

**National Technology  
Solutions (NTS) LLC**

**Financial statements**  
*For the year ended 30 June 2011*

# National Technology Solutions (NTS) LLC

## Financial statements

*For the year ended 30 June 2011*

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**NATIONAL TECHNOLOGY SOLUTIONS (NTS) L.L.C.**

**ABU DHABI - UNITED ARAB EMIRATES**

**DIRECTORS' REPORT**

**THE DIRECTORS** have pleasure in presenting their report and the audited financial statements of the company for the year ended June 30, 2011.

**BUSINESS REVIEW :**

For the year the company has achieved a revenue AED 2,449,357 a gross margin of AED 291,128 at 11.89% of revenue (18 months period ended June 30, 2010 : AED 6,969,775 with a gross margin of AED 1,238,916 at 17.78%). The company incurred a net loss during the year of AED 800,708 (18 months period ended June 30, 2010 : Net loss AED 37,832).

**EVENTS SUBSEQUENT TO BALANCE SHEET DATE :**

Subsequent to the year end the trade name of the company has been hanged to **HCL Infosystems MEA LLC**, Abu Dhabi. There have been no events since June 30, 2011 that would invalidate the financial statements at that date, presented.

**AUDITORS :**

The Auditors, M/s. KPMG have indicated their willingness to continue in office.

The report of the directors approved on September 29, 2011 and signed by:

  
Gopal Shivkumar  
Director



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## **Independent auditors' report**

The Shareholders  
National Technology Solutions (NTS) LLC

### **Report on the financial statements**

We have audited the accompanying financial statements of National Technology Solutions (NTS) LLC ("the Company"), which comprise the statement of financial position as at 30 June 2011, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

### **Management's responsibility for the financial statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 our 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, we consider internal control relevant to the entity'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 entity'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**

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 30 June 2011, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the relevant Articles of the Company and the UAE Federal Law No. 8 of 1984 (as amended).

### **Report on other legal and regulatory requirements**

As required by the UAE Federal Law No. 8 of 1984 (as amended), we further confirm that we have obtained all information and explanations necessary for our audit, that proper financial records have been kept by the Company, and the contents of the Directors' report which relate to these financial statements are in agreement with the Company's financial records. We are not aware of any violation of the above mentioned Law and the Articles of Association having occurred during the year ended 30 June 2011, which may have had a material adverse effect on the business of the Company or its financial position.



**Independent auditors' report (continued)**

**Emphasis of matter**

Without qualifying our opinion above, we refer to note 2 of these financial statements which more fully explains that these financial statements have been prepared on a going concern basis notwithstanding the fact that the Company has incurred a net loss for the year ended 30 June 2011 of AED 800,708 and has net liabilities of AED 2,171,754 as at that date. The continuation of the Company's operations is dependent on future profitable operations, continued financial support from the shareholders and the ability of the Company to generate sufficient cash flows to meet its future obligations. The shareholders have provided an undertaking confirming that they will continue to provide necessary financial support to enable the Company to meet its obligations as these fall due in the foreseeable future.

29 SEP 2011

# National Technology Solutions (NTS) LLC

## Statement of comprehensive income

For the year ended 30 June

	Note	2011 AED	18 month period ended 30 June 2010 AED
Revenue		2,449,358	6,969,775
Cost of sales		(2,158,230)	(5,730,859)
<b>Gross profit</b>		<b>291,128</b>	<b>1,238,916</b>
Personnel cost		(770,549)	(990,519)
Administrative expenses	5	(321,287)	(278,890)
Depreciation		-	(7,339)
<b>Loss for the year / period</b>		<b>(800,708)</b>	<b>(37,832)</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the year / period</b>		<b>(800,708)</b>	<b>(37,832)</b>

The independent auditors' report is set out on pages 2 to 3.

The notes set out on pages 8 to 16 form an integral part of these financial statements.

