Ramesh Dronamraju
-Executive Director-	-Executive Director-

Exhibit 4

Statement of Changes in Fixed Assets
of Cyient GmbH, Stuttgart,
in the Financial Year 2018/2019

	Historical cost				**Accumulated depreciation and amortization**				**Book value**	
	1 April 2018 EUR	Additions EUR	Disposals EUR	31 Mar 2019 EUR	1 April 2018 EUR	Additions EUR	Disposals EUR	31 Mar 2019 EUR	31 Mar 2019 EUR	31 Mar 2018 EUR
I. Intangible assets										
Concessions, industrial rights and similar rights and assets acquired for a consideration as well as licenses in such rights and assets	500.814,63	41.241,92	127.980,37	414.076,18	407.018,61	50.073,87	127.980,37	329.112,11	84.964,07	93.796,02
II. Property, plant and equipment										
Other equipment, furniture and fixtures	627.304,36	85.807,22	295.671,12	417.440,46	516.054,78	46.493,74	277.716,71	284.831,81	132.608,65	111.249,58
III. Financial assets										
1. Shares in affiliated companies	242.019,07	0,00	0,00	242.019,07	8.690,96	0,00	0,00	8.690,96	233.328,11	233.328,11
2. Loans to affiliated companies	3.970.000,00	0,00	710.000,00	3.260.000,00	0,00	0,00	0,00	0,00	3.260.000,00	3.970.000,00
	5.340.138,06	127.049,14	1.133.651,49	4.333.535,71	931.764,35	96.567,61	405.697,08	622.634,88	3.710.900,83	4.408.373,71

Management Report of Cyient GmbH, Stuttgart,

for the Financial Year 2018/2019

A. Business Performance

1. Macroeconomic Environment

Economic growth in the European Union in financial year 2018-2019 remained below that of the prior year. Despite weaker growth than the prior year, the economy remains strong as fiscal stimulus and booming labor markets drive domestic demand. However, growing restrictions on trade dampened the economy.

Brexit remains a risk for economic development. Due to the effect that the Company operates on a local market, management believes that these risks are limited.

The labor market has developed well. The great challenge facing employers of finding suitable employees remains.

The relevant business climate indicators are at a healthy level. Companies are once again more satisfied with the current state of business.

2. Development of the Industry

The reporting entity focuses on the transport industry and aerospace. Generally, business developed positively in the reporting year. Increasing digitization and automation remain the driving forces.

3. Development of Revenue

In the financial year 2018/2019 the Company was once again able to increase its revenue. Revenue rose from EUR 22.2 million in the prior year to EUR 24.1 million.

In the aerospace division, the Company recorded an increase of 8.0% in revenue on the prior year to EUR 5.4 million (prior year: EUR 5.0 million).

In the transport division, the Company recorded a fall of 8.3% in revenue on the prior year to EUR 12.2 million (prior year: EUR 13.3 million). The decrease is largely due to passing on contracts to our Indian parent.

Business in Germany developed positively. Revenue rose from EUR 17.9 million to EUR 19.9 million.

After strong revenue growth in recent years, the permanent establishment in France generated a satisfactory level of revenue of EUR 4.1 million (prior year: EUR 4.3 million).

Revenue was primarily generated in the sectors of transport (51%) and aerospace (22%). The other segments recorded a large increase in business, accounting for 27% of total business compared to 18% in the prior year.

4. Result of Operations and Outlook

Earnings after tax increased from EUR 0.8 million in the prior year to EUR 1.0 million. This is mainly due to higher revenue.

Based on the budget for the coming year, the Company expects revenue in both the transport segment and in aerospace to grow by at least single digits. The revenue generated by the other segments is expected to remain constant. In sum, a good profit is forecast.

B. Presentation of Assets, Liabilities and Financial Position

1. Assets and Liabilities

With an equity ratio of 74.9% (prior year: 53.6%) the Company has a healthy and solid financial footing. In addition to the profit for the year, the change is due to the fact that receivables from and liabilities to affiliated companies are presented net after offsetting.

The Company's assets are composed mostly of current trade receivables, receivables from affiliated companies and cash and cash equivalents. Short-term liabilities are easily covered by current assets.

