HCL INSYS PTE. LTD.

(Incorporated in Singapore. Registration Number: 200923568M)

ANNUAL REPORT

For the financial year ended 30 June 2013

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(Incorporated in Singapore)

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DIRECTORS' REPORT

For the financial year ended 30 June 2013

The directors present their report to the shareholder together with the audited financial statements for the financial year ended 30 June 2013.

Directors

The directors in office at the date of this report are as follows:

Sandeep Kanwar
Sundaram Sridharan

Arrangements to enable directors to acquire shares or debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' interests in shares or debentures

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of, the Company or its related corporations, except as follows:

	Holdings registered in the name of director	
	At 30.6.2013	At 1.7.2012
Holding corporation - HCL Infosystems Ltd. (No. of ordinary shares)		
Sandeep Kanwar	9,855	9,855

Directors' contractual benefits

Since the end of the previous financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest, except that certain directors received remuneration as a result of their employment with related corporations.

Share options

No options were granted during the financial year to subscribe for unissued shares of the Company.

No shares were issued during the financial year by virtue of the exercise of option to take up unissued shares of the Company.

There were no unissued shares of the Company under option at the end of the financial year.

Independent auditor

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept the appointment.

Sandeep Kanwar
Director

Sundaram Sridharan
Director

14 NOV 2013

STATEMENT BY DIRECTORS
For the financial year ended 30 June 2013

In the opinion of the directors,

(a) the balance sheet of the Company as set out on pages 6 to 27 are drawn up so as to give a true and fair view of the state of affairs of the Company as at 30 June 2013 and of the results of the business, changes in equity and cash flows of the Company for the financial year then ended; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Sandeep Kanwar
Director

Sundaram Sridharan
Director

14 NOV 2013

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF HCL INSYS PTE. LTD.

Report on the Financial Statements

We have audited the accompanying financial statements of HCL Insys Pte. Ltd. set out on pages 6 to 27, which comprise the balance sheet as at 30 June 2013, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore 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 the auditor's judgement, 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 entity's preparation of financial statements that give a true and fair view 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 qualified audit opinion.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF HCL INSYS PTE. LTD.

Report on the Financial Statements (continued)

Basis for qualified opinion

As discussed in Note 8 to the financial statements, due to changes in the Company's business activities, the Company is currently negotiating with the Economic Development Board ("EDB") for extending the scope of the existing exemption to the profits of the Company's business activities for the financial years ended 30 June 2012 and 30 June 2013. No tax has been provided in the financial statements on the profits of the Company for the financial years ended 30 June 2012 and 30 June 2013, which in our opinion is not in accordance with Singapore Financial Reporting Standards. For the financial year ended 30 June 2013, the tax charge should be US$164,000 (2012: US$168,000) and the profit after tax should be reduced by US$164,000 (2012: US$168,000). Accordingly as at 30 June 2013, the tax provision should be increased by US$332,000 (2012: US$168,000) and the retained profits should be reduced by US$332,000 (2012: US$168,000).

Qualified opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company as at 30 June 2013 and the results, changes in equity and cash flows of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants

Singapore, 14 NOV 2013

HCL INSYS PTE. LTD.

STATEMENT OF COMPREHENSIVE INCOME
For the financial year ended 30 June 2013

	Note	**2013 US$**	2012 US$
Revenue	3	**80,799,013**	82,003,151
Cost of sales	5	**(73,586,435)**	(78,985,766)
Gross profit		**7,212,578**	3,017,385
Other income	4	**271,331**	100,154
Expenses			
- Administrative and distribution	5	**(5,005,122)**	(1,251,833)
- Finance	7	**(266,910)**	(411,958)
- Other	5	**(358,102)**	(143,573)
Profit before income tax		**1,853,775**	1,310,175
Income tax expense	8	**-**	-
Profit after income tax		**1,853,775**	1,310,175
Total comprehensive income		**1,853,775**	1,310,175

The accompanying notes form an integral part of these financial statements.

HCL INSYS PTE. LTD.