# National Technology Solutions (NTS) LLC

## Statement of financial position

As at 30 June

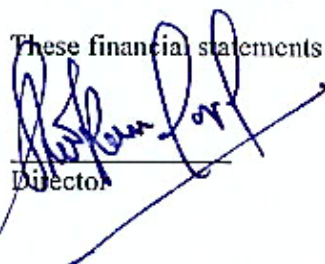
	Note	2011 AED	2010 AED
<b>Current assets</b>			
Trade and other receivables	6	1,306,718	1,653,788
Cash on hand		-	2,000
		<u>1,306,718</u>	<u>1,655,788</u>
<b>Current liabilities</b>			
Other payables		95,004	30,000
Amount due to a related party	7	3,383,468	2,996,834
		<u>3,478,472</u>	<u>3,026,834</u>
<b>Net liabilities</b>		<u>(2,171,754)</u>	<u>(1,371,046)</u>
<b>Represented by:</b>			
Share capital	8	150,000	150,000
Deficit		(2,321,754)	(1,521,046)
		<u>(2,171,754)</u>	<u>(1,371,046)</u>

The independent auditors' report is set out on pages 2 to 3.

29 SEP 2011

The notes set out on pages 8 to 16 form an integral part of these financial statements.

These financial statements were approved by:



Director

# National Technology Solutions (NTS) LLC

## Statement of cash flows

For the year ended 30 June

	2011 AED	18 month period ended 30 June 2010 AED
<b>Cash flows from operating activities</b>		
Net loss for the year / period	(800,708)	(37,832)
<i>Adjustment for:</i>		
Depreciation on property and equipment	-	7,339
	<u>(800,708)</u>	<u>(30,493)</u>
Change in:		
- trade and other receivables	347,070	(936,999)
- other payables	65,004	30,000
- amounts due to a related party	386,634	787,492
	<u>(2,000)</u>	<u>(150,000)</u>
<b>Cash flows from financing activity</b>		
Movement in Shareholders' current account	-	150,000
	<u>-</u>	<u>150,000</u>
<b>Net decrease in cash on hand</b>	<b>(2,000)</b>	-
Cash on hand at the beginning of the year / period	2,000	2,000
<b>Cash on hand at 30 June</b>	<u>-</u>	<u>2,000</u>

The independent auditors' report is set out on pages 2 to 3.

The notes set out on pages 8 to 16 form an integral part of these financial statements.



# National Technology Solutions (NTS) LLC

## Statement of changes in equity

	Share capital AED	Deficit AED	Total AED
At 1 January 2009	150,000	(1,483,214)	(1,333,214)
<i>Comprehensive income for the period</i>			
Loss for the period	-	(37,832)	(37,832)
Other comprehensive income	-	-	-
<i>Total comprehensive income for the period</i>	-	(37,832)	(37,832)
<i>Total transactions with Owners, recorded directly in equity</i>	-	-	-
At 30 June 2010	150,000	(1,521,046)	(1,371,046)
At 1 July 2010	<b>150,000</b>	<b>(1,521,046)</b>	<b>(1,371,046)</b>
<i>Comprehensive income for the year</i>			
Loss for the year	-	(800,708)	(800,708)
Other comprehensive income	-	-	-
<i>Total comprehensive income for the year</i>	-	(800,708)	(800,708)
<i>Total transactions with Owners, recorded directly in equity</i>	-	-	-
At 30 June 2011	<b>150,000</b>	<b>(2,321,754)</b>	<b>(2,171,754)</b>

The notes set out on pages 8 to 16 form an integral part of these financial statements.

# National Technology Solutions (NTS) LLC

## Notes

*(forming an integral part of the financial statements)*

### 1 Reporting entity

National Technology Solutions (NTS) LLC ("the Company") was registered on 20 December 2004 with the Abu Dhabi Chamber of Commerce and Industry. The Company is mainly engaged in the business of trading in computer hardware and accessories, computer system networking and accessories, import, on-shore, off-shore oil and gas field and installation services.

The shareholding structure of the Company is as follows:

Name of the shareholders	Shareholding
Mr Mohamed Abdulla Ahmed Abdul Alkhemairi	51%
Mr Gopal Shivkumar	49%

The shares held by the above stated shareholders are for the beneficial interest of HCL Infosystems MEA FZCO.

### 2 Basis of preparation

#### a) Statement of compliance

These financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRSs") and comply with the relevant Articles of the Company and the UAE Federal Law No. 8 of 1984 (as amended).

