

H A M M E R & A S S O C I A T E S

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**Report
About the Audit of the
Annual Financial Statement as of 31st March 2013**

NIIT Technologies GmbH
An der Dammheide 10

60486 Frankfurt am Main

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General Terms of Engagement for German Public Auditors and Auditing
Firms from 1st January 2002

List of Abbreviations ¹

BiMoG	Bilanzrechtsmodernisierungsgesetz = German Accounting Law Modernisation Act of 25 th May 2009
BGB	Bürgerliches Gesetzbuch = German Civil Code
CHF	Swiss Francs
EGHGB	Introductory Act to the Commercial Code
EStG	Einkommensteuergesetz = Income Tax Act
EUR	Euro
GmbH	Limited Liability Company
GmbHG	German Limited Liability Company Act
GuV	Gewinn- und Verlustrechnung = Profit and Loss Statement
HGB	Handelsgesetzbuch = Commercial Code
HR	Handelsregister = Trade Register
IDW	Institut der Wirtschaftsprüfer in Deutschland e. V., Düsseldorf = Association of auditors in Germany, located in Düsseldorf
IDW PS 400	IDW Prüfungsstandard = IDW Examination Standard: Principles of the correct wording of auditor's reports in audits (Version of 12 th December 2012)
IDW PS 450	IDW Prüfungsstandard = IDW Examination Standard: Generally accepted reporting principles for audits of Annual Financial Statement (Version of 1 th March 2012)
IKS	Internes Kontrollsystem = Internal Control System
PoC	Percentage-of-Completion
TCHF	Thousand Swiss Francs
TEUR	Thousand Euros
TUS-\$	Thousand American Dollars
UmwG	Umwandlungsgesetz = German Transformation Act
UR-Nr.	Urkundenrollen-Nummer = Notarial Register Number

¹ Translator's note: Abbreviations not occurring in the English version have been omitted.

I. Audit Assignment

The General Assembly of 12th December 2012 of the company

NIIT Technologies GmbH, Stuttgart
(hereinafter also referred to as "Company")

chose us to be their auditors according to s.318 paragraph 1 HGB for the business year from 1st April 2012 to 31st March 2013. Thereupon, the executive board of the company engaged us to examine the **Annual Financial Statement of 31st March 2013** under inclusion of the accounting records in accordant application of s.316 and 317 HGB, and to submit a written report on the results of our examination. Our letter of acceptance dated 24th January 2013 has been signed by the executive board.

According to the size parameters described in s.267(1) HGB, the company is classified as a **small company limited by shares** and therefore, according to s.316 seqq. HGB, the company is under **no obligation to have an audit done**.

As the company has undergone the audit voluntarily, the examination report has been addressed to the examined company itself.

There is no legal obligation to set up **Consolidated Accounts** and a **Group Management Report** for the member group of the company, as it does not fulfil the size criteria defined in s.293 HGB.

We confirm pursuant to s.321(4)(a) HGB that we have observed the applicable regulations on independence when we were doing this audit.

The following report also includes details on the method and extent of our examination, as well as on its results. The report has been prepared according to the generally accepted reporting principles for audits of annual financial statements (IDW PS 450).

The execution of the audit and its results have been described in detail in **Parts II and III**. The unqualified auditor's opinion issued subsequent to the audit can be found in **Part IV**.

We have enclosed to our report the audited Annual Financial Report, consisting of the Balance Sheet (**Schedule 1**), the Profit and Loss Statement (**Schedule 2**) and the Annex (**Schedule 3**). **Schedule 4** includes the assignment of the unqualified auditor's opinion.

The execution of the engagement and our responsibilities – also in relation to third parties – was based on the “General Terms of Engagement for Public Auditors and Auditing Firms from 1st January 2002”, as agreed on and added as an **Schedule** to this report.

II. Subject, Method and Extent of the Audit

Subject of our examination were the **bookkeeping** and the **annual financial statement as of 31st March 2013** (Schedules 1 to 3) as well as the compliance with the applicable German legal regulations for accounting and the supplementary provisions of the articles of incorporation.

The assessment of the method and the appropriateness of the **insurance cover**, particularly whether the company has taken in consideration all risks and insured them in a sufficient manner, was not subject of the annual audit.

The **responsibility** for the correctness of the bookkeeping and the annual financial statement as well as for the information presented to us is with the executive board. Our task was to assess the documentation presented by the executive board in the frame of our dutiful examination.

We have executed the **auditing procedures** – with interruptions – in the month of April 2013 in the office rooms of the company in Monheim and in our office. After that, we have completed the audit report.

Starting point for our examination was the **annual financial statement of the previous year as of 31st March 2012**, which we had examined and provided with an unqualified auditor's opinion on 19th April 2012. That annual financial statement was approved without any changes on 12th December 2012.

The **audited documents** were the accounting records, receipts, bank certificates as well as the company's files and correspondence.

During the **execution of our audit**, we followed the provisions of the commercial law pursuant to s.316 seqq. HGB and the **generally accepted auditing principles** laid down in the Examination Standards of the IDW. The goal of our auditing procedures was to enable us to assess the legitimacy and correctness of the accounting. As for the method and extent of the auditing procedures, we have chosen the examined areas and organisation means of the accounting system under consideration of their economic significance in such a way that we would be able to disclose any false claims and violations of legal regulations – however, without specifically searching for any case of embezzlement - that could significantly affect the accurate presentation of the actual situation with regard to the company's assets, finances and earnings.

