

**HCL INSYS PTE. LTD.**

*(Incorporated in Singapore. Registration Number: 200923568M)*

**ANNUAL REPORT**

*For the financial year ended 30 June 2015*

**HCL INSYS PTE. LTD.**  
*(Incorporated in Singapore)*

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*For the financial year ended 30 June 2015*

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**HCL INSYS PTE. LTD.**

**DIRECTORS' REPORT**

*For the financial year ended 30 June 2015*

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The directors present their report to the shareholder together with the audited financial statements for the financial year ended 30 June 2015.

**Directors**

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

Sundaram Sridharan  
Ravi Shankar (appointed on 29 May 2015)

**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 <u>30.6.2015</u>	At <u>1.7.2014</u>
<b>Ultimate holding corporation - HCL Infosystems Ltd.</b> <u>(No. of ordinary shares)</u>		
Sandeep Kanwar (resigned on 29 May 2015)	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 as disclosed in the accompanying financial statements and in this report, and except that certain directors received remuneration as a result of their employment with related corporations.

**HCL INSYS PTE. LTD.**

**DIRECTORS' REPORT**

*For the financial year ended 30 June 2015*

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**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.



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Ravi Shankar  
Director

25 JAN 2016



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Sundaram Sridharan  
Director

HCL INSYS PTE. LTD.

**STATEMENT BY DIRECTORS**

*For the financial year ended 30 June 2015*

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In the opinion of the directors,

- (a) the financial statements as set out on pages 6 to 30 are drawn up so as to give a true and fair view of the financial position of the Company as at 30 June 2015 and the financial performance, changes in equity and cash flows of the Company for the financial year covered by the financial statements; 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.

*Ravi Shankar*

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Ravi Shankar  
Director

25 JAN 2016

*Sundaram Sridharan*

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Sundaram Sridharan  
Director

**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 30, which comprise the balance sheet as at 30 June 2015, 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 financial statements 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.**  
(continued)

**Report on the Financial Statements (continued)**

*Basis for qualified opinion*

As discussed in Note 8 to the financial statements, the Company is confident of successful negotiations with the Economic Development Board to extend the scope of tax 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. Accordingly as at 30 June 2015, the tax provision should be increased by US\$250,000 (2014: US\$250,000) and the retained profits should be reduced by US\$250,000 (2014: US\$250,000).

*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 financial position of the Company as at 30 June 2015, and of the financial performance, 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, 25 JAN 2016

**HCL INSYS PTE. LTD.****STATEMENT OF COMPREHENSIVE INCOME***For the financial year ended 30 June 2015*

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	Note	2015 US\$	2014 US\$
Revenue	3	<b>41,399,438</b>	37,648,028
Cost of sales	5	<b>(3,834,331)</b>	(25,030,950)
Gross profit		<b>37,565,107</b>	12,617,078
Other income	4(a)	<b>259,839</b>	239,242
Other losses and gains	4(b)	<b>(242,955)</b>	(784,049)
Expenses			
- Administrative and distribution	5	<b>(32,723,376)</b>	(9,474,519)
- Finance	7	<b>(92,486)</b>	(85,573)
- Other	5	<b>(845,360)</b>	(487,241)
Profit before income tax		<b>3,920,769</b>	2,024,938
Income tax expense	8	<b>(423,967)</b>	(269,620)
Profit after income tax		<b>3,496,802</b>	1,755,318
Total comprehensive income		<b>3,496,802</b>	1,755,318

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



**HCL INSYS PTE. LTD.****BALANCE SHEET***As at 30 June 2015*

	Note	2015 US\$	2014 US\$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and bank deposits	9	4,970,425	2,608,316
Trade and other receivables	10	16,770,521	6,340,930
Other current assets	11	393,123	122,230
		<u>22,134,069</u>	<u>9,071,476</u>
<b>Non-current assets</b>			
Investment in a subsidiary	12	8,485,614	6,499,219
Plant and equipment	13	951,061	521,816
Intangible assets	14	26,538	106,077
		<u>9,463,213</u>	<u>7,127,112</u>
<b>Total assets</b>		<u>31,597,282</u>	<u>16,198,588</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	15	8,469,691	2,120,611
Current Income tax liabilities	8(b)	235,995	182,163
Borrowings	16	3,437,092	-
		<u>12,142,778</u>	<u>2,302,774</u>
<b>Non-current liabilities</b>			
Deferred income tax liabilities	17	146,560	84,672
<b>Total liabilities</b>		<u>12,289,338</u>	<u>2,387,446</u>
<b>NET ASSETS</b>		<u>19,307,944</u>	<u>13,811,142</u>
<b>EQUITY</b>			
Share capital	18	10,271,379	8,271,379
Retained profits		9,036,565	5,539,763
<b>Total equity</b>		<u>19,307,944</u>	<u>13,811,142</u>

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

HCL INSYS PTE. LTD.