#### b) Going concern assumption

These financial statements have been prepared on a going concern basis notwithstanding the fact that the Company has incurred a net loss for the year ended 30 June 2011 of AED 800,708 *(for the 18 month period ended 30 June 2010: AED 37,832)*, and has net liabilities of AED 2,171,754 *(2010: AED 1,371,046)* as at that date. The continuation of the Company's operations is dependent on future profitable operations, continued financial support from the shareholders and the ability of the Company to generate sufficient cash flows to meet its future obligations. The shareholders have provided an undertaking confirming that they will continue to provide necessary financial support to enable the Company to meet its obligations as these fall due in the foreseeable future.

#### c) Basis of measurement

These financial statements have been prepared under the historical cost basis.

#### d) Functional and presentation currency

The financial statements are presented using the UAE Dirham ("AED"), which is the Company's functional currency.

# National Technology Solutions (NTS) LLC

Notes *(continued)*

## **2 Basis of preparation *(continued)***

### **e) Use of estimates and judgments**

The preparation of the financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. In particular, information about significant areas of estimation uncertainty and critical judgments in applying policies that have the most significant effect on the amounts recognized in the financial statements mainly comprise of provision for bad and doubtful debts.

## **3 Significant accounting policies**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

### **Revenue recognition**

Revenue comprises income derived from the sale of computer hardware, software and related accessories, and from the provision of IT solutions. Revenue from sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer and no significant uncertainties remain regarding the derivation of consideration, associated costs or the possible return of goods.

Revenue from services rendered is recognised in profit or loss in proportion to the stage of completion of the transaction at the reporting date.

### **Operating lease**

Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease. Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability.

### **Financial instruments**

#### *Non-derivative financial assets*

The Company initially recognizes loans and receivables on the date that they are originated. All other financial assets are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

# National Technology Solutions (NTS) LLC

Notes *(continued)*

## 3 Significant accounting policies *(continued)*

### Financial instruments *(continued)*

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expires, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability. Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realized the asset and settle the liability simultaneously. The Company has the following non-derivative financial assets:

#### Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses. Loans and receivables comprise trade and other receivables (excluding prepayments).

#### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand.

#### *Non-derivative financial liabilities*

The Company initially recognizes other financial liabilities on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument. The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Company classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

Other financial liabilities comprise trade and other payables (excluding advances) and liabilities to related parties.

# National Technology Solutions (NTS) LLC

## Notes (continued)

### 3 Significant accounting policies (continued)

#### **Impairment**

##### *Financial assets*

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Company, economic conditions that correlate with defaults or the disappearance of an active market for a security.

##### *Non-financial assets*

The carrying amounts of the Company's non-financial assets, other than inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognized if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU.

#### **Provisions**

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

#### **Foreign currency transactions**

Transactions denominated in foreign currencies are translated into AED and recorded at rates of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into AED at exchange rates ruling on the financial position date. Non-monetary assets and liabilities, which are stated at historical cost, are translated into AED at exchange rates ruling on the date of transaction. Realised and unrealised exchange gains and losses have been dealt with in the profit or loss.

# National Technology Solutions (NTS) LLC

Notes *(continued)*

## 3 Significant accounting policies *(continued)*

### **New standard and interpretation not yet effective**

A number of new standards, amendments to standards and interpretation are not yet effective for the year ended 30 June 2011 and have not been applied in preparing these combined financial statements. None of these is expected to have a significant effect on the combined financial statements.

## 4 Financial risk management

The Company has exposure to the following risks from its use of financial instruments:

- credit risk,
- liquidity risk, and
- market risk.

The Board has an overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's management is responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyse the risk faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

### **Credit risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's trade and other receivables.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Company's customer base, including the default risk of the industry and country, in which customers operate, has less of an influence on credit risk. However, geographically there is no concentration of credit risk outside of UAE.

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

### **Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Liquidity risk mainly relates to other payables and amount to a related party. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company maintains adequate reserves, by continuous monitoring, forecast and actual cash flows.

