

# Deloitte.

Translation of the  
**REPORT**  
on the  
Audit of the Annual Financial Statements  
as of 31 March 2015  
of  
**JAGUAR LAND ROVER AUSTRIA GMBH**  
**SALZBURG**

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### **Other Attachments**

- 5 General terms of contract for the Austrian Public Accounting Professions

To the Management of  
Jaguar Land Rover Austria GmbH,  
Salzburg

We have completed the audit of the Financial Statements as of March 31, 2015 of

**Jaguar Land Rover Austria GmbH,**

**Salzburg,**

(hereafter also referred to as the "JLR GmbH" or "company")

and provide the results of our audit in the following report:

**1. Audit contract and performance of the engagement**

- Tz 1 By shareholders' resolution dated May 22, 2014 of Jaguar Land Rover Austria GmbH, Salzburg, we were elected as auditor for the fiscal year 2015. The Company, represented by the managing director concluded an audit contract with us to audit the Financial Statements as of March 31, 2015, including the accounting system and the management report pursuant to para. 269 ff. UGB.
- Tz 2 The Company is a large corporation pursuant to para. 221 UGB.  
The audit is a statutory audit pursuant to para. 268 UGB.
- Tz 3 The objective of the audit was to examine compliance with legal requirements. The management report is to be audited as to whether it is consistent with the Financial Statements and whether the other disclosures in the management report do not give rise to a misstatement of the Company's financial position.

- Tz 4 In performing the audit, we adhered to the legal provisions and the relevant professional standards on performing an audit applicable in Austria. We draw attention to the fact that the audit provides reasonable assurance as to whether the Financial Statements are free from material misstatement. Absolute assurance cannot be achieved, since the possibility of errors is inherent in each accounting and internal control system and since the audit is based on samples, there is an unavoidable risk that material misstatements in the Financial Statements are not detected. Areas which are generally covered in special engagements were not included in our scope of work.
- Tz 5 We performed the audit from March to May 2015 (with intermission) primarily at the Company's premises in Salzburg. The audit was formally concluded on the date of this report.
- Tz 6 Responsible for the proper performance of the engagement is Mag. Friedrich Wiesmüllner, Austrian Certified Public Accountant.
- Tz 7 Our audit is based on the audit contract concluded with the Company, an integral part of which are the General Conditions of Contract for the Public Accounting Professions issued by the Austrian Chamber of Public Accountants and Tax Advisors on 8 March 2000, in the version dated 21 February 2011 ("AAB 2011"; appendix 5). These General Conditions of Contract do not only apply between the Company and the auditor, but also towards third parties. Section 275 UGB applies with regard to our responsibility and liability as auditor towards the Company and towards third parties.

## 2. Disclosure of and Notes on Significant Items in the Financial Statements

Tz 8 All required disclosures of significant items in the Financial Statements are included in the notes to the Financial Statements and in the management report. We therefore refer to the related disclosures by the management board in the notes to the Financial Statements and in the management report.

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### 3. Summary of the results of the audit

#### 3.1. Conclusion on the Compliance of the Accounting, the Financial Statements and the Management Report

Tz 9 In performing our audit procedures, we determined the compliance with statutory provisions and generally accepted **accounting principles**.

As part of our risk and control oriented audit approach, we included in the audit – where we considered it necessary for our audit report – the internal controls in parts of the accounting process.

With regard to the legal compliance of the **Financial Statements**, we refer to our comments in the auditor's report.

In our final assessment, the **management report** complies with the statutory provisions.

#### 3.2. Information provided

Tz 10 All information required was provided by the legal representatives of the company. A letter of representation signed by the legal representatives has been included in our working papers.

#### 3.3. Statement on Matters Pursuant to Section 273 (2) and (3) UGB (Execution of Reporting Obligation)

Tz 11 In performing our duties as auditor, we have not determined any facts that might endanger the audited company's position as a going concern or adversely affect its future development, nor any facts that would constitute a serious breach of the law or of the company's articles of association by the legal representatives or employees. Material weaknesses in the internal control of the accounting process have not come to our attention. The criteria for assuming a reorganization requirement (Section 22 No. 1 URG (Austrian Reorganization Act)) are not met.

#### **4. Audit opinion**

##### **Tz 12 Report on the Financial Statements**

We have audited the accompanying Financial Statements, including the accounting system of Jaguar Land Rover Austria GmbH, Salzburg for the fiscal year from 1 April 2014 to 31 March 2015. These Financial Statements comprise the balance sheet as of 31 March 2015, the income statement for the fiscal year ended 31 March 2015 and the notes.

##### *Management's Responsibility for the Financial Statements and for the Accounting System*

The company's management is responsible for the accounting system and for the preparation and fair presentation of these Financial Statements in accordance with Austrian Generally Accepted Accounting Principles. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of Financial Statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

##### *Auditor's Responsibility and Description of Type and Scope of the Statutory Audit*

Our responsibility is to express an opinion on these Financial Statements based on our audit. We conducted our audit in accordance with laws and regulations applicable in Austria and Austrian Standards on Auditing. Those standards require that we comply with professional guidelines and that we plan and perform the audit to obtain reasonable assurance whether the Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the Financial Statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of

accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the Financial Statements.

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

*Opinion*

Our audit did not give rise to any objections. In our opinion, which is based on the results of our audit, the Financial Statements comply with legal requirements and give a true and fair view of the financial position of Jaguar Land Rover Austria GmbH as of 31 March 2015 and of its financial performance for the fiscal year from 1 April 2014 to 31 March 2015 in accordance with Austrian Generally Accepted Accounting Principles.

*Comments on the Management Report*

Pursuant to statutory provisions, the management report is to be audited as to whether it is consistent with the Financial Statements and as to whether the other disclosures are not misleading with respect to the company's position. The auditor's report also has to contain a statement as to whether the management report is consistent with the Financial Statements.

In our opinion, the management report is consistent with the Financial Statements.

Vienna, May 15, 2015

**Deloitte Audit Wirtschaftsprüfungs GmbH**

Mag. Friedrich WIESMÜLLNER  
Certified Public Accountant

Dr. Gottfried SPITZER  
Certified Public Accountant

This report is a courtesy translation of the original report in German, which is solely valid. Publication of the Financial Statements together with our auditor's opinion may only be made if the Financial Statements and the management report are identical with the audited version attached to this report. Section 281 paragraph 2 UGB (Austrian Commercial Code) applies.



**Income statement**  
**from April 1, 2014 to March 31, 2015**

(Amounts in Indian Rupee)

		2013/2014 kINR
1. Net sales	11.821.632.734,49	13.392.412
2. Other operating income		
a) Income from reversal of accruals	24.842.124,03	83.708
b) Miscellaneous	<u>35.490.693,16</u>	36.416
	60.332.817,19	120.125
3. Costs of materials	(10.828.332.857,10)	(12.257.572);
4. Personnel expenses		
a) Salaries	(138.395.337,39)	(169.229);
b) Expenses for severance payments	(7.001.815,96)	(4.861);
c) Expenses for pensions	(6.554.324,48)	(8.981);
d) Expenses for statutory social security and payroll related contributions	(30.307.221,54)	(36.581);
e) Other social benefits	<u>(22.192.520,50)</u>	(29.908);
	(204.451.219,87)	(249.559);
5. Amortization of intangible assets and depreciation of fixed assets	(2.659.307,03)	(4.449);
6. Other operating expenses		
a) Non-income based taxes	(26.384.464,93)	(13.347);
b) Miscellaneous	<u>(666.866.366,65)</u>	(821.675);
	(693.250.831,58)	(835.023);
<b>7. Subtotal from line 1 to 6 (operating result)</b>	<b>153.271.336,10</b>	<b>165.933</b>
8. Income from securities	0,00	165
9. Income from other interest and similar income thereof group 1.898.458,18 (prior year kINR 2.142)	1.997.968,25	2.472
10. Income from the disposal of financial assets	237.991,42	0
11. Interest and similar expenses	<u>(35.759.915,92)</u>	(64.594);
<b>12. Subtotal from line 8 to 11 (financial result)</b>	<b>(33.523.956,25)</b>	<b>(61.957);</b>
<b>13. Income on ordinary activities</b>	<b>119.747.379,85</b>	<b>103.976</b>
14. Taxes on income	<u>(26.933.823,95)</u>	(28.260);
<b>15. Net income for the year</b>	<b>92.813.555,90</b>	<b>75.716</b>
16. Profit carried forward	<u>470.249.277,30</u>	500.602
<b>17. Total profit</b>	<b><u>563.062.833,20</u></b>	<b><u>576.318</u></b>