It was **neither** subject of our engagement to disclose and examine criminal actions, such as misappropriation or embezzlement, or criminal actions outside of the accounting field, nor to

assess the efficiency and economy of the executive board. However, we have planned and performed the examination in such a way that we could disclose any irregularities significant for the accounting with sufficient reliability. The **responsibility for avoiding and for disclosing irregularities** is with the legal representatives of the company.

The examination was based on the **planning** of where the main emphasis should be placed throughout the examination under consideration of our preliminary assessment of the company and of the estimated effectiveness of the internal accounting control system (IKS). The estimates were mainly based on information about the legal and economic frame conditions. We were familiar with the risks of the industry, the corporate strategy and the resulting business risks from the examination of previous year's annual financial statement, from conversations with the executive board and with employees of the company, and from industry reports.

According to the risk areas determined in the course of the planning of the examination, we chose to place the **main emphasis of the examination** on:

- Review of the leasing contracts classified as "finance lease";
- Provisions;
- Intrinsic value of claims;
- Going concern.

Starting out from an assessment of IKS, we then determined the further **auditing procedures** after the principles of significance and economy. The method and extent of the analytical auditing procedures as well as the random examinations of individual cases were therefore determined under consideration of the significance of the examined areas and the organisation of the accounting. We have made selected spot checks which took into account the economic significance of the individual items of the annual financial statement and enabled us to examine whether the legal regulations for accounting had been sufficiently complied with.

We have performed mainly the **auditing procedures** listed below:

- We have checked the additions and deductions of the **tangible fixed assets** and the **intangible assets** by means of the original invoices as well as the depreciation rates.
- We have checked the intrinsic value of **shares as well as of loans to affiliated companies** by means of the annual financial statement 2012 / 2013 as well as by examining the affiliated companies' business plans for 2013 / 2014.

- We have verified the actual existence of the **trade accounts payable and receivable** by random requests for presentation of proof showing the current balances. Further, we have checked their intrinsic value by comparing them with the open accounts at the time of the audit.
- **Accounts payable and accounts receivable** were verified by means of the original documents. The valuation was checked. Set-off accounts with affiliated companies were compared with each other.
- The **liquid funds** were verified by means of cash registers and bank account statements. Bank confirmations were obtained for the period up to 31st March 2013.
- The **accruals and deferrals** were made by entering the income and expense records into the books already in the course of the year. We have checked the calculation of the monthly amount. Within the frame of the plausibility check of the Profit and Loss Statement we examined whether there is a need for further adjustments.
- In the **area of the reserves**, we have viewed the relevant documents and checked the mathematical calculations. We have consulted lawyers.
- We have checked the **Profit and Loss Statement** for its plausibility, correct delimitation of the year, completeness and documentation. We have requested and viewed individual documents.
- We have checked the **Notes** for their completeness and compliance with the Balance Sheet as well as with the Profit and Loss Statement.

We have documented the method, extent and results of the individual auditing procedures in our **exposure drafts**.

The executive board and the employees assigned to support us were always ready and helpful to provide us with any **information, explanations and evidence** requested.

The executive board confirmed in writing, in the appropriate **letter of representation as customary within our profession** that the accounting records and the examined annual financial statement as of 31st March 2013 include all assets, liabilities, risks and adjustments which need to be considered in a Balance Sheet, as well as all income and expenses, and that all necessary information had been given and all existing liabilities had been disclosed.

III. Findings and Explanations to the Accounting

1. CORRECTNESS OF ACCOUNTING

1.1. ACCOUNTING RECORDS AND OTHER EXAMINED DOCUMENTATION

Our audit was based on the company's **accounting** (financial accounting and asset management accounting).

The company enters the figures after the principle of double entry financial accounting using internal EDP equipment based on the programme SAP R/3 by the company SAP AG.

The company prepares the **asset management accounting and the payroll administration** and processes the figures by means of the programmes supplied by SAP AG or, respectively, DATEV.

The **internal accounting control system (IKS)** which the company has established is based on regulations appropriate to the purpose and extent of the business and provides efficient control of the organisation and performance of work procedures.

The **organisation of the accounting** and the internal control system based on the dates of invoicing, allow a complete, correct, timely and orderly registration and entry of all business operations. The **account plan** is sufficiently structured, the **evidence files** are laid out clearly and easy to find. The books had been started correctly with the figures from the previous annual balance which we had checked. For the whole period of the business year, the bookkeeping has complied with the generally accepted accounting principles.

The information derived from **other examined documentation** (e.g. cost accounting, planning accounting, organisational regulations, and reporting) supported an orderly reflection of the company's situation in the accounting records and the Annual Financial Statement.

In the course of the audit, we have not found any signs of weak points in the **IT-supported areas** with regard to the security of the processed data.

Altogether, based on our findings, we believe that **the accounting records and other examined documentation** comply with the legal regulations, including the generally accepted accounting principles and the supplementary provisions of the articles of incorporation.

1.2. ANNUAL FINANCIAL STATEMENT

On the reporting date, the company is to be classified as a **small company limited by shares** within the meaning of s.267(1) HGB. The annual financial statement as of 31st March 2013 has been set up in accordance to the applicable legal regulations, including the regulations specific to the legal structure of the company and the supplementary provisions of the articles of incorporation.