2. Financial Position

Cash and cash equivalents in the reporting year decreased from EUR 0.8 million in the prior year to a current level of EUR 0.7 million.

All investments were paid from the cash flow from operating activities. In the financial year 2018/2019 overdraft facilities were again utilized to optimize the financing structures within the wider Group.

3. Human Capital

The headcount rose from an average of 92 to 94 during the reporting year.

4. Risk Management Objectives and Methods

By systematically recording and managing risk, the Company attempts to reduce the likelihood of risks eventuating and, in this way, to keep any unavoidable losses as low as possible. In addition to market and economic risks, operating risks (e.g. liquidity shortages) are quantified using a range of parameters. The key indicators used to monitor market developments and set sales targets are the order intake, economic data for our target markets, market studies and estimates by the sales force.

5. Opportunities and Risks

The opportunities for future business development remain positive. The increasing internationalization of industrial processes will favor the business development of the Company in the coming year. Cyient continues to actively seek opportunities for growth, either organically or by means of acquisitions, in order to support the professional competences and the goal to drive forward the S3 strategy (“services, systems, solutions”).

On account of the international nature of the Company’s business, it carries both receivables and liabilities in foreign currency as well as bank deposits held in various currencies. The Company generally manages any significant currency risks associated with this by entering into forward exchange contracts. There were no such forward exchange contracts on the reporting date. Risks remain with regard to the occurrence of possible global political or economic crises. Growing competition from other providers could impair the Company’s future business.

6. Outlook

We anticipate further steady growth in business volume in the financial year 2019/2020. Due to the healthy order backlog and the renewal of contracts with a strategically key customer, we anticipate rising revenue and higher earnings after tax in the coming year. The two major divisions, transport and aerospace, will display slow growth and increase their relative share in total revenue. The other divisions are expected to match the performance of the prior year.

Stuttgart, 25 June 2019

Beatrice Lippus	John Renard
-Executive Director-	-Executive Director-
Ashok Reddy Bodanapu	Ramesh Dronamraju
-Executive Director-	-Executive Director-

Legal and Tax Background

1. Legal Background

Registered name:	Cyient GmbH
Registered offices:	Stuttgart (until 22 May 2018: Leonberg)
Articles of incorporation	Articles of incorporation dated 4 February 1991 last amended by resolution of the shareholders' meeting on 22 May 2018.
Registered activities:	Providing engineering services for product development, geographical information systems and data-processing, creation of software, project management in the above fields, design, development and management of IT networks and the creation and management of international engineering teams for the above fields.
Financial year:	The financial year begins on 1 April and ends on 31 March.
Share capital:	EUR 600,000.00 The capital stock has been fully paid in.
Shareholdings: (unchanged)	Cyient Ltd., Hyderabad, India is the sole shareholder.
Executive directors:	John Renard, London, UK Beatrice Lippus, Ludwigsburg Ashok Reddy Bodanapu, Hyderabad, India Ramesh Dronamraju, Stuttgart Mr. John Renard and Ms. Beatrice Lippus have individual powers of representation and have been exempted from the restrictions of Sec. 181 of the BGB ['Bürgerliches Gesetzbuch: German Civil Code]. Mr. Ashok Reddy Bodanapu and Mr. Ramesh Dronamraju have sole powers of representation and have been exempted from the restrictions of Sec. 181 of the BGB. If only one executive director has been appointed, he or she represents the Company on his/her own. If several executive directors have been appointed, two represent the Company jointly or one together with an authorized signatory.
Commercial register:	The Company is registered in the Commercial Register at the Stuttgart Local Court under No HRB 251924. We were provided with an excerpt of the contents of the current entry in the commercial register dated 8 May 2019 (date of last entry: 22 June 2018 – relocation of the registered offices).

Prior-year financial statements:	The following resolutions were passed at the shareholders' meeting on 8 February 2019: Ratification of the financial statements as of 31 March 2018 Carryforward of the retained earnings of EUR 13,998,020.52 Exoneration of the management until 31 March 2018
Publication:	The prior-year financial statements were published on 4 April 2019.