## NOTES

### Jaguar Land Rover GmbH as of March 31, 2015

#### ***Conversion into Indian Rupees***

*The financial information is expressed in the local currency of the relevant company (Euros) only in the Audited Accounts based on which the attached financial statements have been reformatted. Solely for the convenience of the reader and to meet the requirements of Section 212 of the Indian Companies Act, 1956, the amounts appearing in Indian Rupees have been translated at a fixed exchange rate EUR 1 = Rs 67,222 and Rs 82,390 for the years ended 31 March 2015 and 2014 respectively. These transactions should not be constructed as a representative that any or all of the amounts could be converted to Indian Rupees at this or any other rate.*

#### **Preliminary remarks:**

The financial statements are prepared in conformity with the principles of the Austrian commercial law (UGB) for the year 2014/2015.

Land Rover Vertriebs GmbH as transferring company and Jaguar Austria GmbH as receiving company were merged according to Art 1 Austrian corporate restructuring taxes act (UmgrStG). The merger took effect on December 31, 2004. There was no capital increase in accordance with Austrian corporate restructuring taxes act. The assets of Land Rover Vertriebs GmbH were taken into Jaguar Austria GmbH at book values.

#### ***I. Accounting and Valuation Principles***

The financial statements are prepared in accordance with Austrian generally accepted accounting principles and present fairly in all material respects, the net asset- financial- and earnings position of the company.

Recording, valuation and presentation of each position of the financial statements is in accordance with the general principles in paras. 196 to 211 UGB including the regulations for corporations in paras. 222 to 235 UGB.

Fixed assets are recorded at acquisition or manufacturing costs. Depreciation is calculated on a straight line basis with the expected useful life ranging from 3 to 15 years.

Finished products are valued at acquisition costs, whereas a lower market value is considered if applicable.

The valuation of cars is based on the identity price procedure; spare parts are valued at moving average price procedure.

Accounts receivable and other assets are stated on a nominal basis and evaluated by taking account of all perceivable risks.

Accruals take into account all recognizable risks and uncertain liabilities on the basis of a reasonable commercial estimate.

The accrual for severance payment obligations and jubilee obligations were calculated in accordance with UGB under actuarial principles.

The calculation is based on a discount factor of 2% (p/y 3%) and a retirement age of 65/60 men/women.

Liabilities are stated at the repayment amount under consideration of the principle of prudence.

Receivables and liabilities denominated in foreign currency are recorded with an average cross rate of the date of origin. Losses due to exchange rate changes are recognized at the end of the year based on the respective bid or ask price.

## ***II. Notes to the balance sheet***

### ***ASSETS***

#### ***Fixed Assets***

##### ***Development of the fixed assets***

Summary of fixed assets: Appendix to the notes

#### ***Current Assets***

##### ***Receivables and other liabilities***

All accounts receivable are due in full within one year.

The accounts receivables from affiliate companies include other receivables and receivables from goods and services. All in all, the sum of receivables of affiliate companies as of 31.03.2015 amounts to INR 1.861.279.803,56 (p/y kINR 2.075.981). The other receivables include short-term receivables from intercompany cash-pooling activities.

The other receivables and assets amount to INR 2.962.963,59 (p/y kINR 2.636). These receivables contain:

Suppliers with debit balances	INR 206.111,39 (p/y kINR 319)
Others	INR 2.958.518,20 (p/y kINR 2.307)

Thereof no receivables are due after the closing date.

Accruals for deferred taxes according to para. 198 (10) UGB are immaterial and therefore not shown in the balance sheet.

#### ***Deferrals***

Deferrals from transitory items amounting to INR 13.802.514,45 (p/y INR 11.287) include automobile insurance (kINR 13.803).

## ***LIABILITIES***

### ***Equity***

The share capital amounts to INR 9.747.190,00 (p/y kINR 11.947) and has been fully paid in.

The net gains include the net income of the year of INR 92.813.555,90 (p/y kINR 75.716).

The Company is a large corporation pursuant to para. 221 UGB.

### ***Provisions***

Other provisions amount to INR 614.785.523,20 (p/y kINR 630.119) and include the following items:

	March 31, 2015	March 31, 2014
	INR	kINR
Provisions for employee benefits	45.784.904,20	54.954
Other provisions	569.000.619,00	575.165
	<b>614.785.523,20</b>	<b>630.119</b>

Other provisions amounting to INR 569.000.619,00 (p/y kINR 575.165) include the following items:

	March 31, 2015	March 31, 2014
	INR	kINR
Provisions for after sales expenses	25.672.081,80	55.613
Provisions for revenue reductions	415.707.570,20	440.787
Provisions for dealer bonifications	60.903.132,00	0
Provisions for dealer cancellations	17.343.276,00	24.717
Provisions for other costs	49.374.559,00	54.048
	<b>569.000.619,00</b>	<b>575.165</b>

The arbitration process regarding the termination of the dealer contract with the dealer HoE was closed by a decision of arbitration court and a payment of Jaguar Land Rover Austria GmbH. The recorded provision was used for the payment, the rest of the provision was released. However, HoE appealed against the arbitration award. According to corporate lawyers no further provision is required.

The provision for the termination of dealer contracts amounting to INR 173.432.760,00 was recorded for claims that could result from the termination of a contract with the dealer Jaguar Wien. The amount for the provision was calculated based on common trade practice.

The reduction of the discount factor from 3% to 2% for the calculation of provisions for employee benefits had the following impact:

- Provisions for severance payment obligations INR 2.932.686,8
- Provisions for jubilee obligations INR 741.023,73

### Liabilities

The maturity of all liabilities is less than one year.

The liabilities to affiliated companies amount to INR 1.078.878.029,61 (p/y kINR 1.202.894) and primarily include accounts payable.

The other liabilities primarily include clearing accounts to tax authorities in the amount of kINR 210.069 (p/y kINR 348.427) and customers with credit balances in the amount of kINR 258.065 (p/y kINR 367.377). Thereof, kINR 3.832 will be paid effectively after the balance sheet date.

### **III. Notes to the income statement**

The income statement was set up according to the total expenditure format.

Revenues including revenue reductions dissect as follows:

			<u>thereof revenues from foreign countries</u>	
	2015 kINR	2014 kINR	2015 kINR	2014 kINR
Car sales	10.696.096	12.265.482	3.362.377	3.853.380
Spare parts	707.108	949.545	158.106	242.803
After sales	418.457	170.712	87.657	49.104
Others	0	6.591	0	1.730
	<b>11.821.661</b>	<b>13.392.330</b>	<b>3.608.141</b>	<b>4.147.018</b>

Expenses for severance payments (para. 237 lit 13 UGB) amounting to INR 7.001.815,96 (p/y kINR 4.861) include:

- expenses for severance payments INR 6.244.923,80 (p/y kINR 3.955)
- expenses for employee provident fund contributions INR 756.892,16 (p/y kINR 906)

The taxes on income include profit taxes which are calculated from the tax base.

## ***IV. Other Notes***

### **Intercompany relations**

The company is a 100% subsidiary of Jaguar Land Rover Limited, Coventry, Great Britain. Thus, the company forms part of the Jaguar Land Rover Group.

TATA Motors Ltd, Mumbai, India prepares the consolidated financial statements for the largest group of companies. The consolidated financial statements are available at the premises of the company. Jaguar Land Rover Limited prepares the consolidated financial statements for the smallest group of companies.

Assets and liabilities towards these and other companies integrated in the group are presented as assets and liabilities from affiliated companies according to para. 228 UGB.