The company has made partial use of the **easements** depending on the company size when setting up the annual financial statement (s.274a, 276 and 288 HGB).

The Balance Sheet and the Profit and Loss Statement have been properly based on the accounting records and the other examined documentation. The structure of the **Balance Sheet (Schedule 1)** follows the scheme after s.266(2) and (3) HGB. The **Profit and Loss Statement (Schedule 2)** has been set up after the procedures of total costs according to s.275(2) HGB. As far as the law allows **choices for the presentation** of the Balance Sheet or the Profit and Loss Statement, the respective explanations have been mostly given in the Annex.

In the **Annex (Schedule 3)**, the company has sufficiently explained the balancing and valuation methods used for the set-up of the Balance Sheet and the Profit and Loss Statement. All legally required individual details as well as the optional information in the Annex regarding the Balance Sheet as well as the Profit and Loss Statement, are complete and correct.

Therefore, according to our findings, the annual financial statement complies with the legal regulations, including the generally accepted accounting principles and the supplementary provisions of the articles of incorporation.

1.3. MANAGEMENT REPORT

The preparation of a management report has been waived of pursuant to s.264(1.4) HGB.

2. OVERALL RESULT OF THE ANNUAL FINANCIAL STATEMENT

2.1. NOTES ON THE OVERALL RESULTS OF THE ANNUAL FINANCIAL STATEMENT

According to s.321(2.3) HGB, the audit shall state whether the **overall annual financial statement** has been prepared in accordance to the generally accepted accounting principles and whether it reflects the actual situation of the assets, finances and income situation of the company. What is to be assessed is the overall picture presented by the combination of the individual components, which are the Balance Sheet, the Profit and Loss Statement as well as the Annex.

Our examination has shown that **s.264(2) HGB** has been complied with, and that the annual financial statement has been prepared in accordance to the generally accepted accounting principles and accurately reflects the actual situation of the assets, finances and income of the company.

Part 2.2. explains how the general interpretation of the annual financial statement “in accordance to the generally accepted accounting principles” is influenced by legitimate decisions concerning the balancing and the valuation.

2.2. SIGNIFICANT FEATURES FOR THE ASSESSMENT

1. Handling of Leasing Agreements

From the report year 2008 / 2009 on, new leasing agreements are classified, according to the guidelines of the parent company, as either:

- Finance lease; or
- Operating lease.

Correspondingly - in essence, also with the fiscal leasing enactments - leasing agreements are classified as **finance lease** if this condition is present:

- All and any risks and titles of the proprietor have been transferred to the lessor.

The leasing object is capitalised and depreciated. At the same time, a liability of the same amount is entered on the liabilities side. The leasing payments are divided in an interest and repayment portion. Per 31st March 2013, **no** agreements were capitalised. The leasing liabilities were valued at TEUR 0 on 31st March 2013. In the business year 2012 / 2013, **no** new leasing agreements classified as finance lease were entered into.

2. Deferred Taxes

The company has exercised the accounting option of s.274 (1.2) HGB and has capitalised deferred taxes from tax reliefs from tax loss carry-forwards in the amount of the loss account to be expected for the next five years. This results in a payout block in the amount of the capitalised deferred taxes of 66,214.44 Euros.

IV. Rendition of the Auditor's Report and Conclusion

I have prepared the above report about the audit of the annual financial statement as of 31st March 2013 of the NIIT Technologies GmbH, Frankfurt am Main, in accordance with the legal regulations and the generally accepted reporting principles for audits of financial statements (IDW PS 450).

According to the final result of my examination, I have provided the company with an unqualified audit opinion on 16th April 2013, according to **Schedule 4**, with this wording:

"Auditor's Report

To NIIT Technologies GmbH, Frankfurt am Main

I have audited the annual financial statement – consisting of the Balance Sheet, the Profit and Loss Statement and the Annex - under inclusion of the accounting records of NIIT Technologies GmbH, Frankfurt am Main, for the business year from 1st April 2012 to 31st March 2013. The correctness of the accounting records and the set-up of the annual financial statement according to the regulations of the German commercial law and the supplementary provisions of the articles of incorporation are the responsibility of the legal representatives of the company. My task is it to express an opinion on the Annual Financial Statement, under inclusion of the accounting records, based on the audit which I have performed.

I have performed my audit of the annual financial statement in accordance to s.317 HGB under consideration of the German Standards of Auditing Practice for Annual Financial Statements, published by the Institute of German Public Auditors and Auditing Firms (IDW). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Financial Statement is free of material misstatement and the violation of legal provisions which may influence the presentation of a company's situation with regard to its assets, finances and earnings, as shown in the annual financial statement under observation of the generally accepted accounting principles. With regard to the choice of the auditing procedures, the auditor needs to consider the type of the business and the economic and legal environment of the company as well as the expectations with regard to possible mistakes. Within the frame of the examination, the auditor assesses the effectiveness of the internal accounting control system as well as the accuracy of the information presented in the accounting records and the Annual Financial Statement, which is done predominantly on the basis of spot-checks. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of

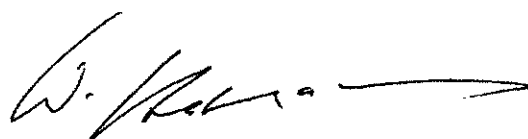
the Annual Financial Statement. I believe that my audit provides a reasonable basis for my opinion.

My examination has not led to any objections.