2. Tax Background

The Company maintained an operation (permanent establishment) in France in the financial year. The earnings of the operation pursuant to German GAAP came to EUR 370.2k. Its taxable income amounts to EUR 458.4k This permanent establishment is exempted from paying tax on income due to the respective rulings in the double taxation treaties with Germany.

Cyient GmbH is registered at the Stuttgart tax office under the number 99066/20045. The last tax field audit covered the years 2010 to 2012. The audit was concluded without any findings. The reservations issued on the assessments made for the periods 2013 and 2014 were withdrawn.

Tax assessments have been made up to and including the year 2017.

[Translator's notes are in square brackets]

Exhibit 7

General Engagement Terms
for
Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften
[German Public Auditors and Public Audit Firms]
as of January 1, 2017

1. Scope of application

(1) These engagement terms apply to contracts between German Public Auditors (*Wirtschaftsprüfer*) or German Public Audit Firms (*Wirtschaftsprüfungsgesellschaften*) – hereinafter collectively referred to as "German Public Auditors" – and their engaging parties for assurance services, tax advisory services, advice on business matters and other engagements except as otherwise agreed in writing or prescribed by a mandatory rule.

(2) Third parties may derive claims from contracts between German Public Auditors and engaging parties only when this is expressly agreed or results from mandatory rules prescribed by law. In relation to such claims, these engagement terms also apply to these third parties.

2. Scope and execution of the engagement

(1) Object of the engagement is the agreed service – not a particular economic result. The engagement will be performed in accordance with the German Principles of Proper Professional Conduct (*Grundsätze ordnungsmäßiger Berufsausübung*). The German Public Auditor does not assume any management functions in connection with his services. The German Public Auditor is not responsible for the use or implementation of the results of his services. The German Public Auditor is entitled to make use of competent persons to conduct the engagement.

(2) Except for assurance engagements (*betriebswirtschaftliche Prüfungen*), the consideration of foreign law requires an express written agreement.

(3) If circumstances or the legal situation change subsequent to the release of the final professional statement, the German Public Auditor is not obligated to refer the engaging party to changes or any consequences resulting therefrom.

3. The obligations of the engaging party to cooperate

(1) The engaging party shall ensure that all documents and further information necessary for the performance of the engagement are provided to the German Public Auditor on a timely basis, and that he is informed of all events and circumstances that may be of significance to the performance of the engagement. This also applies to those documents and further information, events and circumstances that first become known during the German Public Auditor's work. The engaging party will also designate suitable persons to provide information.

(2) Upon the request of the German Public Auditor, the engaging party shall confirm the completeness of the documents and further information provided as well as the explanations and statements, in a written statement drafted by the German Public Auditor.

4. Ensuring independence

(1) The engaging party shall refrain from anything that endangers the independence of the German Public Auditor's staff. This applies throughout the term of the engagement, and in particular to offers of employment or to assume an executive or non-executive role, and to offers to accept engagements on their own behalf.

(2) Were the performance of the engagement to impair the independence of the German Public Auditor, of related firms, firms within his network, or such firms associated with him, to which the independence requirements apply in the same way as to the German Public Auditor in other engagement relationships, the German Public Auditor is entitled to terminate the engagement for good cause.

5. Reporting and oral information

To the extent that the German Public Auditor is required to present results in writing as part of the work in executing the engagement, only that written work is authoritative. Drafts are non-binding. Except as otherwise agreed, oral statements and explanations by the German Public Auditor are binding only when they are confirmed in writing. Statements and information of the German Public Auditor outside of the engagement are always non-binding.

6. Distribution of a German Public Auditor's professional statement

(1) The distribution to a third party of professional statements of the German Public Auditor (results of work or extracts of the results of work whether in draft or in a final version) or information about the German Public Auditor acting for the engaging party requires the German Public Auditor's written consent, unless the engaging party is obligated to distribute or inform due to law or a regulatory requirement.

(2) The use by the engaging party for promotional purposes of the German Public Auditor's professional statements and of information about the German Public Auditor acting for the engaging party is prohibited.