### **Expenses for auditors**

The expenses for the audit 2015 have been accrued with INR 2.433.436,40 (p/y kINR 2.884).

### **Employees**

In the current business year on average 24 (p/y 24) people were employed.

### **Continuing obligations**

The continuing obligations according to para. 237 (8) lit b UGB amount to kINR 11.361 in the current business year (p/y kINR 7.909) and presumably kINR 56.803 for the next five years (p/y kINR 41.195).

**The management board of the company as of March 31, 2015 consists of:**

Mag. Peter Modelhart

With respect to the salary of the managing director, the clause according to para. 241 (4) Austrian commercial code is exerted.

The total expenses for severance pay concern only other employees.

Salzburg, May 15 2015

Jaguar Land Rover Austria GmbH

Managing Director

Mag. rer. soc. oec. Peter Modelhart m.p.

summary of fixed assets

	Acquisition costs		Disposals INR	Value as of March 31, 2015 INR	Accumul. depreciation INR	Book value as of March 31, 2015 INR	Book value as of March 31, 2014 INR	Annual depreciation INR
	Value as of April 1, 2014 INR	Value as of Additions INR						
I. Intangible assets								
Industrial property rights and similar rights	20.223.220,42	3.611.031,40	0,00	23.834.251,81	19.288.758,66	4.033.753,58	934.461,76	511.739,57
II. Fixed assets								
1. Land and buildings	2.621.542,38	0,00	0,00	2.621.542,38	1.724.935,34	644.323,54	896.607,04	252.283,49
2. Technical equipment and machinery	31.936.218,99	0,00	0,00	31.936.218,99	30.578.323,84	434.783,83	1.357.895,16	923.111,33
3. Other equipment, furniture and fixtures	14.501.545,27	1.554.936,28	0,00	16.056.481,55	12.863.369,33	2.487.795,47	1.638.175,94	705.316,75
	49.059.306,64	1.554.936,28	0,00	50.614.242,92	45.166.628,51	3.566.902,84	3.892.678,14	1.880.711,57
	69.282.527,06	5.165.967,68	0,00	74.448.494,73	64.455.387,17	7.600.656,42	4.827.139,90	2.392.451,14
III. Financial assets								
Securities	4.321.798,51	0,00	4.321.798,51	0,00	3,36	0,00	4.321.795,15	3,36
	73.604.325,57	5.165.967,68	4.321.798,51	74.448.494,73	64.455.390,53	7.600.656,42	9.148.935,05	2.392.454,50
low value fixed assets according § 13 ESiG	0,00	266.855,88	266.855,88	0,00				266.855,88

# ***Management Report Jaguar Land Rover Austria GmbH***

## ***Fiscal Year 2014 / 15***

### **Conversion into Indian Rupees**

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### **Preamble**

Based on the resolution of the shareholders as of March 2012 the fiscal year has been changed to the period 1<sup>st</sup> of April to 31<sup>st</sup> of March. Therefore, the current fiscal year is the third year to include 12 months (1<sup>st</sup> April 2014 – 31<sup>st</sup> March 2015), which means that the previous year's figures cover a full business year (12 months).

### ***I. Business Development***

The development of the automotive industry for the financial year 2014/15 was still characterized by fluctuations. In the calendar year 2014, a total of 395.637 motor vehicles (motor vehicles, no trailers) were registered for traffic. The number of new registrations of passenger cars – the most important vehicle group (76,7 %) – recorded a total of 303.318 (p/y 319.035) vehicles. This means a decrease of 4,9 % or 15.717 vehicles compared to the previous year. A growth in new car registrations could only be observed in the months of February 2014 (+30,2 %), resulting from advance purchases driven by changes in standard fuel consumption tax as well as engine-related insurance tax effective as of March 1, 2014, and the month of October 2014 (+0,8 %). Decreases were recorded varying from -1,7 % in September 2014 and -16,5 % in December 2014. As of December 31, 2014, a total of 6,47 million vehicles were registered in the Republic of Austria. This represents an increase by 1,3 % compared to prior year (2013: +1,3 %). About 4,69 million vehicles were passenger cars (72,6 %), which is an increase of 1,2 %. The number of diesel passenger cars sold increased by 1,6 %, to 2,66 million units and those with gasoline engine (incl. Flex Fuel) increased by 0,4% to approx. 2,01 million units. Electric cars recorded an increase of 63,6 %, to 3.386 vehicles, passenger cars with combined mode (hybrids) also developed positively (petrol/electric: +21,7 %; Diesel / Electric: +29,9 %). Further alternatively powered cars such as natural gas (+8,0 %) or with bivalent operation such as petrol/natural gas (+30,2 %) or petrol/LPG (+11,6 %) also recorded growth. With 640 cars per 1.000 inhabitants "Burgenland" had the highest level of motorisation compared to "Lower Austria" with 627, "Carinthia" with 613, "Upper Austria" with 608, "Styria" with 585, "Salzburg" with 546, "Vorarlberg" with 526 as well as "Tyrol" with 520 cars per 1.000 inhabitants. Vienna, leading in terms of motorisation per 1.000 inhabitants at the beginning of the 1970s, had only 381 cars per 1.000 inhabitants in 2014, making it last in this ranking due to a high availability of public transport. On average 547 vehicles were registered in Austria for every 1.000 inhabitants. In the first quarter of 2015 75.154 (prior year 81.281 units) new vehicles were registered in Austria, which represents a share of 79,2 % (prior year 79,0 %) of all vehicles registered in this period. This constitutes a decrease of -7,5 % compared to prior year.

From April 2014 to March 2015 Jaguar Land Rover Austria GmbH registered 1.986 new LR vehicles and 213 new Jaguar vehicles. In the same period 859 new Land Rover vehicles as well as 94 new Jaguar

vehicles were registered in the Czech Republic. Especially the models Range Rover Evoque and Range Rover Sport contributed to this great sales volume. In February 2015 a new model, the Land Rover Discovery, was successfully launched. Jaguar Land Rover Austria GmbH contributed positively to the international record in results of Jaguar Land Rover in 2014 / 15: 213 new Jaguar registrations means a market share of 0,1 % in Austria. With 1.986 new registrations Land Rover holds a market share of 0,61 % in Austria. Together the two brands were able to sell 582 vehicles in Austria in the first quarter of 2015. The new registrations of Land Rover passenger cars dropped from 840 units to 582 units in the first quarter (January to March 2014). The decrease in sales in the period from January to March 2015 compared to previous year, is solely based on the amendments in the area of standard fuel consumption tax, engine-related insurance tax as well as motor vehicle tax in the first quarter of 2014.

The structure of the dealer network in Austria is stable. At the beginning of the year 2010, the company took over the distribution for both business lines in the Czech Republic. As of March 31, 2015, 30 dealers were active in Austria and the Czech Republic. The development of the Czech partners is promising.

The revenues of the company as for the year 2014/2015 amounted to mINR 11.821,6. The comparable figure for prior year (2013/2014) amounts to mINR 13.392,4. The increase in revenues is mainly attributed to the Czech sales volume as well as to the strong Austrian market.

Other operating income includes income from the release of provisions as well as income from marketing services and damage claims from insurance companies. Considering cost of goods sold amounting to mINR 10.828,3 (p/y mINR 12.257,6) as well as personnel expenses of mINR 204,5 (p/y kINR 249,6) and other operating expenses the operating income adds up to mINR 153,3 (p/y mINR 165,9). Deducting the financial result leads to an annual profit of mINR 92,8 (p/y mINR 75,7).

Car imports are mainly driven by demand of car dealers and are supported and operated by respective EDP systems.

Investments in intangible assets amount to kINR 3.611, investments in fixed assets amount to kINR 1.555.

The number of employees per March 31, 2015 adds up to 23 (p/y 24). Thereof, 22 employees are employed full time and one person works part time. Training and education is performed within the company and according to the respective needs. The necessary measures for employee involvement are implemented.

## ***II. Company Situation***

The Jaguar F-Type Convertible as well as Coupé (successor to the legendary E-Type model) is well accepted by the market. In the year under review three new Jaguar models were presented to the public: the brand new XE, F-Pace and the new XF. Due to this new range of models Jaguar will be able to increase sale volumes significantly in the next years.