In my opinion, based on the findings during the audit, the annual financial statement complies with the legal provisions and the supplementary provisions of the articles of incorporation, has been set up in compliance to the generally accepted accounting principles, and presents fairly, in all material respects, the financial position of the company with regard to its assets, finances and earnings."

Any utilisation of the above audit opinion outside of this audit report required my prior approval. Any publication or distribution of the Financial Report in a version different from the version we have certified (including translations into other languages) is subject to another approval of mine if my audit opinion is quoted therein or if it refers to my audit; reference is made to s.328 HGB.

Baden-Baden, on 16th April 2013



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(Wolfgang Hammer)
Public Auditor

Schedules

BALANCE SHEET

ASSETS

	31.03.2013 EUR	31.03.2013 EUR	31.03.2012 EUR
A. FIXED ASSETS			
I. Intangible assets			
1. Industrial property rights and similar rights and privileges as well as licenses based on such rights and values	15.333,33		24.309,13
2. Goodwill of the business	<u>30.065,18</u>		<u>47.245,26</u>
II. Tangible assets		45.398,51	71.554,39
1. Other assets, fixtures and fittings		26.979,50	25.366,01
III. Financial assets			
1. Shares in affiliate companies		158.500,48	158.500,48
B. CURRENT ASSETS			
I. Accounts receivable and other assets			
1. Trade accounts receivable	708.899,92		728.552,57
2. Claims against affiliated companies	62.763,39		136.489,97
3. Other assets	<u>72.890,54</u>		<u>24.091,29</u>
		844.553,85	889.133,83
II. Cash balance, bank deposits		1.121.686,21	681.047,52
C. ACCOUNT ADJUSTMENTS		133.211,36	155.731,07
D. CAPITALISED DEFERRED TAXES		66.214,44	163.194,08
		2,396,544.35	2,144,527.38

PER 31st MARCH 2013

LIABILITIES

	31.03.2013 EUR	31.03.2013 EUR	31.03.2012 EUR
A. EQUITY			
I. Subscribed capital	537,900.00		537,900.00
II. Capital reserves	682,330.60		682,330.60
III. Balance loss	<u>./. 561,974.08</u>		<u>./. 764,848.25</u>
		658,256.52	455,382.35
B. RESERVES			
1. Other reserves		288,536.28	280,133.31
C. LIABILITIES			
1. Trade accounts payable			
	45,264.36		61,676.54
2. Liabilities to affiliated companies			
	585,003.34		798,508.90
3. Other liabilities	<u>26,608.08</u>		<u>86,380.46</u>
thereof taxes: EUR 26,608.08		656,875.78	946,565.90
(previous year: EUR 86,380.46)			
thereof for social security payments			
EUR 0.00 (previous year: EUR 0.00)			
D. ACCRUALS AND DEFERRALS		792,875.77	462,445.82
		<u>2,396,544.35</u>	<u>2,144,527.38</u>

Profit and Loss Statement
for the period from 1st April 2012 to 31st March 2013

	01.04.2012 - 31.03.2013 EUR	01.04.2011 - 31.03.2012 EUR
1. <u>Sales revenue</u>	5,089,948.52	3,794,780.42
2. <u>Other business income</u>	228,219.09	258,348.44
	5,318,167.61	4,053,128.86
3. <u>Material expenditures</u>		
a) Expenses for received services	./.	./.
	2,576,656.18	1,815,058.90
4. <u>Gross result</u>	2,741,511.43	2,238,069.96
5. <u>Expenses for staff</u>		
a) Wages and salaries	./.	./.
	1,400,693.76	1,290,174.18
b) Social contributions and payments for old-age pension insurance and for support; thereof for old-age pension EUR 6,798.27 (Previous year: EUR 11,238.27))	./.	./.
	222,588.55	186,010.49
6. <u>Depreciation</u>		
a) On intangible fixed assets and tangible assets	./.	./.
	38,913.11	38,546.32
7. <u>Other business expenses</u>	./.	./.
	768,594.03	903,642.31
8. <u>Result from business operation</u>	./.	./.
	310,721.98	180,303.34
9. <u>Earned interest and similar income</u>	962.24	2,405.10
10. <u>Paid interest and similar expenses</u>	./.	./.
	326.22	2,407.85
11. <u>Financial result</u>	636.02	2.75
12. <u>Result from ordinary business operation</u>	./.	./.
	311,358.00	180,306.09
13. <u>Taxes on income and profit</u>	108,483.83	179,375.06
Thereof deferred taxes EUR ./.	96,979.64	
(Previous year: EUR 163,194.08)		
14. <u>Annual surplus / annual deficit</u>	./.	./.
	202,874.17	931.03
15. <u>Loss carried forward from the previous year</u>	./.	./.
	764,848.25	763,917.22
16. <u>Balance Loss</u>	./.	./.
	561,974.08	764,848.25

Annex for the Business Year 2012 / 2013

S.284 HGB seqq.

A. General Information

1. The **annual financial statement** has been set up based on the legal regulations after s.238 seqq. HGB.
2. The **supplementary regulations** for publicly listed companies after s.264 HGB seqq. have been adhered to. At the reporting date, the company has a size classifying it as a **small company limited by shares** according to s.267 paragraph 1 HGB. The company has made partly use of the size-dependent easements after s.288 HGB.