BALANCE SHEET
As at 30 June 2013

	Note	2013 US$	2012 US$
ASSETS			
Current assets			
Cash and cash equivalents	9	**3,381,897**	7,656,917
Trade and other receivables	10	**16,085,629**	7,927,294
Inventories	11	**272,169**	5,778
Other current assets	12	**195,537**	75,545
		19,935,232	15,665,534
Non-current assets			
Investment in a subsidiary	13	**7,325,669**	4,336,827
Plant and equipment	14	**439,087**	297,671
Intangible assets	15	**185,617**	-
		7,950,373	4,634,498
Total assets		**27,885,605**	20,300,032
LIABILITIES			
Current liabilities			
Trade and other payables	16	**10,385,838**	13,897,983
Borrowings	17	**5,443,943**	-
Total liabilities		**15,829,781**	13,897,983
NET ASSETS		**12,055,824**	6,402,049
EQUITY			
Share capital	18	**8,271,379**	4,471,379
Retained profits		**3,784,445**	1,930,670
Total equity		**12,055,824**	6,402,049

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the financial year ended 30 June 2013

	Note	Share capital US$	Retained profits US$	Total US$
30 June 2013				
Beginning of financial year		4,471,379	1,930,670	6,402,049
Issuance of ordinary shares	18	3,800,000	-	3,800,000
Total comprehensive income		-	1,853,775	1,853,775
End of financial year		**8,271,379**	**3,784,445**	**12,055,824**
30 June 2012				
Beginning of financial year		4,471,379	620,495	5,091,874
Total comprehensive income		-	1,310,175	1,310,175
End of financial year		4,471,379	1,930,670	6,402,049

The accompanying notes form an integral part of these financial statements.

HCL INSYS PTE. LTD.

STATEMENT OF CASH FLOWS
For the financial year ended 30 June 2013

	2013 US$	2012 US$
Cash flows from operating activities		
Profit after tax	**1,853,775**	1,310,175
Adjustments for:		
- Amortisation of intangible asset	**53,026**	-
- Depreciation of plant and equipment	**160,530**	35,517
- Interest income	**(310,555)**	(100,713)
- Interest expense	**266,910**	411,958
- Plant and equipment written off	-	76,382
- Loss on sale of plant and equipment	-	13,898
	2,023,686	1,747,217
Change in working capital		
- Inventories	**(266,391)**	11,877
- Trade and other receivables	**(8,158,335)**	448,476
- Other current assets	**(119,992)**	(51,210)
- Trade and other payables	**(3,512,145)**	5,318,473
Cash (used in)/generated from operations	**(10,033,177)**	7,474,833
Interest received	**3,461**	-
Net (used in)/cash provided by operating activities	**(10,029,716)**	7,474,833
Cash flows from investing activities		
Proceeds from sale of plant and equipment	-	1,027
Acquisition of a subsidiary	**(2,988,842)**	-
Purchase of plant and equipment	**(301,946)**	(297,112)
Purchase of intangible assets	**(238,643)**	-
Net cash used in investing activities	**(3,529,431)**	(296,085)
Cash flows from financing activities		
Proceeds from issuance of ordinary shares	**3,800,000**	-
Interest received	**307,094**	100,713
Interest paid	**(266,910)**	(411,958)
Proceeds from bank borrowings	**5,443,943**	-
Net cash provided by/(used in) financing activities	**9,284,127**	(311,245)
Net (decrease)/increase in cash and cash equivalents	**(4,275,020)**	6,867,503
Cash and cash equivalents at beginning of financial year	**7,656,917**	789,414
Cash and cash equivalents at end of financial year	**3,381,897**	7,656,917

The accompanying notes form an integral part of these financial statements.

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General information

The Company is incorporated and domiciled in Singapore. The address of its registered office is 1, North Bridge Road, #19-04/05 High Street Centre, Singapore 179094. The address of its principal place of business is The Signature, #09-02, 51 Changi Business Park Central 2, Singapore 486066.

The principal activities of the Company are relating to IT and related activities including manufacturing of laptops, desktops and other related IT products. The principal activities of the subsidiaries are disclosed in Note 13.

2. Significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS"). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of these financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of certain critical accounting estimates and assumptions, as disclosed in Note 8 to the financial statements.