The model range of Land Rover includes the classic Defender, which can look back on a now 68-year history, as well as the versatile Discovery as well as Discovery Sport. Those models are accompanied by the Range Rover trio: It is headed by the Range Rover Evoque, which has risen to the best-selling model of the entire brand from day one. This model will be supplemented by a convertible version in spring 2016. It is supported by the luxury flagship Range Rover, which is presented in a new form since the beginning of 2013 and Range Rover Sport.

After having been produced for 68 years the production of the Land Rover Defender will be finally stopped in December 2015 due to EU guidelines concerning pedestrian protection. The model Freelander (release beginning of 1998) was replaced by the Discovery Sport in February 2015.

Jaguar Land Rover Limited has opened an own engine factory in Wolverhampton, UK. This engine factory was an investment in the amount of GBP 500 and will employ 1.400 employees. Moreover, the first factory outside UK was opened in Changshu / China. Additionally, in December 2014 Jaguar Land Rover Limited started construction work for a factory in Brasil.

For 2015/2016 we expect a continuing increase in sales figures for the Republic of Austria as well as the Czech Republic. The long term plans regarding the business lines Jaguar and Land Rover for 2016/2017 and the following years are met.

The company shows an equity of mINR 579,7 (p/y mINR 596,7) and a balance sheet total of mINR 3.002,7 (p/y mINR 3.381,1). The equity ratio thus amounts to 19,3 % (p/y 17,65 %).

The financial situation of the company is secured and visible from the balance sheet. The general expectation for the financial situation is deemed to be positive.

The annual profit of mINR 92,8 (p/y mINR 75,7) results in a Cash Flow according to the practitioner's method of mINR 100,8 (p/y mINR 82,4).

### ***III. Significant Events after Year End***

There are no significant events after year end.

### ***IV. Expected Development of the Company***

The entity's future prospects remain positive, based on the recent model range as well as the extended development of model supply and the further coverage of the distribution market for the Czech Republic. The financial year 2015/2016 will be used to extend the established market shares. It is difficult to estimate the consequences of the economic and fiscal environment on the entire automotive industry. Nevertheless, we expect a slight increase in sales figures, particularly for SUVs (e.g. Jaguar F-Pace, Land Rover Discovery Sport, etc.) – whereas we want to increase in a difficult environment in market shares due to new products.

### ***V. Research and Development***

Jaguar Land Rover Austria GmbH is a trade company. Research and development are therefore not conducted by the company and are performed centrally by the group.

### ***VI. Existing Subsidiaries***

The company does not have any subsidiaries.

### ***VII. Risk Report***

The organization is exposed to a number of different risks that are inseparably connected to entrepreneurial actions. Our risk policies are focused on using business opportunities in an optimal way and to enter risks only if there are significant chances for a respective added value. Based on a fundamental risk limitation, we only enter risks that are manageable within our organisation by using well accepted methods and measures. From today's point of view, the company is not exposed to risks threatening going concern.

There is no default risk relating to accounts receivable from sales of motor vehicles, because Jaguar Land Rover Austria GmbH has concluded appropriate financing treaties with FGA Bank GmbH (Vienna/Austria), UniCredit Leasing CZ, a.s. (Prague/Czech Republic) and the dealers in Austria and the Czech Republic. All dealers are covered by these contracts. These accounts receivables are redeemed by one of the financing companies one day after billing.

In the accessories and spare part business the default risk of accounts receivables is minimized due to a stable structure of the dealer network, a strict management of accounts receivables including bank guaranties and ongoing check of creditworthiness

The risks of short term price changes related to the delivery of goods are limited by delivery contracts. Short and long term interest rate risk do not exist, as just cash deposits are held at banks.

Any necessary funding arrangements are made within the group and have been agreed with short- and medium-term liquidity requirements.

There is no exchange rate risk for supply of goods in the Czech Republic since all goods and services are denominated and paid in Euro.

### ***VIII. Financial Instruments***

The company does not use financial instruments as defined in para. 243 (3) lit 5 Austrian commercial law.

Salzburg, May 2015

***Jaguar Land Rover Austria Gesellschaft m.b.H.***

Managing Director

Mag. rer. soc. oec. Peter Modelhart m.p.



# General Conditions of Contract for the Public Accounting Professions (AAB 2011)

Laid down by the Working Group for Fees and Conditions of Contract of the Chamber of Public Accountants and Tax Advisors, recommended for use by the Board of the Chamber of Public Accountants and Tax Advisors in its decision of March 8, 2000, and revised by the Working Group for Fees and Conditions of Contract on May 23, 2002, on October 21, 2004, on December 18, 2006, on August 31, 2007, on February 26, 2008, on June 30, 2009, on March 22, 2010, as well as on February 21, 2011

## Preamble and General Points

- (1) The General Conditions of Contract for the professions in the field of public accounting are divided into four sections: Section I deals with contracts for services, excluding contracts concerning bookkeeping, payroll accounting and administration and assessment of payroll-related taxes and contributions; Section II deals with contracts for rendering services in the field of bookkeeping, payroll accounting and administration and assessment of taxes and contributions; Section III covers contracts not regarded as contracts for the rendering of services, while Section IV is devoted to consumer business covered by the Austrian Consumer Act.
- (2) In the event that individual provisions of these General Conditions of Contract are void, this shall not affect the validity of the remaining provisions. The invalid provision shall be replaced by a valid provision that is as close as possible to the desired objective.
- (3) The person entitled to exercise profession in the field of public accounting shall be obliged to render the services negotiated in accordance with the principles of due professional care and conduct. He/she shall have the right to engage suitable staff for the execution of the contract. This shall apply to all sections of The General Conditions of Contract.
- (4) Finally, foreign law shall only be taken into account by the person entitled to exercise the profession, if this has been explicitly agreed upon in writing. This shall apply to all sections of the General Conditions of Contract.
- (5) The work prepared in the offices of the person entitled to exercise the profession may, at the discretion of the person entitled to exercise the profession, be carried out with or without using electronic data processing. In case electronic data processing is used, the client – not the person entitled to exercise the profession – is obliged to effect the registrations or notifications required under the relevant provisions of the Data Protection Act.
- (6) The client undertakes not to employ staff of the person entitled to exercise the profession during and within one year after termination of the contractual relationship, either in his/her company or in an associated company, failing which he/she shall be obliged to pay the person entitled to exercise the profession the amount of the annual salary of the employee taken over.

## SECTION I

### 1. Scope

- (1) The General Conditions of Contract in Section I shall apply to contracts concerning (statutory and voluntary) audits with or without auditor's certificate, expert opinions, court expert opinions, preparation of annual financial statements and other financial statements, tax consultancy and other services to be rendered within the framework of a contract for the rendering of services, excluding bookkeeping, payroll accounting and the administration and assessment of payroll-related taxes and contributions.
- (2) The General Conditions of Contract shall apply, if their use has been explicitly or tacitly agreed upon. Furthermore, in the absence of another agreement, they shall be used for reference to facilitate interpretation.
- (3) Point 8 shall also apply to third parties whose services, in certain cases, may be enlisted by the contractor for the execution of the contract.

## 2. Scope and Execution of Contract

- (1) Reference shall be made to Items 3 and 4 of the Preamble.
- (2) Should the legal situation change subsequent to delivering a final professional statement passed on by the client orally or in writing, the person entitled to exercise the profession shall not be obliged to inform the client of changes or of the consequences thereof. This shall also apply to the completed parts of a contract.
- (3) An application submitted by the person entitled to exercise the profession to an authority (e.g. tax office, social security institution) by electronic means, shall be regarded as neither signed by the person entitled to exercise the profession nor by the person authorized to submit such an application.