B. Information on the Balancing and Valuation Methods

3. The **applied balancing and valuation methods** are, by principle, based on the regulations of the commercial law and, as far as possible, of the tax law. This applies to the following principles and methods:

Assets

4. The **intangible assets as well as the tangible assets** are valued with their original cost of acquisition or production and are, if they are subject to wear and tear, reduced by the **scheduled depreciation** rate in accordance to their useful life. The useful life of the individual assets is estimated on the basis of the minimum values in the depreciation tables used for fiscal purposes, unless the expected useful life differs. The **goodwill value of the business** is depreciated according to its assumed term of use of 15 years; this corresponds to the probable period of the utilisation of services.
5. All assets are depreciated linearly. The depreciation of additions to the tangible assets is calculated month by month, starting with the month of the addition.

6. The **financial assets** have been also calculated with their cost of acquisition and, in the case of continuous reduction of their value, reduced by the rate of depreciation.
7. **Accounts receivable and other assets** are, by principle, shown with their nominal value. To already recognisable risks, the accounting responds with adjustments of individual values.
8. The **liquid funds** have been given with their nominal value.
9. The **accruals and deferrals on the asset side** include prepayments for future periods delimited pro rata temporis.
10. The item **capitalised deferred taxes** includes tax reliefs from tax loss carry-forwards in the amount of the expected loss account for the next five years.

Liabilities

11. The **tax reserves and other reserves** have been reasonably considered with recognisable risks and uncertain liabilities as well as possibly impending losses from pending transactions in mind. They have been established with their appropriate settlement amounts as necessary after reasonable economic assessment (i.e. including future increases of cost and prices).
12. All the **liabilities** have been given with their settlement rates.
13. The **accruals and deferrals on the liabilities side** include received prepayments on delimited pro rata temporis.

Leasing Liabilities

14. Payments under leasing agreements are generally recognised as expenses. Leasing agreements classified as **finance lease** are entered on the assets side and, at the same time, a leasing liability is entered on the liabilities side. The asset is depreciated according to its time of use. The leasing payments are split up in a repayment portion and an interest portion.

Asset and Liability Items

15. **Assets and liabilities in foreign currencies** are, by principle, converted according to the mean spot foreign exchange rate on the balance date. If the remaining period is more than one year, the realisation principle - s.252(1)(4) HGB - and the historical cost principle – s.253(1) HGB – are being observed.

C. Information on the Balance Sheet

16. The **Balance Sheet** is structured in account form according to s.266 (2) and (3) HGB.
17. The development of the fixed assets in the business year 2012 / 2013 is illustrated in the **Table of Assets** - s.268(2) HGB. It has been enclosed hereto as Schedule 3.5.
18. The **share ownership** of the company NIIT Technologies GmbH, Stuttgart, is shown below:

Affiliated Companies	Currency	Capital Share in %	Equity in TSD	Annual Result in TSD
Abroad				
NIIT Technologies AG, Lucerne/ Switzerland	CHF	100.0	468	./321

19. The **claims against affiliated companies** are trade accounts receivable.
20. The accounted **capitalised deferred taxes** in the amount of TEUR 66 result from deferred tax claims of losses carried forward. The assessment of deferred tax is based on a corporation-specific tax rate of 33.05 %. Corporate tax including the solidarity surcharge has been accounted for with 15.825 % and trade tax with 17.225 %.
21. The **balance loss** includes losses carried forward from the previous year of TEUR ./ 765 (previous year: losses carried forward TEUR ./ 764).

22. A **profit payout block** results from capitalisation in accordance with s.268 (8) HGB in the below amount.
From activation of deferred taxes: EUR 66,214.44
23. The **other reserves** are mainly for liabilities resulting from pending invoices, holiday claims, incentive payments, contributions to the employers' liability insurance association and auditing costs.
24. The **liabilities** include liabilities with a remaining period of up to one year in an amount of TEUR 657 (previous year: TEUR 946). The **liabilities to affiliated companies** are trade accounts payable. The liabilities to affiliated companies in the amount of TEUR 585 (previous year: TEUR 774) are **liabilities to shareholders**.
25. The **other financial obligations** within the meaning of s.285(3) HGB as of 31st March 2013 amount to TEUR 125 (previous year: TEUR 118) for the upcoming business year. For the business years after that, the financial obligations amount to TEUR 251 (previous year: TEUR 108).

D. Information on the Profit and Loss Statement

26. The **Profit and Loss Statement** has been set up according to s.275(2) HGB after the total cost procedure. Beside this, the company does not balance expenditures against earnings.

E. Other Mandatory Information

27. On the average, the company employed
19 employees (previous year: 19)
throughout the business year.

27. Throughout the past business year, the executive board was represented by:

Mr Arvind Thakur - Chairman of the Executive Board of NIIT
Technologies Limited, New Delhi/India

Mr Ashok Kumar Talwar - Merchant

28. The company's annual financial statement will be incorporated in the Group's Consolidated Annual Financial Statements of NIIT Technologies Limited, New Delhi/India (parent company) as of 31st March 2013 (smallest and largest consolidation circle). The Group's Consolidated Annual Financial Statements are published in India in the Companies Register of New Delhi as well as on the website NIIT.com.