**STATEMENT OF CHANGES IN EQUITY**

*For the financial year ended 30 June 2015*

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	<u>Note</u>	<u>Share capital</u> US\$	<u>Retained profits</u> US\$	<u>Total</u> US\$
<b>30 June 2015</b>				
Beginning of financial year		8,271,379	5,539,763	13,811,142
Issuance of ordinary shares	18	2,000,000	-	2,000,000
Total comprehensive income		-	3,496,802	3,496,802
<b>End of financial year</b>		<b>10,271,379</b>	<b>9,036,565</b>	<b>19,307,944</b>
<b>30 June 2014</b>				
Beginning of financial year		8,271,379	3,784,445	12,055,824
Total comprehensive income		-	1,755,318	1,755,318
<b>End of financial year</b>		<b>8,271,379</b>	<b>5,539,763</b>	<b>13,811,142</b>

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*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 2015*

	2015 US\$	2014 US\$
<b>Cash flows from operating activities</b>		
Profit after tax	3,496,802	1,755,318
Adjustments for:		
- Amortisation of intangible asset	79,539	79,540
- Depreciation of plant and equipment	425,783	201,624
- Interest income	(259,839)	(239,242)
- Interest expense	92,486	85,573
- Impairment loss on investment in subsidiary	-	826,450
- Income tax expense	423,967	269,620
	<u>4,258,738</u>	<u>2,978,883</u>
Change in working capital		
- Inventories	-	272,169
- Trade and other receivables	(10,429,591)	9,744,699
- Other current assets	(270,893)	73,307
- Trade and other payables	6,349,080	(8,265,227)
Cash (used in)/generated from operations	<u>(92,666)</u>	<u>4,803,831</u>
Tax paid	(308,247)	(2,785)
<b>Cash (used in)/provided by operating activities</b>	<u>(400,913)</u>	<u>4,801,046</u>
<b>Cash flows from investing activities</b>		
Additional investment in a subsidiary	(1,986,395)	-
Purchase of plant and equipment	(855,028)	(284,353)
<b>Net cash used in investing activities</b>	<u>(2,841,423)</u>	<u>(284,353)</u>
<b>Cash flows from financing activities</b>		
Proceeds from issuance of ordinary shares	2,000,000	-
Interest received	259,839	239,242
Interest paid	(92,486)	(85,573)
Proceeds from/(repayment of) bank borrowings	3,437,092	(5,443,943)
<b>Net cash provided by/(used in) financing activities</b>	<u>5,604,445</u>	<u>(5,290,274)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<u>2,362,109</u>	<u>(773,581)</u>
Cash and cash equivalents at beginning of financial year	2,608,316	3,381,897
<b>Cash and cash equivalents at end of financial year</b>	<u>4,970,425</u>	<u>2,608,315</u>

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

**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 30 June 2015*

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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 and rendering of managed and maintenance services. The principal activities of the subsidiaries are disclosed in Note 12.

**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 and 12 to the financial statements.

***Interpretations and amendments to published standards effective in 2015***

On 1 July 2014, 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.

**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 30 June 2015*

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**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 revenue 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 exchange 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.

**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 30 June 2015*

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**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:

	<u>Useful lives</u>
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, estimated 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.

**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.

**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 30 June 2015*

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**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 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.

**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 30 June 2015*

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**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 bank deposits

Trade and other receivables

Other current assets (excluding prepayments)

Cash and bank deposits, 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.



**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 30 June 2015*

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**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 Share capital**

Ordinary shares are classified as equity.

**2.16 Fair value estimation**

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

**2.17 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.

**2.18 Borrowing costs**

Borrowing costs are recognised in profit or loss using the effective interest method.

**2.19 Government grants**

Grants from the government are recognised at their fair values when there is reasonable assurance that the grants will be received and the Company will comply with all the attached conditions.

**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 30 June 2015***2. Significant accounting policies (continued)****2.19 Government grants (continued)**

Government grants are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income.