### 3. Client's Obligation to Provide Information and Submit Complete Set of Documents

- (1) The client shall make sure that all documents required for the execution of the contract be placed in good time and without special request at the disposal of the person entitled to exercise the profession and that he/she be informed of all events and circumstances which may be of significance for the execution of the contract. This shall also apply to documents, events and circumstances which become known only after the person entitled to exercise the profession has commenced his/her work.
- (2) The client shall confirm in writing that all documents submitted, all information provided and explanations given in the context of audits, expert opinions and expert services are complete. This statement may be made on the forms specifically designed for this purpose.
- (3) If the client fails to disclose considerable risks in connection with the preparation of annual financial statements and other statements, the contractor shall not be obliged to render any compensation in this respect.

### 4. Maintenance of Independence

- (1) The client shall be obliged to take all measures to make sure that the independence of the employees of the person entitled to exercise the profession be maintained and shall refrain from jeopardizing their independence in any way. In particular, this shall apply to offers of employment and to offers to accept contracts on their own account.
- (2) **The client consents that their personal details, meaning their name and the type and scope of the services, including the performance period, agreed between the professional practitioner and the client (both audit and non-audit services), shall be handled within the information network (network), to which the professional practitioner belongs, and for this purpose transferred to the other members of the information network (network) including abroad (a list of all recipients of communications shall be sent to the client at their request by the commissioned professional practitioner) for the purpose of examination of the existence of grounds of bias or grounds for exclusion within the meaning of Sections 271 et seq. of the Company Code (UGB). For this purpose the client expressly releases the professional practitioner in accordance with the Data Protection Act and in accordance with Section 91 Subsection 4 Clause 2 of the Auditing, Tax Advising and Related Professions Act (WTBG) from their obligation to maintain secrecy. Moreover, the client acknowledges in this regard that in states which are not EU members a lower level of data protection than in the EU may prevail. The client can revoke this consent at any time in writing to the professional practitioner.**

### 5. Reporting Requirements

- (1) In the absence of an agreement to the contrary, a written report shall be drawn up in the case of audits and expert opinions.

(2) All information and opinions of the person entitled to exercise the profession and his employees shall only be binding provided they are set down or confirmed in writing. Written opinions shall only be those on which there is a company signature. Written opinions shall in no circumstances be information sent electronically, specifically not via e-mail.

(3) Transmission errors cannot be excluded when information and data is transmitted electronically. The person entitled to exercise the profession and his employees shall not be liable for losses which arise as a result of electronic transmission. Electronic transmission shall be exclusively at the client's risk. The client is aware that confidentiality is not guaranteed when the Internet is used. Furthermore, amendments or supplements to documents transmitted shall only be permissible subject to explicit approval.

(4) Receipt and forwarding of information to the person entitled to exercise the profession and his employees are not always guaranteed when the telephone is used, in particular in conjunction with automatic telephone answering systems, fax, e-mail and other electronic means of communication. As a result, instructions and important information shall only be deemed to have been received by the person entitled to exercise the profession provided they are also received in writing, unless explicit confirmation of receipt is provided in individual instances. Automatic confirmation that items have been transmitted and read shall not as such constitute explicit confirmations of receipt. This shall apply in particular to the transmission of decisions and other information relating to deadlines. As a result, critical and important notifications must be sent to the person entitled to exercise the profession by post or courier. Delivery of documents to employees outside the firm's offices shall not count as delivery.

(5) The client agrees to being sent recurrent general tax law and general commercial law information by the person entitled to exercise the profession via electronic means. This shall not apply to unsolicited information in accordance with § 107 of the Austrian Telecommunications Act (TKG).

#### 6. Protection of Intellectual Property of the Person Entitled to Exercise the Profession

(1) The client shall be obliged to ensure that reports, expert opinions, organizational plans, drafts, drawings, calculations and the like, issued by the person entitled to exercise the profession, be used only for the purpose specified in the contract (e.g. pursuant to Section 44 Para. 3 Austrian Income Tax Act 1988). Furthermore, professional statements passed on by the client orally or in writing made by the person entitled to exercise the profession may be passed on to a third party for use only with the written consent of the person entitled to exercise the profession.

(2) The use of professional statements passed on by the client orally or in writing made by the person entitled to exercise the profession for promotional purposes shall not be permitted; a violation of this provision shall give the person entitled to exercise the profession the right to terminate without notice to the client all contracts not yet executed.

(3) The person entitled to exercise the profession shall retain the copyright on his/her work. Permission to use the work shall be subject to the written consent by the person entitled to exercise the profession.

#### 7. Correction of Errors

(1) The person entitled to exercise the profession shall have the right and shall be obliged to correct all errors and inaccuracies in his/her professional statement passed on by the client orally or in writing which subsequently come to light and shall be obliged to inform the client thereof without delay. He/she shall also have the right to inform a third party acquainted with the original statement of the change.

(2) The client has the right to have all errors corrected free of charge, if the contractor can be held responsible for them; this right will expire six months after completion of the services rendered by the person entitled to exercise the profession and/or – in cases where a written statement has not been delivered – six months after the person entitled to exercise the profession has completed the work that gives cause to complaint.

(3) If the contractor fails to correct errors which have come to light, the client shall have the right to demand a reduction in price. The extent to which additional claims for damages can be asserted is stipulated under Point 8.

#### 8. Liability

(1) The person entitled to exercise the profession shall only be liable for violating intentionally or by gross negligence the contractual duties and obligations entered into.

(2) In cases of gross negligence, the maximum liability for damages due from the appointed person entitled to exercise the profession is tenfold the minimum insurance sum of the professional liability insurance

according to Section 11 of the Act on Professions in the Field of Public Accounting (WTBG) in the currently valid version.

(3) Any action for damages may only be brought within six months after those entitled to assert a claim have gained knowledge of the damage, but not later than three years after the occurrence of the (primary) loss following the incident upon which the claim is based, unless other statutory limitation periods are laid down in other legal provisions.

(4) Should Section 275 of the Austrian Business Enterprise Code (Commercial Code, UGB) be mandatorily applicable, the liability provisions pursuant to Section 275 shall apply where these represent mandatory law, even in cases where several persons have participated in the execution of the contract or where several activities requiring compensation have taken place, irrespective of whether other participants have acted with intent.

(5) In cases where a formal audit certificate is issued, the applicable limitation period shall commence at the latest at the time of issue of said audit certificate.

(6) If activities are carried out by enlisting the services of a third party, e.g. a data-processing company, and the client is informed thereof, any warranty claims and claims for damages which arise against the third party according to law and in accordance with the conditions of the third party, shall be deemed as having been passed on to the client. The person entitled to exercise the profession shall only be liable for fault in choosing the third party.

(7) The person entitled to exercise the profession shall not be liable to a third party, if his/her professional statements are passed on by the client orally or in writing without the approval or knowledge of the person entitled to exercise the profession.

(8) The above provisions shall apply not only vis-à-vis the client but also vis-à-vis third parties, if the person entitled to exercise the profession, in exceptional cases, should be liable for his/her work. In any case, a third party cannot raise any claims that go beyond any claim raised by the client. The maximum sum of liability shall be valid only once for all parties injured, including the compensation claims of the client, even if several persons (the client and a third party or several third parties) have been wronged; the claims of the aggrieved parties shall be satisfied in the order in which the claims have been raised.

#### 9. Secrecy, Data Protection

(1) According to Section 91 WTBG the person entitled to exercise the profession shall be obliged to maintain secrecy in all matters that become known to him/her in connection with his work for the client, unless the client releases him/her from this duty or he/she is bound by law to deliver a statement.

(2) The person entitled to exercise the profession shall be permitted to hand on reports, expert opinions and other written statements pertaining to the results of his/her services to third parties only with the permission of the client, unless he/she is required to do so by law.

(3) The person entitled to exercise the profession is authorized to process personal data entrusted to him/her within the framework of the purpose of the contract or to have them processed by a third party according to Point 8 Item 6. The person entitled to exercise the profession shall guarantee that according to Section 15 of the Data Protection Act secrecy be maintained. According to Section 11 of the Data Protection Act the material made available to the person entitled to exercise the profession (data carrier, data, control numbers, analyses and programs) as well as all results obtained as a result of the work provided shall be returned to the client, unless the client has requested in writing that the material and/or results be transferred to a third party. The person entitled to exercise the profession shall be obliged to take measures to ensure that the client can meet his/her obligation to provide information according to Section 26 of the Data Protection Act. The client's instructions required for this purpose shall be given in writing to the person entitled to exercise the profession. Unless a fee has been negotiated for providing such information, the client shall be charged only the actual efforts undertaken. The client shall meet his/her obligation to provide information to those concerned and/or to register in the data processing register, unless the contrary has been explicitly agreed in writing.