Stuttgart, on 15th April 2013

The Executive Board

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Arvind Thakur

Table of Assets as of 31st March 2013

	Purchase/ Production Cost	Additions Deductions *	Adjusting Entries	Accumulated Depreciation	Depreciation/ Ap- preciation	Book Value	Book Value
	01.04.2012 EUR	2012/ 2013 EUR	2012/ 2013 EUR	31.03.2013 EUR	from 01/04/2012 to 31/03/2013 EUR	31/03/2013 EUR	31/03/2012 EUR
I. Intangible assets							
1. Industrial property rights and similar rights and privileges as well as licenses based on these rights and values	92,649.67	./. 37,281.05	0.00	40,035.29	8,311.77	15,333.33	24,309.13
2. Goodwill of the business	257,737.57	0.00	0.00	227,672.39	17,180.08	30,065.18	47,245.26
	350,387.24	./. 37,281.05	0.00	267,707.68	25,491.85	45,398.51	71,554.39
II. Tangible assets							
1. Other assets, fixtures and fittings	375,141.45	16,651.50 ./. 264,777.92	0.00	100,035.53	13,421.26	26,979.50	25,366.01
	375,141.45	16,651.50 ./. 264,777.92	0.00	100,035.53	13,421.26	26,979.50	25,366.01
III. Financial assets							
1. Shares in affiliated companies	158,500.48	0.00	0.00	0.00	0.00	158,500.48	158,500.48
	158,500.48	0.00	0.00	0.00	0.00	158,500.48	158,500.48
	884,029.17	16,651.50 ./. 302,058.97	0.00	367,743.21	38,913.11	230,878.49	255,420.88

Auditor's Report and Opinion

To NIIT Technologies GmbH, Frankfurt am Main:

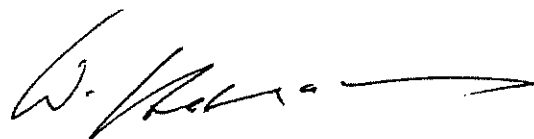
I have audited the annual financial statement – consisting of the Balance Sheet, the Profit and Loss Statement and the Annex - under inclusion of the accounting records of NIIT Technologies GmbH, Frankfurt am Main, for the business year from 1st April 2012 to 31st March 2013. The correctness of the accounting records and the set-up of the annual financial statement according to the regulations of the German commercial law and the supplementary provisions of the articles of incorporation are the responsibility of the legal representatives of the company. My task is it to express an opinion on the Annual Financial Statement, under inclusion of the accounting records, based on the audit which I have performed.

I have performed my audit of the annual financial statement in accordance to s.317 HGB under consideration of the German Standards of Auditing Practice for Annual Financial Statements, published by the Institute of German Public Auditors and Auditing Firms (IDW). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Financial Statement is free of material misstatement and the violation of legal provisions which may influence the presentation of a company's situation with regard to its assets, finances and earnings, as shown in the annual financial statement under observation of the generally accepted accounting principles. With regard to the choice of the auditing procedures, the auditor needs to consider the type of the business and the economic and legal environment of the company as well as the expectations with regard to possible mistakes. Within the frame of the examination, the auditor assesses the effectiveness of the internal accounting control system as well as the accuracy of the information presented in the accounting records and the Annual Financial Statement, which is done predominantly on the basis of spot-checks. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Annual Financial Statement. I believe that my audit provides a reasonable basis for my opinion.

My examination has not led to any objections.

In my opinion, based on the findings during the audit, the annual financial statement complies with the legal provisions and the supplementary provisions of the articles of incorporation, has been set up in compliance to the generally accepted accounting principles, and presents fairly, in all material respects, the financial position of the company with regard to its assets, finances and earnings.

Baden-Baden, on 16th April 2013

A handwritten signature in black ink, appearing to read 'W. Hammer', with a long horizontal stroke extending to the right.

.....
(Wolfgang Hammer)
Public Auditor

General Engagement Terms

for
Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften
[German Public Auditors and Public Audit Firms]
as of January 1, 2002

This is an English translation of the German text, which is the sole authoritative version

1. Scope

(1) These engagement terms are applicable to contracts between Wirtschaftsprüfer [German Public Auditors] or Wirtschaftsprüfungsgesellschaften [German Public Audit Firms] (hereinafter collectively referred to as the "Wirtschaftsprüfer") and their clients for audits, consulting and other engagements to the extent that something else has not been expressly agreed to in writing or is not compulsory due to legal requirements.

(2) If, in an individual case, as an exception contractual relations have also been established between the Wirtschaftsprüfer and persons other than the client, the provisions of No. 9 below also apply to such third parties.

2. Scope and performance of the engagement

(1) Subject of the Wirtschaftsprüfer's engagement is the performance of agreed services – not a particular economic result. The engagement is performed in accordance with the Grundsätze ordnungsmäßiger Berufsausübung [Standards of Proper Professional Conduct]. The Wirtschaftsprüfer is entitled to use qualified persons to conduct the engagement.

(2) The application of foreign law requires – except for financial attestation engagements – an express written agreement.

(3) The engagement does not extend – to the extent it is not directed thereto – to an examination of the issue of whether the requirements of tax law or special regulations, such as, for example, laws on price controls, laws limiting competition and Bewirtschaftungsrecht [laws controlling certain aspects of specific business operations] were observed; the same applies to the determination as to whether subsidies, allowances or other benefits may be claimed. The performance of an engagement encompasses auditing procedures aimed at the detection of the defalcation of books and records and other irregularities only if during the conduct of audits grounds therefor arise or if this has been expressly agreed to in writing.

(4) If the legal position changes subsequent to the issuance of the final professional statement, the Wirtschaftsprüfer is not obliged to inform the client of changes or any consequences resulting therefrom.