Interpretations and amendments to published standards effective in 2013

On 1 July 2012, the Company adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application from that date. Changes to the Company's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the Company's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

2. **Significant accounting policies** (continued)

2.2 Consolidation

The financial statements are the separate financial statements of the Company. The Company is exempted from the preparation of consolidated financial statements as the Company is a wholly-owned subsidiary of HCL Infosystems Ltd., a company incorporated in India, listed on the Bombay Stock Exchange which publishes consolidated financial statements available for public use. The registered office of HCL Infosystems Ltd. is 806, Siddharth, 96, Nehru Place, New Delhi - 110 019.

2.3 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Company's activities, net of goods and services tax and discounts.

Revenue from sale of goods is recognised when the Company has delivered the products to the customer, the customer has accepted the products and the collectability of the related receivables is reasonably assured.

Service income are recognised in the period in which services are rendered.

Interest income is recognised on a time-proportion basis using the effective interest method.

2.4 Currency translation

The financial statements are presented in United States Dollar, which is the functional currency of the Company.

Transactions in a currency other than United States Dollar ("foreign currency") are translated into United States Dollar using the exchange rates prevailing at the dates of the transactions. Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss.

2.5 Employee compensation

(a) Defined contribution plans

The Company's contributions to defined contribution plans are recognised as employee compensation expense when the contributions are due, unless they can be capitalised as an asset.

2. **Significant accounting policies** (continued)

2.5 Employee compensation (continued)

(b) Employee leaves entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

2.6 Plant and equipment

Plant and equipment are recognised at cost less accumulated depreciation and accumulated impairment losses.

Subsequent expenditure relating to plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Depreciation is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives. The estimated useful lives are as follows:

	Useful lives
Furniture and fittings	4 - 6 years
Electrical equipment	6 years
Computers	3 years
Leasehold improvement	3 years or lease period whichever is lower
Software	Licence period

The residual values, useful lives and depreciation method of plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

On disposal of an item of plant and equipment, the difference between the disposal proceeds and its carrying amount is included in profit or loss.

2.7 Intangible assets

Acquired computer software licences

Acquired computer software licences are initially capitalised at cost which includes the purchase prices (net of any discounts and rebates) and other directly attributable costs of preparing the asset for its intended use. Direct expenditures including employee costs, which enhance or extend the performance of computer software beyond its specifications and which can be reliably measured, are added to the original cost of the software. Costs associated with maintaining the computer software are expensed off when incurred.

2. Significant accounting policies (continued)

2.7 Intangible assets (continued)

Acquired computer software licences (continued)

Computer software licences are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over their estimated useful lives of three years.

The amortisation period and amortisation method of intangible assets (other than goodwill) are reviewed at least at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

2.8 Investment in a subsidiary

Investment in a subsidiary is carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of investment in a subsidiary, the difference between disposal proceeds and the carrying amounts of the investment is recognised in profit or loss.

2.9 Operating lease payments

Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

2.10 Income taxes

Current income tax is recognised at the amount expected to be paid to or recovered from the tax authorities.

Deferred income tax is recognised for all temporary differences except when the deferred income tax arises from initial recognition of an asset or liability and affects neither accounting nor taxable profit or loss at the time of the transaction.

Current and deferred income tax is measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date, and are recognised as income or expenses in profit or loss, except to the extent that the tax arises from a transaction which is recognised directly in equity.

2. Significant accounting policies (continued)

2.11 Impairment of non-financial assets

Plant and equipment and investment in a subsidiary are reviewed for impairment whenever there is any indication that these assets may be impaired.

If the recoverable amount of the asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of accumulated depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in profit or loss.

2.12 Loans and receivables
Cash and cash equivalents
Trade and other receivables
Other current assets (excluding prepayments)

Cash and cash equivalents, trade and other receivables and other current assets (excluding prepayments) are initially recognised at their fair values plus transaction costs and subsequently carried at amortised cost using the effective interest method, less accumulated impairment losses.

The Company assesses at each balance sheet date whether there is objective evidence that these financial assets are impaired and recognises an allowance for impairment when such evidence exists. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

These assets are presented as current assets except for those that are expected to be realised later than 12 months after the balance sheet date, which are presented as non-current assets.