#### 10. Termination

(1) Unless otherwise agreed in writing or stipulated by force of law, either contractual partner shall have the right to terminate the contract at any time with immediate effect. The fee shall be calculated according to Point 12.

(2) However, a continuing agreement (even with a flat fee) – always to be presumed in case of doubt – may, without good reason (cf. Section 88 Item 4 WTBG), only be terminated at the end of the calendar month by observing a period of notice of three months, unless otherwise agreed in writing.

(3) Except for cases listed in Item 5, in case of termination of a continuing agreement only those tasks shall be part of the list of jobs to be completed and finished that can be completed fully or to the largest part within the period of notice, with financial statements and annual income tax returns being deemed to be subject to successful completion within two months calculated from the balance sheet date. In this case the above-mentioned jobs actually have to be completed within a reasonable period of time, if all documents and records required are provided without delay and if no good reason within the meaning of Section 88 Paragraph 4 WTBG is cited.

(4) In case of a termination according to Item 2 the client shall be informed in writing within one month which assignments at the time of termination are considered to be part of the work to be completed.

(5) If the client is not informed within this period about the assignments still to be carried out, the continuing agreement shall be deemed terminated upon completion of the tasks under way at the date when the notice of termination is served.

(6) Should it happen that in case of a continuing agreement as defined under Items 2 and 3 – for whatever reason – more than two similar jobs which are usually completed only once a year (e.g. financial statements or annual tax returns etc.) are to be completed, any such jobs exceeding this number shall be regarded as assignments to be completed only with the client's explicit consent. If applicable, the client shall be informed of this explicitly in the statement pursuant to Item 4.

#### 11. Default in Acceptance and Failure to Cooperate on the part of the Client

If the client defaults on acceptance of the services rendered by the person entitled to exercise the profession or fails to carry out a task incumbent on him/her either according to Point 3 or imposed on him/her in another way, the person entitled to exercise the profession shall have the right to terminate the contract without prior notice. His/her fees shall be calculated according to Point 12. Default in acceptance or failure to cooperate on the part of the client shall also justify a claim for compensation made by the person entitled to exercise the profession for the extra time and labor hereby expended as well as for the damage caused, if the person entitled to exercise the profession does not invoke his/her right to terminate the contract.

#### 12. Entitlement to Fee

(1) If the contract fails to be executed (e.g. due to termination), the person entitled to exercise the profession shall be entitled to the negotiated fee, provided he/she was prepared to render the services and was prevented from so doing by circumstances caused by the client (Section 1168 of the Civil Code (ABGB)); in this case the person entitled to exercise the profession need not deduct the amount he/she obtained or could have obtained through alternative use of his/her own professional services or those of his/her employees.

(2) If the client fails to cooperate and the assignment cannot be carried out because of lack of cooperation, person entitled to exercise the profession shall also have the right to set a reasonable grace period on the understanding that, if this grace period expires without results, the contract shall be deemed cancelled and the consequences indicated in Item 1) shall apply.

(3) If the person entitled to exercise the profession terminates the contract without good reason and at an inopportune moment, he/she shall compensate the client for the damage caused according to Point 8.

(4) If the client – having been made aware of the legal situation – agrees that the person entitled to exercise the profession duly completes the task, the work shall be completed accordingly.

#### 13. Fee

(1) Unless the parties agreed that the services would be rendered free of charge or unless explicitly stipulated otherwise, an appropriate remuneration in accordance with Sections 1004 and 1152 of the Austrian Civil Code (ABGB) is due. Unless a different agreement has demonstrably been reached, payments by the client shall in all cases be credited against the oldest debt. The claim for remuneration by the person entitled to exercise the profession is based upon an agreement concluded between him/her and the principal involved.

(2) Proper understanding between the person entitled to exercise the profession and their principals is most effectively achieved by clearly expressed remuneration agreements.

(3) The smallest service unit which may be charged is a quarter of an hour.

(4) Travel time to the extent required is also charged in most cases.

(5) Study of documents which, in terms of their nature and extent, may prove necessary for preparation of the person entitled to exercise the profession in his/her own office may also be charged as a special item

(6) Should a remuneration already agreed upon prove inadequate as a result of the subsequent occurrence of special circumstances or special requirements of the principal, additional negotiations for the agreement of a more suitable remuneration are usual. This also usually applies where inadequate fixed sum remunerations are concerned.

(7) Persons entitled to exercise the profession also include charges for supplementary costs and value-added (turnover) tax in addition to the above.

(8) Supplementary costs also include documented or flatrate cash expenses, travelling expenses (first class for train journeys, sleeping car (wagon lits) if necessary, dietary requirements, mileage allowance, photocopy costs and similar supplementary costs.

(9) Should particular third party liabilities be involved, the necessary insurance premiums also count as supplementary costs.

(10) Personnel and material expenses for the preparation of reports, expertises and similar documents are also viewed as supplementary costs.

(11) For the execution of a commission wherein mutual conclusion involves several persons entitled to exercise the profession, each of the latter will charge his/her own remuneration.

(12) Remunerations and advance payments required are due immediately after receipt of their written claim should no other agreements exist. Where payments of remuneration are made later than 14 days after the due date, default interest may be charged. Where mutual business transactions are concerned, a default interest rate of 8% above the base rate is agreed upon (Cf. Section 352 of the Austrian Business Enterprise Code (Commercial Code, UGB)).

(13) Time limitation is in accordance with Section 1486 of the Austrian Civil Code (ABGB), starting at the time of conclusion of the service involved or a later rendering of accounts after an appropriate time-limit.

(14) An objection may be raised in writing against bills presented by the appointed trustee up to 4 weeks after the date of presentation. Otherwise the bill is considered as accepted. Filing of a bill in the accounting system of the recipient is also considered as acceptance.

(15) Application of § 934 ABGB (Austrian Civil Code) within the meaning of § 351 Austrian Business Enterprise Code (Commercial Code, UGB), i.e. rescission for laesio enormis (lesion beyond moiety) among entrepreneurs, is hereby renounced.

#### 14. Other Provisions

(1) In addition to the reasonable rate or fee charged, the person entitled to exercise the profession shall have the right to claim reimbursement of expenses. He/she can ask for advance payments and can make delivery of the results of his/her (continued) work dependent on satisfactory fulfillment of his/her demands. In this context reference shall be made to the legal right of retention (Section 471 of the Civil Code (ABGB), Section 369 of the Austrian Business Enterprise Code (Commercial Code, UGB)). If the right of retention is wrongfully exercised, the person entitled to exercise the profession shall be liable only in case of gross negligence up to the outstanding amount of his/her fee. As regards standing orders, the provision of further services may be denied until payment of previous services has been effected. This shall analogously apply if services are rendered in installments and fee installments are outstanding.

(2) After all the data to be archived, which has been prepared by the public accountant and tax advisor, has been delivered to the client or to the succeeding public accountant and tax advisor, the person entitled to exercise the profession shall be entitled to delete the data in question.

(3) With the exception of obvious essential errors, a complaint concerning the work of the person entitled to exercise the profession shall not justify the retention of remuneration owed in accordance with Item 1.

(4) Offsetting the remuneration claims made by the person entitled to exercise the profession in accordance with Item 1 shall only be permitted, if the demands are uncontested and legally valid.

(5) At the request and expense of the client, the person entitled to exercise the profession shall hand over all documents received from the client within the scope of his/her activities. However, this shall not apply to correspondence between the person entitled to exercise the profession and his/her client, to original documents in his/her possession or to

documents which have to be kept in accordance with the directive on money laundering. The person entitled to exercise the profession may make or retain copies or duplicates of the documents to be returned to the client. The client shall be obliged to bear these expenses in so far as these copies or duplicates may be required as a proof of the orderly execution of all professional duties by the person entitled to exercise the profession.