3. The client's duty to inform

(1) The client must ensure that the Wirtschaftsprüfer – even without his special request – is provided, on a timely basis, with all supporting documents and records required for and is informed of all events and circumstances which may be significant to the performance of the engagement. This also applies to those supporting documents and records, events and circumstances which first become known during the Wirtschaftsprüfer's work.

(2) Upon the Wirtschaftsprüfer's request, the client must confirm in a written statement drafted by the Wirtschaftsprüfer that the supporting documents and records and the information and explanations provided are complete.

4. Ensuring independence

The client guarantees to refrain from everything which may endanger the independence of the Wirtschaftsprüfer's staff. This particularly applies to offers of employment and offers to undertake engagements on one's own account.

5. Reporting and verbal information

If the Wirtschaftsprüfer is required to present the results of his work in writing, only that written presentation is authoritative. For audit engagements the long-form report should be submitted in writing to the extent that nothing else has been agreed to. Verbal statements and information provided by the Wirtschaftsprüfer's staff beyond the engagement agreed to are never binding.

6. Protection of the Wirtschaftsprüfer's intellectual property

The client guarantees that expert opinions, organizational charts, drafts, sketches, schedules and calculations – especially quantity and cost computations – prepared by the Wirtschaftsprüfer within the scope of the engagement will be used only for his own purposes.

7. Transmission of the Wirtschaftsprüfer's professional statement

(1) The transmission of a Wirtschaftsprüfer's professional statements (long-form reports, expert opinions and the like) to a third party requires the Wirtschaftsprüfer's written consent to the extent that the permission to transmit to a certain third party does not result from the engagement terms.

The Wirtschaftsprüfer is liable (within the limits of No. 9) towards third parties only if the prerequisites of the first sentence are given.

(2) The use of the Wirtschaftsprüfer's professional statements for promotional purposes is not permitted; an infringement entitles the Wirtschaftsprüfer to immediately cancel all engagements not yet conducted for the client.

8. Correction of deficiencies

(1) Where there are deficiencies, the client is entitled to subsequent fulfillment [of the contract]. The client may demand a reduction in fees or the cancellation of the contract only for the failure to subsequently fulfill [the contract]; if the engagement was awarded by a person carrying on a commercial business as part of that commercial business, a government-owned legal person under public law or a special government-owned fund under public law, the client may demand the cancellation of the contract only if the services rendered are of no interest to him due to the failure to subsequently fulfill [the contract]. No. 9 applies to the extent that claims for damages exist beyond this.

(2) The client must assert his claim for the correction of deficiencies in writing without delay. Claims pursuant to the first paragraph not arising from an intentional tort cease to be enforceable one year after the commencement of the statutory time limit for enforcement.

(3) Obvious deficiencies, such as typing and arithmetical errors and formelle Mängel [deficiencies associated with technicalities] contained in a Wirtschaftsprüfer's professional statements (long-form reports, expert opinions and the like) may be corrected – and also be applicable versus third parties – by the Wirtschaftsprüfer at any time. Errors which may call into question the conclusions contained in the Wirtschaftsprüfer's professional statements entitle the Wirtschaftsprüfer to withdraw – also versus third parties – such statements. In the cases noted the Wirtschaftsprüfer should first hear the client, if possible.

9. Liability

(1) *The liability limitation of § ["Article"] 323 (2) ["paragraph 2"] HGB ["Handelsgesetzbuch"; German Commercial Code] applies to statutory audits required by law.*

(2) *Liability for negligence; An individual case of damages*

If neither No. 1 is applicable nor a regulation exists in an individual case, pursuant to § 54a (1) no. 2 WPO ["Wirtschaftsprüferordnung": Law regulating the Profession of Wirtschaftsprüfer] the liability of the Wirtschaftsprüfer for claims of compensatory damages of any kind – except for damages resulting from injury to life, body or health – for an individual case of damages resulting from negligence is limited to € 4 million; this also applies if liability to a person other than the client should be established. An individual case of damages also exists in relation to a uniform damage arising from a number of breaches of duty. The individual case of damages encompasses all consequences from a breach of duty without taking into account whether the damages occurred in one year or in a number of successive years. In this case multiple acts or omissions of acts based on a similar source of error or on a source of error of an equivalent nature are deemed to be a uniform breach of duty if the matters in question are legally or economically connected to one another. In this event the claim against the Wirtschaftsprüfer is limited to € 5 million. The limitation to the fivefold of the minimum amount insured does not apply to compulsory audits required by law.

(3) *Preclusive deadlines*

A compensatory damages claim may only be lodged within a preclusive deadline of one year of the rightful claimant having become aware of the damage and of the event giving rise to the claim – at the very latest, however, within 5 years subsequent to the event giving rise to the claim. The claim expires if legal action is not taken within a six month deadline subsequent to the written refusal of acceptance of the indemnity and the client was informed of this consequence. The right to assert the bar of the preclusive deadline remains unaffected. Sentences 1 to 3 also apply to legally required audits with statutory liability limits.

10. Supplementary provisions for audit engagements

(1) A subsequent amendment or abridgement of the financial statements or management report audited by a Wirtschaftsprüfer and accompanied by an auditor's report requires the written consent of the Wirtschaftsprüfer even if these documents are not published. If the Wirtschaftsprüfer has not issued an auditor's report, a reference to the audit conducted by the Wirtschaftsprüfer in the management report or elsewhere specified for the general public is permitted only with the Wirtschaftsprüfer's written consent and using the wording authorized by him.