2. **Significant accounting policies** (continued)

2.13 Borrowings

Borrowings are presented as current liabilities unless the Company has an unconditional right to defer settlement for at least 12 months after the balance sheet date.

Borrowings are initially recognised at fair values (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

2.14 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2.15 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the first-in, first-out method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.16 Share capital

Ordinary shares are classified as equity.

2.17 Fair value estimation

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

2.18 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash at bank and on hand and short-term bank deposits.

3. Revenue

	2013 US$	2012 US$
Services of goods	**76,660,030**	82,003,151
Rendering of services	**4,138,983**	-
	80,799,013	82,003,151

4. Other income

	2013 US$	2012 US$
Interest income on discount bills	**310,555**	100,713
Net currency translation losses	**(39,224)**	(559)
	271,331	100,154

5. Expenses by nature

	2013 US$	2012 US$
Purchases of inventories	**73,852,826**	78,973,889
Changes in inventories	**(266,391)**	11,877
Amortisation of intangible asset	**53,026**	-
Depreciation of plant and equipment (Note 14)	**160,530**	35,517
Employee compensation (Note 6)	**3,832,066**	424,767
Professional fees	**98,563**	70,475
Rental expense on operating leases	**190,205**	77,360
Loss on disposal of plant and equipment	**-**	13,898
Bank charges	**478,722**	556,477
Plant and equipment written off	**-**	76,382
Recruitment expenditure	**156,361**	8,604
Repair and maintenance	**35,649**	2,648
Other expenses	**358,102**	143,573
Total cost of sales, administrative and distribution expenses	**78,949,659**	80,381,172

6. Employee compensation

	2013 US$	2012 US$
Wages and salaries	**3,404,178**	371,625
Employer's contribution to Central Provident Fund	**343,471**	23,160
Other benefits	**84,417**	29,982
	3,832,066	424,767

7. Finance expenses

	2013 **US$**	2012 US$
Interest expense on discounting bills	**266,910**	411,958

8. Income taxes

Income tax expense

	2013 **US$**	2012 US$
Tax expense attributable to results is made up of:		
- current income tax	**-**	-

The tax expense on results differs from the amount that would arise using the Singapore standard rate of income tax as follows:

	2013 **US$**	2012 US$
Profit before income tax	**1,853,775**	1,310,175
Tax calculated at a tax rate of 17% (2012: 17%)	**314,861**	222,730
Effects of:		
- Exemption of tax due to pioneer status	**(314,861)**	(222,730)
	-	-

The Company has been granted pioneer status from 1 February 2010 to 31 January 2015 and is exempted from tax on its profit from pioneer activities, deriving from the development and manufacture of laptops during that period.

In June 2012, the Company informed Economic Development Board of Singapore ("EDB") that there were changes to the Company's business plans. The Company considered the manufacturing of laptops (which is one of the terms and conditions under the Pioneer Service Certificate) as not feasible. The EDB indicated that it would like to review the Company's revised business plan before reviewing the terms and conditions and other tax benefits to be provided to the Company.

As of this date, the EDB has not formally communicated to the Company whether there will be any changes to the concessionary tax rate or the terms and conditions under the Pioneer Service Certificate, including whether the Pioneer Service status will be revoked.

The Company has not recorded any tax at 30 June 2013 and 30 June 2012.

9. Cash and cash equivalents

	2013 US$	2012 US$
Cash at bank and on hand	**2,797,949**	7,356,917
Short-term bank deposits	**583,948**	300,000
	3,381,897	7,656,917

The short-term bank deposits mature within 3 months (2012: 2 months) from the financial year end. The effective interest rate of these deposits as at balance sheet date was 0.70% (2012: 0.14%) per annum.

At the balance sheet date, the carrying amounts of cash and cash equivalents approximate their fair value.