(6) In the event of termination of the contract, the contractor shall be entitled to charge an appropriate fee for further queries after termination of the contract and for granting access to the relevant information about the audited company.

(7) The client shall fetch the documents handed over to the person entitled to exercise the profession within three months after the work has been completed. If the client fails to do so, the person entitled to exercise the profession shall have the right to return them to the client at the cost of the client or to charge safe custody charges, if the person entitled to exercise the profession can prove that he/she has asked the client twice to pick up the documents handed over.

(8) The person entitled to exercise the profession shall have the right to compensation of any fees that are due by use of any available deposited funds, clearing balances, trust funds or other liquid resources at his/her disposal even if these funds are explicitly intended for safe keeping, if the client had to reckon with a counterclaim of the person entitled to exercise the profession.

(9) To safeguard an existing or future fee payable, the person entitled to exercise the profession shall have the right to transfer a balance held by the client with the tax office or another balance held by the client in connection with charges and contributions, to a trust account. In this case the client shall be informed about the transfer. Subsequently, the amount secured may be collected either after agreement has been reached with the client or after enforceability by execution has been declared.

#### 15. Applicable Law, Place of Performance, Jurisdiction

(1) The contract, its execution and the claims resulting from it shall be exclusively governed by Austrian law.

(2) The place of performance shall be the place of business of the person entitled to exercise the profession.

(3) In case of disputes, the court of the place of performance shall be the competent court.

#### 16. Supplementary Provisions for Audits

(1) For statutory audits of financial statements which are carried out in order to issue a formal audit certificate (e.g. Section 268 and the following sections of the Company Code), the purpose of the contract, unless otherwise agreed to in writing, shall not be to investigate whether regulations concerning tax laws or specific regulations, e.g. price fixing, restriction of competition and foreign exchange regulations have been adhered to. Neither shall the purpose of the statutory audit of financial statements be to investigate whether the business is run in an economical, efficient and expedient manner. Within the framework of a statutory audit of a financial statement there shall be no obligation to detect the falsification of accounts or other irregularities.

(2) When a qualified or unqualified audit certificate is issued within the scope of a statutory audit of the annual financial statement, the audit certificate issued shall be appropriate for the respective type of business organization.

(3) If financial statements are published together with the audit certificate, they shall only be published in the form confirmed or explicitly permitted by the auditor.

(4) If the auditor revokes his/her audit certificate, the further use thereof shall no longer be permitted. If the financial statements have been published with the audit certificate, the revocation thereof shall also be published.

(5) For other statutory and voluntary audits of financial statements as well as for other audits, the above principles shall apply accordingly.

#### 17. Supplementary Provisions concerning the Preparation of Annual Financial Statements and Other Financial Statements, Consultation and Other Services to be Provided within the Framework of a Contract for the Rendering of Services

(1) The person entitled to exercise the profession, when performing the aforementioned activities, shall be justified in accepting information provided by the client, in particular figures, as correct. However, he/she is

obliged to inform the client of any errors identified by him/her. The client shall present the person entitled to exercise the profession with all important documents required for keeping deadlines, in particular tax assessment notices, in good time so as to ensure that the person entitled to exercise the profession has a reasonable amount of time, but not less than one week, to process the information.

(2) In the absence of written agreements to the contrary, consultation shall consist of the following activities:

- a) preparing annual tax returns for income tax and corporate tax as well as value-added tax (VAT) on the basis of the financial statements and other documents and papers required for taxation purposes and to be submitted by the client or prepared by the contractor.
- b) examining the tax assessment notices for the tax returns mentioned under a).
- c) negotiating with the fiscal authorities in connection with the tax returns and notices mentioned under a) and b).
- d) participating in external tax audits and assessing the results of external tax audits with regard to the taxes mentioned under a).
- e) participating in appeal procedures with regard to the taxes mentioned under a). If the person entitled to exercise the profession receives a flat fee for regular tax consultation, in the absence of written agreements to the contrary, the activities mentioned under d) and e) shall be invoiced separately.

(3) Particular matters pertaining to income tax, corporate tax and ratable value tax return as well as all matters relating to value-added tax, withholding tax on salaries and wages and other taxes and duties shall only be prepared on the basis of a specific contract. This shall also apply to

- a) processing non-recurring matters pertaining to tax, e.g. inheritance tax, capital transfer tax, land transfer tax,
- b) the defense and consultation in penal procedures relating to the taxes mentioned,
- c) providing consultation and expert opinions in matters pertaining to the foundation, restructuring, merger, capital increase and decrease, and reorganization of a company, entry and retirement of a shareholder or partner, sale of a business, winding up, management consultancy and other activities according to Sections 3 to 5 of the Act on Professions in the Field of Public Accounting (WTBG).
- d) the preparation of applications to the Register of Companies in connection with annual financial statements, including the keeping of records required.

(4) Provided the preparation of the annual value added tax return is part of the contract accepted, this shall not include the examination of any particular accounting conditions nor the examination of whether all relevant value added tax concessions have been utilized, unless the person entitled to exercise the profession can prove that he/she has been commissioned accordingly.

(5) The aforementioned paragraphs shall not apply to services requiring particular expertise provided by an expert.

#### SECTION II 18. Scope

The General Conditions of Contract in Section II shall apply to contracts for the rendering of services in the field of bookkeeping, payroll accounting and the administration and assessment of payroll-related taxes and contributions.

#### 19. Scope and Execution of Contract

(1) Reference shall be made to Items 3 and 4 of the Preamble.

(2) The person entitled to exercise the profession shall be justified in regarding information and documents presented to him/her by the client, in particular figures, as correct and complete and in using them as a basis for accounting. The person entitled to exercise the profession shall not be obliged to identify errors, unless he/she has been specifically instructed to do so in writing. However, if errors are identified, he/she shall inform the client thereof.

(3) If a flat fee has been negotiated for the activities mentioned in Point 18, in the absence of written agreements to the contrary, representation in matters concerning all types of tax audits and audits of payroll-related taxes and social security contributions including settlements concerning tax assessments and the basis for contributions, preparation of reports, appeals and the like shall be invoiced separately.

(4) Particular individual services in connection with the services mentioned in Point 18, in particular ascertaining whether the requirements for statutory social security contributions are met, shall be dealt with only

on the basis of a specific contract and shall be treated according to Section I or Section III of the General Conditions of Contract.

(5) Any application submitted to authorities (e.g. tax office, social insurance institution) electronically, shall be regarded as neither signed by the person entitled to exercise the profession nor by the person authorized to transmit the application.

#### 20. Client's Duty to Cooperate

The client shall make sure that all information and documents required for bookkeeping, payroll accounting and administration and assessment of payroll-related taxes and contributions be placed at the disposal of the person entitled to exercise the profession on an agreed date without his/her specific request.

#### 21. Termination

(1) Unless otherwise agreed to in writing, either contractual partner may terminate the contract at the end of each month with three months' notice without giving a particular reason.

(2) If the client repeatedly fails to fulfill his/her duties according to Point 20, the person entitled to exercise the profession shall have the right to terminate the contract immediately without prior notice.

(3) If the person entitled to exercise the profession delays in rendering services due to reasons for which he/she is solely responsible, the client shall have the right to terminate the contract immediately without prior notice.

(4) In case of a termination of the contractual relationship only those assignments shall be considered part of the contract which the contractor is already working on or major parts of which can be completed within the period of notice and which are notified to the client within one month.

#### 22. Fee and Entitlement to Fee

(1) Unless otherwise agreed to in writing, the fee shall be considered agreed upon for one year at a time.

(2) If the contract is terminated pursuant to Point 21 Item 2 the person entitled to exercise the profession shall have the right to the full fee negotiated for three months. This shall also apply if the client fails to observe the period of notice.

(3) If the contract is terminated pursuant to Point 21 Item 3, the person entitled to exercise the profession shall only have the right to the fee corresponding to the services rendered up to this point, provided they are of value to the client.