7. Deficiency rectification

(1) In case there are any deficiencies, the engaging party is entitled to specific subsequent performance by the German Public Auditor. The engaging party may reduce the fees or cancel the contract for failure of such subsequent performance, for subsequent non-performance or unjustified refusal to perform subsequently, or for unconscionability or impossibility of subsequent performance. If the engagement was not commissioned by a consumer, the engaging party may only cancel the contract due to a deficiency if the service rendered is not relevant to him due to failure of subsequent performance, to subsequent non-performance, to unconscionability or impossibility of subsequent performance. No. 9 applies to the extent that further claims for damages exist.

(2) The engaging party must assert a claim for the rectification of deficiencies in writing (*Textform*) [*Translators Note: The German term "Textform" means in written form, but without requiring a signature*] without delay. Claims pursuant to paragraph 1 not arising from an intentional act expire after one year subsequent to the commencement of the time limit under the statute of limitations.

(3) Apparent deficiencies, such as clerical errors, arithmetical errors and deficiencies associated with technicalities contained in a German Public Auditor's professional statement (long-form reports, expert opinions etc.) may be corrected – also versus third parties – by the German Public Auditor at any time. Misstatements which may call into question the results contained in a German Public Auditor's professional statement entitle the German Public Auditor to withdraw such statement – also versus third parties. In such cases the German Public Auditor should first hear the engaging party, if practicable.

8. Confidentiality towards third parties, and data protection

(1) Pursuant to the law (§ [Article] 323 Abs 1 [paragraph 1] HGB [German Commercial Code: *Handelsgesetzbuch*], § 43 WPO [German Law regulating the Profession of Wirtschaftsprüfer: *Wirtschaftsprüferordnung*], § 203 StGB [German Criminal Code: *Strafgesetzbuch*]) the German Public Auditor is obligated to maintain confidentiality regarding facts and circumstances confided to him or of which he becomes aware in the course of his professional work, unless the engaging party releases him from this confidentiality obligation.

(2) When processing personal data, the German Public Auditor will observe national and European legal provisions on data protection.

9. Liability

(1) For legally required services by German Public Auditors, in particular audits, the respective legal limitations of liability, in particular the limitation of liability pursuant to § 323 Abs. 2 HGB, apply.

(2) Insofar neither a statutory limitation of liability is applicable, nor an individual contractual limitation of liability exists, the liability of the German Public Auditor for claims for damages of any other kind, except for damages resulting from injury to life, body or health as well as for damages that constitute a duty of replacement by a producer pursuant to § 1 ProdHaftG [German Product Liability Act: *Produkthaftungsgesetz*], for an individual case of damages caused by negligence is limited to € 4 million pursuant to § 54 a Abs. 1 Nr. 2 WPO.

(3) The German Public Auditor is entitled to invoke demurs and defenses based on the contractual relationship with the engaging party also towards third parties.

(4) When multiple claimants assert a claim for damages arising from an existing contractual relationship with the German Public Auditor due to the German Public Auditor's negligent breach of duty, the maximum amount stipulated in paragraph 2 applies to the respective claims of all claimants collectively.

(5) An individual case of damages within the meaning of paragraph 2 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 regardless of whether the damages occurred in one year or in a number of successive years. In this case, multiple acts or omissions based on the same source of error or on a source of error of an equivalent nature are deemed to be a single breach of duty if the matters in question are legally or economically connected to one another. In this event the claim against the German Public Auditor is limited to € 5 million. The limitation to the fivefold of the minimum amount insured does not apply to compulsory audits required by law.

(6) A claim for damages expires if a suit is not filed within six months subsequent to the written refusal of acceptance of the indemnity and the engaging party has been informed of this consequence. This does not apply to claims for damages resulting from scienter, a culpable injury to life, body or health as well as for damages that constitute a liability for replacement by a producer pursuant to § 1 ProdHaftG. The right to invoke a plea of the statute of limitations remains unaffected.

10. Supplementary provisions for audit engagements

(1) If the engaging party subsequently amends the financial statements or management report audited by a German Public Auditor and accompanied by an auditor's report, he may no longer use this auditor's report.

If the German Public Auditor has not issued an auditor's report, a reference to the audit conducted by the German Public Auditor in the management report or any other public reference is permitted only with the German Public Auditor's written consent and with a wording authorized by him.

(2) If the German Public Auditor revokes the auditor's report, it may no longer be used. If the engaging party has already made use of the auditor's report, then upon the request of the German Public Auditor he must give notification of the revocation.