# National Technology Solutions (NTS) LLC

Notes (continued)

## 4 Financial risk management (continued)

### Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

### Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is exposed to foreign currency risk on purchases that are denominated in a currency other than its functional currency primarily the United States Dollars ("USD"). The Company does not hedge the currency risk in respect of its foreign currency exposure.

## 5 Administrative expenses

	2011 AED	18 month period ended 30 June 2010 AED
Legal, professional and other charges	174,248	94,500
Rent	62,578	88,417
Communication	48,932	53,336
Others	35,529	42,637
	<u>321,287</u>	<u>278,890</u>

## 6 Trade and other receivables

	2011 AED	2010 AED
Trade receivables	1,172,005	1,515,757
Prepayments and deposits	134,713	138,031
	<u>1,306,718</u>	<u>1,653,788</u>

# National Technology Solutions (NTS) LLC

Notes (continued)

## 7 Related party transactions

The Company, in the normal course of business, transacts business with other enterprises that fall within the definition of a related party contained in International Accounting Standard 24, based on prices, terms and conditions that are agreed upon by management. The following significant transactions were carried out with related parties during the period:

	2011 AED	2010 AED
Expenses recharged by HCL Infosystems MEA FZCO	<u>1,091,836</u>	<u>1,276,748</u>
	2011 AED	2010 AED
<b>Amount due to a related party</b> HCL Infosystems MEA FZCO	<u>3,383,468</u>	<u>2,996,834</u>

## 8 Share capital

	2011 AED	2010 AED
<i>Authorised, issued and fully paid:</i> 100 shares of AED 1,500 each	<u>150,000</u>	<u>150,000</u>

## 9 Financial instruments

Financial asset of the Company comprise trade and other receivables. Financial liabilities of the Company comprise other payables and amount due to a related party. Accounting policies for financial assets and liabilities are set out in note 3.

The main risks arising from the use of financial instruments are credit risk, liquidity risk and interest rate risk.

### Credit risk

The carrying amount of financial asset represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2011 AED	2010 AED
Trade and other receivables (excluding prepayments)	<u>1,246,005</u>	<u>1,589,757</u>



# National Technology Solutions (NTS) LLC

Notes (continued)

## 9 Financial instruments (continued)

### Credit risk (continued)

The maximum exposure to credit risk at the reporting date by geographical region is concentrated to UAE only. The aging of trade receivables at the reporting date was:

	2011		2010	
	Gross AED	Provision AED	Gross AED	Provision AED
Not past due	-	-	11,645	-
Past due 0-60 days	26,000	-	52,335	-
Past due 61-365 days	1,146,005	-	1,379,299	-
More than 365 days	-	-	72,478	-
	<u>1,172,005</u>	<u>-</u>	<u>1,515,757</u>	<u>-</u>

### Liquidity risk

The following are the contractual maturities of financial liabilities based on contractual undiscounted payments including interest payment and excluding impact of netting:

	Carrying Amount AED	Contractual cash out flows AED	1 year or less AED
<b>30 June 2011</b>			
<b>Non derivative financial liabilities</b>			
Other payables	95,004	95,004	95,004
Amount due to a related party	3,383,468	3,383,468	3,383,468
	<u>3,478,472</u>	<u>3,478,472</u>	<u>3,478,472</u>
<b>30 June 2010</b>			
<b>Non derivative financial liabilities</b>			
Other payables	30,000	30,000	30,000
Amount due to a related party	2,996,834	2,996,834	2,996,834
	<u>3,026,834</u>	<u>3,026,834</u>	<u>3,026,834</u>

# National Technology Solutions (NTS) LLC

## Notes *(continued)*

### **9 Financial instruments *(continued)***

#### **Fair values**

The fair values of the Company's financial assets and financial liabilities approximate their carrying amounts.

#### **Foreign currency risk**

The Company has no significant exposure to foreign currency risk as the transactions are mainly made in AED and US Dollars which is informally pegged at a certain rate. Hence, management does not consider it necessary to cover the Company from foreign currency risk.

### **10 Comparative**

Certain comparative figures have been reclassified, wherever necessary, to confirm to the presentation adopted in these financial statements. The comparatives are not strictly comparable as the prior period numbers are for eighteen month period ended 30 June 2010.