**3. Revenue**

	<b>2015</b>	<b>2014</b>
	<b>US\$</b>	<b>US\$</b>
Sale of goods	<b>4,345,328</b>	26,421,571
Rendering of services	<b>37,054,110</b>	11,226,457
	<b>41,399,438</b>	<b>37,648,028</b>

**4. Other income and other losses****(a) Other income**

	<b>2015</b>	<b>2014</b>
	<b>US\$</b>	<b>US\$</b>
Interest income from:		
- a subsidiary	<b>143,103</b>	-
- others	-	199,355
Government grant - Wage Credit Scheme	<b>116,736</b>	39,887
	<b>259,839</b>	<b>239,242</b>

The Wage Credit Scheme ("WCS") is part of a 3-Year Transition Support Package for businesses introduced in 2013. The WCS helps business cope with rising wage costs so that they can free up resources for productivity investments. It also encourages businesses to share productivity gains with their employees.

The amount a company received depends on the fulfilment of the conditions stated in the Scheme.

**(b) Other losses and gains**

	<b>2015</b>	<b>2014</b>
	<b>US\$</b>	<b>US\$</b>
Impairment loss on subsidiary (Note 12)	-	(826,450)
Net currency translation losses/(income)	<b>(242,955)</b>	42,401
	<b>(242,955)</b>	<b>239,242</b>

HCL INSYS PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

5. Expenses by nature

	2015 US\$	2014 US\$
Purchases of inventories	3,834,331	24,758,781
Changes in inventories	-	272,169
<b>Total cost of sales (a)</b>	<b>3,834,331</b>	<b>25,030,950</b>
Amortisation of intangible asset	79,539	79,540
Depreciation of plant and equipment (Note 13)	425,783	201,624
Employee compensation (Note 6)	16,743,077	8,253,444
Professional fees	226,565	157,275
Rental expense on operating leases	198,956	167,343
Bank charges	34,105	417,801
Impairment loss on trade receivables	111,141	31,684
Recruitment expenditure	37,138	15,539
Repair and maintenance	37,772	52,702
Agency facility management fees to Infocomm Development Authority of Singapore ("IDA")	14,829,300	97,567
<b>Total administrative &amp; distribution expenses (b)</b>	<b>32,723,376</b>	<b>9,474,519</b>
<b>Other expenses (c)</b>	<b>845,360</b>	<b>487,241</b>
<b>Total cost of sales, administrative and distribution expenses and other expenses (a+b+c)</b>	<b>37,403,067</b>	<b>34,992,710</b>

6. Employee compensation

	2015 US\$	2014 US\$
Wages and salaries	15,816,720	7,520,584
Employer's contribution to Central Provident Fund	924,883	607,599
Other benefits	1,474	125,261
	<b>16,743,077</b>	<b>8,253,444</b>

7. Finance expenses

	2015 US\$	2014 US\$
Interest expense	92,486	85,573

**HCL INSYS PTE. LTD.****NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 30 June 2015***8. Income taxes****(a) Income tax expense**

	<b>2015</b>	<b>2014</b>
	<b>US\$</b>	<b>US\$</b>
Tax expense attributable to results is made up of:		
- Current income tax	<b>202,957</b>	184,948
- Deferred income tax (Note 17)	<b>61,888</b>	-
	<b>264,845</b>	184,948
Underprovision in prior financial years		
- Current income tax	<b>159,122</b>	-
- Deferred income tax (Note 17)	-	84,672
	<b>423,967</b>	269,620

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

	<b>2015</b>	<b>2014</b>
	<b>US\$</b>	<b>US\$</b>
Profit before income tax	<b>3,920,769</b>	2,024,938
Tax calculated at a tax rate of 17% (2014: 17%)	<b>666,531</b>	344,239
Effects of:		
- Statutory exempt income	<b>(18,957)</b>	(20,755)
- Tax rebate	<b>(392,182)</b>	(24,017)
- Expenses not deductible	-	(998)
- Productivity and innovation credit	-	(113,521)
- Other	<b>9,453</b>	-
	<b>264,845</b>	184,948

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 2013, 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.

**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 30 June 2015***8. Income taxes (continued)****(a) Income tax expense (continued)**

The Company has not recorded any tax relating to financial years ended 30 June 2012 and 30 June 2013 as it believes that the tax exemption will be granted for these financial years. However, for the years ended 30 June 2014 and 30 June 2015, the Company has recognised tax expense of US\$181,948 and US\$202,957 considering that the exemption will not be available in these financial years.

**(b) Movements in current income tax liabilities**

	<b>2015</b>	<b>2014</b>
	<b>US\$</b>	<b>US\$</b>
Beginning of financial year	<b>182,163</b>	-
Income tax paid	<b>(308,247)</b>	(2,785)
Tax payable on profit for current financial year	<b>202,957</b>	184,948
Underprovision in preceding financial years	<b>159,122</b>	-
End of financial year	<b>235,995</b>	182,163

**9. Cash and bank deposits**

	<b>2015</b>	<b>2014</b>
	<b>US\$</b>	<b>US\$</b>
Cash at bank and on hand	<b>4,380,602</b>	2,022,786
Short-term bank deposits	<b>589,823</b>	585,530
	<b>4,970,425</b>	2,608,316

The short-term bank deposits mature within 4.5 months (2014: 6 months) from the financial year end. The effective interest rate of these deposits as at balance sheet date was 0.45% (2014: 0.45%) per annum. At the balance sheet date, the carrying amounts of cash and cash equivalents approximate their fair value.