(3) The engaging party has a right to five official copies of the report. Additional official copies will be charged separately.

11. Supplementary provisions for assistance in tax matters

(1) When advising on an individual tax issue as well as when providing ongoing tax advice, the German Public Auditor is entitled to use as a correct and complete basis the facts provided by the engaging party – especially numerical disclosures; this also applies to bookkeeping engagements. Nevertheless, he is obligated to indicate to the engaging party any errors he has identified.

(2) The tax advisory engagement does not encompass procedures required to observe deadlines, unless the German Public Auditor has explicitly accepted a corresponding engagement. In this case the engaging party must provide the German Public Auditor with all documents required to observe deadlines – in particular tax assessments – on such a timely basis that the German Public Auditor has an appropriate lead time.

(3) Except as agreed otherwise in writing, ongoing tax advice encompasses the following work during the contract period:

a) preparation of annual tax returns for income tax, corporate tax and business tax, as well as wealth tax returns, namely on the basis of the annual financial statements, and on other schedules and evidence documents required for the taxation, to be provided by the engaging party

b) examination of tax assessments in relation to the taxes referred to in (a)

c) negotiations with tax authorities in connection with the returns and assessments mentioned in (a) and (b)

d) support in tax audits and evaluation of the results of tax audits with respect to the taxes referred to in (a)

e) participation in petition or protest and appeal procedures with respect to the taxes mentioned in (a).

In the aforementioned tasks the German Public Auditor takes into account material published legal decisions and administrative interpretations.

(4) If the German Public auditor receives a fixed fee for ongoing tax advice, the work mentioned under paragraph 3 (d) and (e) is to be remunerated separately, except as agreed otherwise in writing.

(5) Insofar the German Public Auditor is also a German Tax Advisor and the German Tax Advice Remuneration Regulation (*Steuerberatungsvergütungsverordnung*) is to be applied to calculate the remuneration, a greater or lesser remuneration than the legal default remuneration can be agreed in writing (*Textform*).

(6) Work relating to special individual issues for income tax, corporate tax, business tax, valuation assessments for property units, wealth tax, as well as all issues in relation to sales tax, payroll tax, other taxes and dues requires a separate engagement. This also applies to:

a) work on non-recurring tax matters, e.g. in the field of estate tax, capital transactions tax, and real estate sales tax**;**

b) support and representation in proceedings before tax and administrative courts and in criminal tax matters;

c) advisory work and work related to expert opinions in connection with changes in legal form and other re-organizations, capital increases and reductions, insolvency related business reorganizations, admission and retirement of owners, sale of a business, liquidations and the like, and

d) support in complying with disclosure and documentation obligations.

(7) To the extent that the preparation of the annual sales tax return is undertaken as additional work, this includes neither the review of any special accounting prerequisites nor the issue as to whether all potential sales tax allowances have been identified. No guarantee is given for the complete compilation of documents to claim the input tax credit.

12. Electronic communication

Communication between the German Public Auditor and the engaging party may be via e-mail. In the event that the engaging party does not wish to communicate via e-mail or sets special security requirements, such as the encryption of e-mails, the engaging party will inform the German Public Auditor in writing (*Textform*) accordingly.

13. Remuneration

(1) In addition to his claims for fees, the German Public Auditor is entitled to claim reimbursement of his expenses; sales tax will be billed additionally. He may claim appropriate advances on remuneration and reimbursement of expenses and may make the delivery of his services dependent upon the complete satisfaction of his claims. Multiple engaging parties are jointly and severally liable.

(2) If the engaging party is not a consumer, then a set-off against the German Public Auditor's claims for remuneration and reimbursement of expenses is admissible only for undisputed claims or claims determined to be legally binding.

14. Dispute Settlement

The German Public Auditor is not prepared to participate in dispute settlement procedures before a consumer arbitration board (*Verbraucherschlichtungsstelle*) within the meaning of § 2 of the German Act on Consumer Dispute Settlements (*Verbraucherstreitbeilegungsgesetz*).

15. Applicable law

The contract, the performance of the services and all claims resulting therefrom are exclusively governed by German law.