Cash and cash equivalents at the balance sheet date are denominated in the following currencies:

	2013 US$	2012 US$
United States Dollar	**2,695,411**	7,640,254
Singapore Dollar	**686,486**	16,663
	3,381,897	7,656,917

10. Trade and other receivables

	2013 US$	2012 US$
Trade receivables from:		
- third parties	**1,769,282**	3,452,393
- holding corporation	**13,316,547**	4,447,134
- related corporations	**564,378**	6,011
	15,650,207	7,905,538
Other receivables from:		
- related corporations	**24,855**	4,243
- a subsidiary	**296,850**	5,872
- third parties	**-**	11,641
Unbilled receivables	**113,717**	-
	16,085,629	7,927,294

The other receivables are unsecured, interest free and repayable on demand.

The carrying amounts of trade and other receivables approximate their fair values.

10. Trade and other receivables (continued)

Trade and other receivables at the balance sheet date are denominated in the following currencies:

	2013	2012
	US$	US$
United States Dollar	**14,948,091**	7,927,294
Singapore Dollar	**1,137,538**	-
	16,085,629	7,927,294

11. Inventories

	2013	2012
	US$	US$
Goods held for resale	**272,169**	5,778

12. Other current assets

	2013	2012
	US$	US$
Deposits	**42,036**	67,191
Prepayments	**153,501**	8,354
	195,537	75,545

The carrying amounts of refundable deposits approximate their fair values.

Refundable deposits at the balance sheet date are denominated in United States Dollar.

13. Investment in a subsidiary

	2013	2012
	US$	US$
Unquoted equity investment, at cost		
Beginning of financial year	**4,336,827**	4,336,827
Acquisitions	**2,988,842**	-
End of financial year	**7,325,669**	4,336,827

13. Investment in a subsidiary (continued)

Details of the subsidiary are as follows:

Held by the Company

Name of company	Principal activities	Country of incorporation and principal place of business	Equity holding 2013 %	Equity holding 2012 %	Cost of investment 2013 US$	Cost of investment 2012 US$
HCL Infosystems MEA FZCO	Developing and trading of software and hardware systems and IT solutions	Dubai, Airport Free Zone	**100**	60	**7,325,669**	4,336,827

Held by subsidiary

Name of company	Principal activities	Country of incorporation and principal place of business	Equity holding 2013 %	Equity holding 2012 %
HCL Infosystems MEA LLC Abu Dhabi	Trading of computer hardware and accessories, computer system networking and accessory trading, import and on-shore, off-shore oil and gas field and installation services	Dubai	49	49
HCL Infosystems LLC Dubai	Trading of computer software, computer and data processing requisites and computer equipment and requisites	Dubai	49	49
HCL Infosystems Qatar WLL	Trading of computers and provision of IT related services	Dubai	49	-

14. Plant and equipment

	Furniture and fittings US$	Electrical equipment US$	Computers US$	Leasehold improvement US$	Software US$	Total US$
2013						
Cost						
Beginning of financial year	37,068	52,170	95,998	95,720	37,583	318,539
Additions	1,976	60,108	217,850	7,036	14,976	301,946
End of financial year	39,044	112,278	313,848	102,756	52,559	620,485
Accumulated depreciation						
Beginning of financial year	3,383	8,288	3,298	4,855	1,044	20,868
Depreciation charge	6,967	16,874	87,667	34,208	14,814	160,530
End of financial year	10,350	25,162	90,965	39,063	15,858	181,398
Net book value at end of financial year	**28,694**	**87,116**	**222,883**	**63,693**	**36,701**	**439,087**

14. Plant and equipment (continued)

	Furniture and fittings US$	Electrical equipment US$	Computers US$	Leasehold improvement US$	Software US$	Total US$
2012						
Cost						
Beginning of financial year	97,267	51,044	18,048	-	-	166,359
Additions	32,926	36,111	94,772	95,720	37,583	297,112
Disposals	(93,125)	(34,985)	(16,822)	-	-	(144,932)
End of financial year	37,068	52,170	95,998	95,720	37,583	318,539
Accumulated depreciation						
Beginning of financial year	21,924	11,668	5,384	-	-	38,976
Depreciation charge	15,106	8,428	6,084	4,855	1,044	35,517
Disposals	(33,647)	(11,808)	(8,170)	-	-	(53,625)
End of financial year	3,383	8,288	3,298	4,855	1,044	20,868
Net book value at end of financial year	33,685	43,882	92,700	90,865	36,539	297,671