(4) If a flat fee has not been negotiated, the fee shall be calculated pursuant to Item 2 according to the monthly average of the current year of contract until termination.

(5) Unless the parties agreed that the services would be rendered free of charge or unless explicitly stipulated otherwise, an appropriate remuneration in accordance with Sections 1004 and 1152 of the Austrian Civil Code (ABGB) is due. Unless a different agreement has demonstrably been reached, payments by the client shall in all cases be credited against the oldest debt. The claim for remuneration by the person entitled to exercise the profession is based upon an agreement concluded between him/her and the principal involved. Furthermore, the basics standardized under section 13 apply.

(6) Application of § 934 ABGB (Austrian Civil Code) within the meaning of § 351 Austrian Business Enterprise Code (Commercial Code, UGB), i.e. rescission for *laesio enormis* (lesion beyond moiety) among entrepreneurs, is hereby renounced.

#### 23. Other Provisions

In all other cases, the provisions of Section I of the General Conditions of Contract shall apply accordingly.

### SECTION III

#### 24. Scope

(1) The General Conditions of Contract in Section III shall apply to all contracts not mentioned in the previous sections, which are not to be regarded as contracts for rendering services and are not related to the contracts mentioned in the previous sections.

(2) In particular, Section III of the General Conditions of Contract shall apply to contracts concerning the non-recurring participation in negotiations, to services as an agent in matters pertaining to insolvency, to contracts concerning non-recurring interventions and the handling of the

individual matters mentioned in Point 17 Item 3 in the absence of a continuing agreement.

#### 25. Scope and Execution of Contract

(1) Reference shall be made to Items 3 and 4 of the Preamble.

(2) The person entitled to exercise the profession shall be justified in regarding and obliged to regard information and documents presented to him/her by the client, in particular figures, as correct and complete. In case of penal procedures he/she shall protect the rights of the client.

(3) The person entitled to exercise the profession shall not be obliged to identify errors, unless he/she has been specifically instructed to so in writing. However, if he/she identifies errors, the client shall be informed accordingly.

#### 26. Client's Duty to Cooperate

The client shall make sure that all the necessary information and documents be placed at the disposal of the person entitled to exercise the profession in good time and without his/her special request.

#### 27. Termination

Unless otherwise agreed to in writing or stipulated by force of law, either contractual party shall have the right to terminate the contract at any time with immediate effect (Section 1020 of the Civil Code (ABGB)).

#### 28. Fee and Entitlement to Fee

(1) Unless the parties agreed that the services would be rendered free of charge or unless explicitly stipulated otherwise, an appropriate remuneration in accordance with Sections 1004 and 1152 of the Austrian Civil Code (ABGB) is due. Unless a different agreement has demonstrably been reached, payments by the client shall in all cases be credited against the oldest debt. The claim for remuneration by the person entitled to exercise the profession is based upon an agreement concluded between him/her and the principal involved. Furthermore, the basics standardized under section 13 apply.

(2) In the event of termination the fee shall be calculated according to the services rendered up to this point, provided they are of value to the client.

(3) Application of § 934 ABGB (Austrian Civil Code) within the meaning of § 351 Austrian Business Enterprise Code (Commercial Code, UGB), i.e. rescission for *laesio enormis* (lesion beyond moiety) among entrepreneurs, is hereby renounced.

#### 29. Other Provisions

The reference in Point 23 to provisions in Section I shall apply accordingly.

### SECTION IV

#### 30. Scope

The Conditions of Contract of Section IV shall only apply to consumer business in accordance with the Consumer Act (Federal Law of March 8, 1979/Federal Law Gazette No. 140 as amended).

#### 31. Supplementary Provisions for Consumer Transactions

(1) Contracts between persons entitled to exercise the profession and consumers shall fall under the obligatory provisions of the Consumer Act.

(2) The person entitled to exercise the profession shall only be liable for the deliberate and gross negligent violation of the obligations assumed.

(3) Contrary to the limitation laid down in Point 8 Item 2 of the General Conditions of Contract, the duty to compensate on the part of the person entitled to exercise the profession shall not be limited in case of gross negligence.

(4) Point 8 Item 3 of the General Conditions of Contract (asserting claims for damages within a certain period) shall not apply.

(5) Right of Withdrawal according to Section 3 of the Consumer Protection Act

If the consumer has not made his/her contract statement in the office usually used by the person entitled to exercise his/her profession, he/she may withdraw from the contract application or the contract proper. This withdrawal may be declared until the contract has been concluded or within one week after its conclusion; the period commences as soon as a

document has been handed over to the consumer which contains at least the name and the address of the person entitled to exercise the profession as well as instructions on the right to revoke the contract, but no earlier than the conclusion of the contract.

The consumer shall not have the right to withdraw from the contract,

1. if the consumer himself/herself established the business relationship concerning the conclusion of this contract with the person entitled to exercise the profession or his/her agent,

2. if the conclusion of the contract has not been preceded by any talks between the parties involved or their agents or

3. in case of contracts where the mutual services have to be provided immediately, if the contracts are usually concluded outside the offices of the persons entitled to exercise the profession, and the fee agreed upon does not exceed €15.

In order to become legally effective, the revocation shall be declared in writing. It is sufficient if the consumer returns a document that contains his/her contract declaration or that of the person entitled to exercise the profession to the person entitled to exercise the profession with a note which reveals that the consumer rejects the conclusion or the maintenance of the contract. It is sufficient if this declaration is dispatched within a week.

If the consumer withdraws from the contract according to Section 3 of the Consumer Act,

1. the person entitled to exercise the profession shall return all benefits received, including all statutory interest, calculated from the day of receipt, and to compensate the consumer for all necessary and useful expenses incurred in this matter,

2. the consumer shall pay for the value of the services rendered by the person entitled to exercise the profession as far as they are of a clear and predominant benefit to him/her.

According to Section 4 Paragraph 3 of the Consumer Act claims for damages shall remain unaffected.

#### (6) Cost Estimates according to Section 5 of the Consumer Act

The consumer shall pay for the preparation of a cost estimate in accordance with Section 1170a of the Austrian Civil Code by the person entitled to exercise the profession only, if this payment obligation has been notified to the consumer beforehand.

If the contract is based on a cost estimate prepared by the person entitled to exercise the profession, its correctness shall be deemed warranted as long as the opposite has not been explicitly declared.

#### (7) Correction of Errors: Supplement to Point 7

If the person entitled to exercise the profession is obliged according to Section 932 of the Austrian Civil Code to improve or complement his/her services, he/she shall execute this duty at the place where the matter was transferred to him/her. If it is in the interest of the consumer to have the work and the documents returned by the person entitled to exercise the profession, the consumer may carry out this transfer at his/her own risk and expense.

#### (8) Jurisdiction: Instead of Point 15 Item 3:

If the domicile or the usual residence of the consumer is within the country or if he/she is employed within the country, in case of an action against him/her according to Sections 88, 89, 93 Paragraph 2 and 104 Paragraph 1 JN the jurisdiction of a court shall depend on the district where the consumer has his domicile, usual residence or place of employment.

#### (9) Contracts on Recurring Services

(a) Contracts which oblige the person entitled to exercise the profession to render services and the consumer to effect repeated payments and which have been concluded for an indefinite period or a period exceeding one year, may be terminated by the consumer at the end of the first year, and after the first year at the end of every six months, by adhering to a two-month period of notice.

(b) If the total work is regarded as a service that cannot be divided on account of its character, the extent and price of which is determined already at the conclusion of the contract, the first date of termination may be postponed until the second year has expired. In case of such contracts the period of notice may be extended to a maximum of six months.

(c) If the execution of a certain contract indicated in lit.a) 1 requires considerable expenses on the part of the person entitled to exercise the profession and if he/she informed the consumer about this not later than when the contract was concluded, reasonable dates of termination and periods of notice which deviate from lit.a) and b) and which fit the respective circumstances may be agreed.

(d) If the consumer terminates the contract without complying with the period of notice, the termination shall become effective at the next termination date which follows the expiry of the period of notice.