(2) If the Wirtschaftsprüfer revokes the auditor's report, it may no longer be used. If the client has already made use of the auditor's report, he must announce its revocation upon the Wirtschaftsprüfer's request.

(3) The client has a right to 5 copies of the long-form report. Additional copies will be charged for separately.

11. Supplementary provisions for assistance with tax matters

(1) When advising on an individual tax issue as well as when furnishing continuous tax advice, the Wirtschaftsprüfer is entitled to assume that the facts provided by the client – especially numerical disclosures – are correct and complete; this also applies to bookkeeping engagements. Nevertheless, he is obliged to inform the client of any errors he has discovered.

(2) The tax consulting engagement does not encompass procedures required to meet deadlines, unless the Wirtschaftsprüfer has explicitly accepted the engagement for this. In this event the client must provide the Wirtschaftsprüfer, on a timely basis, all supporting documents and records – especially tax assessments – material to meeting the deadlines, so that the Wirtschaftsprüfer has an appropriate time period available to work therewith.

(3) In the absence of other written agreements, continuous tax advice encompasses the following work during the contract period:

- a) preparation of annual tax returns for income tax, corporation tax and business tax, as well as net worth tax returns on the basis of the annual financial statements and other schedules and evidence required for tax purposes to be submitted by the client
- b) examination of tax assessments in relation to the taxes mentioned in (a)
- c) negotiations with tax authorities in connection with the returns and assessments mentioned in (a) and (b)
- d) participation in tax audits and evaluation of the results of tax audits with respect to the taxes mentioned in (a)
- e) participation in Einspruchs- und Beschwerdeverfahren [appeals and complaint procedures] with respect to the taxes mentioned in (a).

In the afore-mentioned work the Wirtschaftsprüfer takes material published legal decisions and administrative interpretations into account.

(4) If the Wirtschaftsprüfer receives a fixed fee for continuous tax advice, in the absence of other written agreements the work mentioned under paragraph 3 (d) and (e) will be charged separately.

(5) Services with respect to special individual issues for income tax, corporate tax, business tax, valuation procedures for property and net worth taxation, and net worth tax as well as all issues in relation to sales tax, wages tax, other taxes and dues require a special engagement. This also applies to:

- a) the treatment of nonrecurring tax matters, e. g. in the field of estate tax, capital transactions tax, real estate acquisition tax
- b) participation and representation in proceedings before tax and administrative courts and in criminal proceedings with respect to taxes, and
- c) the granting of advice and work with respect to expert opinions in connection with conversions of legal form, mergers, capital increases and reductions, financial reorganizations, admission and retirement of partners or shareholders, sale of a business, liquidations and the like.

(6) To the extent that the annual sales tax return is accepted as additional work, this does not include the review of any special accounting prerequisites nor of the issue as to whether all potential legal sales tax reductions have been claimed. No guarantee is assumed for the completeness of the supporting documents and records to validate the deduction of the input tax credit.

12. Confidentiality towards third parties and data security

(1) Pursuant to the law the Wirtschaftsprüfer is obliged to treat all facts that he comes to know in connection with his work as confidential, irrespective of whether these concern the client himself or his business associations, unless the client releases him from this obligation.

(2) The Wirtschaftsprüfer may only release long-form reports, expert opinions and other written statements on the results of his work to third parties with the consent of his client.

(3) The Wirtschaftsprüfer is entitled – within the purposes stipulated by the client – to process personal data entrusted to him or allow them to be processed by third parties.

13. Default of acceptance and lack of cooperation on the part of the client

If the client defaults in accepting the services offered by the Wirtschaftsprüfer or if the client does not provide the assistance incumbent on him pursuant to No. 3 or otherwise, the Wirtschaftsprüfer is entitled to cancel the contract immediately. The Wirtschaftsprüfer's right to compensation for additional expenses as well as for damages caused by the default or the lack of assistance is not affected, even if the Wirtschaftsprüfer does not exercise his right to cancel.

14. Remuneration

(1) In addition to his claims for fees or remuneration, the Wirtschaftsprüfer is entitled to reimbursement of his outlays: sales tax will be billed separately. He may claim appropriate advances for remuneration and reimbursement of outlays and make the rendering of his services dependent upon the complete satisfaction of his claims. Multiple clients awarding engagements are jointly and severally liable.

(2) Any set off against the Wirtschaftsprüfer's claims for remuneration and reimbursement of outlays is permitted only for undisputed claims or claims determined to be legally valid.

15. Retention and return of supporting documentation and records

(1) The Wirtschaftsprüfer retains, for seven years, the supporting documents and records in connection with the completion of the engagement – that had been provided to him and that he has prepared himself – as well as the correspondence with respect to the engagement.

(2) After the settlement of his claims arising from the engagement, the Wirtschaftsprüfer, upon the request of the client, must return all supporting documents and records obtained from him or for him by reason of his work on the engagement. This does not, however, apply to correspondence exchanged between the Wirtschaftsprüfer and his client and to any documents of which the client already has the original or a copy. The Wirtschaftsprüfer may prepare and retain copies or photocopies of supporting documents and records which he returns to the client.

16. Applicable law

Only German law applies to the engagement, its conduct and any claims arising therefrom.