15. Intangible assets

	2013 US$	2012 US$
Cost		
Beginning of financial year	-	-
Additions	**238,643**	-
End of financial year	**238,643**	-
Accumulated amortisation		
Beginning of financial year	-	-
Additions	**53,026**	-
End of financial year	**53,026**	-
Net book value at end of financial year	**185,617**	-

16. Trade and other payables

	2013 US$	2012 US$
Trade payables to:		
- related corporation	**29,764**	29,764
- third parties	**9,068,142**	13,204,545
	9,097,906	13,234,309
Other payables to:		
- related corporation	**400,000**	480,033
- third parties	**676,009**	19,417
	10,173,915	13,733,759
Advance received from customer	**19,137**	-
Accrual for operating expenses	**192,786**	164,224
Total trade and other payables	**10,385,838**	13,897,983

16. Trade and other payables (continued)

The other payables are unsecured, interest free and repayable on demand.

The carrying amounts of trade and other payables approximate their fair values.

Trade and other payables at the balance sheet date are denominated in the following currencies:

	2013 US$	2012 US$
United States Dollar	**9,906,078**	13,897,983
Singapore Dollar	**479,760**	-
	10,385,838	13,897,983

17. Borrowings

	2013 US$	2012 US$
Bills discounted to a bank	**5,443,143**	-

The bills discounted with a bank mature within 4 months (2012: nil) from the financial year end.

The weighted effective interest rates as at the end of the financial year is 2.1% (2012: nil).

The carrying amounts of bill payable approximate their fair values.

Bill payables are denominated in United States Dollar.

18. Share capital

	No. of ordinary shares Issued share capital	Amount Share capital US$
2013		
Beginning of financial year	4,471,379	4,471,379
Shares issued	3,800,000	3,800,000
End of financial year	**8,271,379**	**8,271,379**
2012		
Beginning and end of financial year	4,471,379	4,471,379

18. Share capital (continued)

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

On 30 July 2012 and 12 October 2012, the Company issued 3,100,000 and 700,000 ordinary shares, respectively, for a total consideration of US$800,000 for cash to provide funds for the expansion of the Company's operations. The newly issued shares rank pari pasu in all respects with the previously issued shares.

19. Operating lease commitments

The Company leases its office premises under non-cancellable operating lease agreement. The future aggregate minimum lease payments under non-cancellable operating leases contracted for at the balance sheet date but not recognised as liabilities, are as follows:

	2013 US$	2012 US$
Not later than one financial year	**190,205**	188,633
Later than one financial year but not later than five financial years	**36,960**	316,355
	227,165	504,988

20. Holding corporation

The Company's immediate and ultimate holding corporation is HCL Infosystems Ltd., incorporated in India.

21. Related party transactions

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Company and related parties at terms agreed between the parties:

	2013 US$	2012 US$
Sales to holding corporation	**46,233,511**	52,165,106
Purchases from holding corporation	**14,908**	40,472
Sales to related corporations	**501,190**	1,297,538

Balances with related parties at the balance sheet date are set out in Notes 10 and 16.

22. Financial risk management

Financial risk factors

The Company's activities expose it to market risk (including currency risk and interest rate risk), credit risk, liquidity risk and capital risk.

(a) Market risk

(i) *Currency risk*

The Company's business is exposed to the changes in the value of Singapore Dollar ("SGD") as certain sales and purchases are denominated in these currencies.

The Company's currency exposure based in the information provided to key management is as follows:

	SGD US$	USD US$	Total US$
2013			
Financial assets			
Cash and cash equivalents	686,486	2,695,411	3,381,897
Trade and other receivables	1,137,538	14,948,091	16,085,629
Deposits	-	42,046	42,046
	1,824,024	17,685,548	19,509,572
Financial liabilities			
Trade and other payables	479,760	9,906,078	10,385,838
Borrowings	-	5,443,943	5,443,943
	479,760	15,350,021	15,829,781
Net financial asset	1,344,264	2,335,527	3,679,791
Less: Balance in functional currency	-	(2,335,527)	(2,335,527)
Net exposure	**1,344,264**	**-**	**1,344,264**
2012			
Financial assets			
Cash and cash equivalents	16,663	7,640,254	7,656,917
Trade and other receivables	-	7,927,294	7,927,294
Deposits	-	67,191	67,191
	16,663	15,634,739	15,651,402
Financial liabilities			
Trade and other payables	-	13,897,938	13,897,938
Net financial asset	16,663	1,736,801	1,753,464
Less: Balance in functional currency	-	(1,736,801)	(1,736,801)
Net exposure	16,663	-	16,663

22. Financial risk management

(a) Market risk (continued)

(i) *Currency risk* (continued)

At 30 June 2013, if the SGD had strengthened/weakened by 0.5% (2012: 3%) against the USD with all other variables including tax rate being held constant, the Company's profit after tax for the financial year would have been US$5,579 (2012: US$415) higher/lower as a result of currency translation gains/losses on the SGD denominated financial instruments.

(ii) *Interest rate risk*

The Company is exposed to interest rate risk on its borrowings.

The Company's borrowings at variable values are denominated in USD. At 31 December 2013, if USD interest rates had increased/decreased by 50 basis points with all other variables including tax rates being held constant, the profit after tax for the year would have been lower/higher by US$22,600 as a result of higher/lower interest expense on these borrowings.

The Company has no insignificant financial assets or liabilities that are exposed to interest rate risks in the previous financial year.

(b) Credit risk

The Company's holding of cash and cash equivalents exposes the Company to credit risk of the counterparty. The Company controls its credit risk to non-performance by its counterparty through regular review and monitoring of its credit ratings.

The trade receivables from holding corporation and third parties also expose the Company to credit risk. The Company manages the credit risk by assessing the credit quality of the counterparty, taking into account its financial position, past experience and other factors.

(i) *Financial assets that are neither past due nor impaired*

Bank balances are neither past due nor impaired and are mainly deposits with banks which have good credit-ratings as determined by international credit-rating agencies.

The trade and other receivables that are neither past due nor impaired mainly comprise amount due from holding corporation. The amount due from holding corporation is recoverable in full.

22. **Financial risk management** (continued)

(b) Credit risk (continued)

(ii) Financial assets that are past due and/or impaired

There is no class of financial assets that is past due and/or impaired, except for trade and other receivables.

The age analysis of trade receivables past due but not impaired is as follows:

	2013 US$	2012 US$
Current	**934,333**	1,628,666
Past due 0 to 3 months	**713,846**	1,681,484
Past due over 3 months	**121,103**	142,243
	1,769,282	3,452,393

(c) Liquidity risk

The Company manages liquidity risk by maintaining sufficient cash to enable it to meet its operational requirements.

The table below analyses the maturity profile of the Company's financial liabilities based on contractual undiscounted cash flows:

	Less than 1 year	
	2013 US$	2012 US$
Trade and other payables	**10,385,838**	13,897,983
Borrowings	**5,482,050**	-

(d) Capital risk

The Company's objectives when managing capital are to ensure that the Company is adequately capitalised and to maintain an optimal capital structure by issuing or redeeming additional equity and debt instruments when necessary.

22. Financial risk management (continued)

(d) Capital risk (continued)

The Board of Directors monitors its capital based on net debt and total capital. Net debt is calculated as trade and other payables and borrowings less cash and bank balances. Total capital is calculated as equity plus net debt.

	2013 US$	2012 US$
Net debt	**12,447,884**	6,241,066
Total equity	**12,055,824**	6,402,049
Total capital	**24,503,708**	12,643,115

(e) Financial instruments by category

The aggregate carrying amounts of loans and receivables and financial liabilities at amortised cost are as follows:

	2013 US$	2012 US$
Loans and receivables	**19,509,562**	15,651,402
Financial liabilities at amortised cost	**15,829,781**	13,897,983

23. New or revised accounting standards and FRS interpretations

Certain new accounting standards, amendments and interpretations to existing standards have been published that are mandatory for the Company's accounting periods beginning on or after 1 July 2013. The Company does not expect the adoption of those accounting standards or interpretations to have a material impact on the Company's financial statements.

24. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of the Company on 14 NOV 2013 .