Cash and bank deposits at the balance sheet date are denominated in the following currencies:

	<b>2015</b>	<b>2014</b>
	<b>US\$</b>	<b>US\$</b>
United States Dollar	<b>589,823</b>	2,322,416
Singapore Dollar	<b>4,380,602</b>	285,900
	<b>4,970,425</b>	2,608,316

**HCL INSYS PTE. LTD.****NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 30 June 2015***10. Trade and other receivables**

	2015 US\$	2014 US\$
Trade receivables from:		
- third parties	7,344,777	2,762,707
- ultimate holding corporation	10,203	302,506
- related corporations	28,103	42,014
- a subsidiary	2,006,695	2,006,695
	<u>9,389,778</u>	<u>5,113,992</u>
Less: Allowance for impairment of trade receivables	(142,825)	(31,684)
	<u>9,246,953</u>	<u>5,082,238</u>
Unbilled receivables	1,382,820	1,258,692
	<u>10,629,773</u>	<u>6,340,930</u>
Loan receivable from a subsidiary	6,140,748	-
	<u>16,770,521</u>	<u>6,340,930</u>

The Company had advanced a loan of US\$6,140,748 to its subsidiary at an interest of 6 months LIBOR plus 300 BPS. The effective interest rate on the loan at balance sheet date is 2.3% per annum. The loan to the subsidiary is unsecured and repayable in January 2016.

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

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

	2015 US\$	2014 US\$
United States Dollar	8,683,502	2,627,684
Singapore Dollar	8,087,019	3,713,246
	<u>16,770,521</u>	<u>6,340,930</u>

**11. Other current assets**

	2015 US\$	2014 US\$
Deposits	61,430	41,981
Prepayments	331,693	80,249
	<u>393,123</u>	<u>122,230</u>

The carrying amounts of deposits approximate their fair values.

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

HCL INSYS PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

12. Investment in a subsidiary

	2015 US\$	2014 US\$
<i>Unquoted equity investment, at cost</i>		
Beginning of financial year	7,325,669	7,325,669
Additions	1,986,395	-
	<b>9,312,064</b>	7,325,669
Less : Allowance for impairment	(826,450)	(826,450)
End of financial year	<b>8,485,614</b>	6,499,219

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		Cost of investment	
			2015 %	2014 %	2015 US\$	2014 US\$
HCL Infosystems MEA FZE	Developing and trading of software and hardware systems and IT solutions	Dubai, Airport Free Zone	100	100	9,312,064	7,325,669

**Held by subsidiary**

Name of company	Principal activities	Country of incorporation and principal place of business	Equity holding	
			2015 %	2014 %
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	49

HCL Infosystems MEA FZE (the "Subsidiary") was substantially engaged in the business of trading of computer hardware and system integration projects up to the end of year ended 30 June 2013. Due to the slowdown of the trading business and conventional system integration business, the subsidiary started investing its efforts in provision of IT related services (including managed and maintenance services) in financial year ended 30 June 2014. Considering the shift from the trading business model to the provision of IT related services, the management has re-assessed the appropriateness of the carrying value of the investment in subsidiary as at 30 June 2014.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

## 12. Investment in a subsidiary (continued)

The management performed an impairment analysis on the recoverable value of the investment in subsidiary as at 30 June 2014. The recoverable value is based on the net present value of estimated future cash flows from the business activities of the subsidiary's operations. Based on the impairment test, the excess of carrying value over the recoverable value, which amounted to US\$826,450, was recorded as impairment loss in the statement of comprehensive income as at 30 June 2014.

The management has performed an impairment analysis on the recoverable value of the investment in subsidiary as at 30 June 2015. The recoverable value is based on the net present value of estimated future cash flows from the business activities of the subsidiary's operations. Based on the impairment test, the recoverable value is in excess of its carrying value. Hence, no impairment loss is recognised in the statement of comprehensive income as at 30 June 2015.

On 29 June 2015, HCL Infosystems MEA FZE allotted and issued 73 new ordinary shares for AED100,000 (US\$27,211) each. All 73 new ordinary shares were subscribed by the Company for a cash consideration of AED7,300,000 (US\$1,986,395).

## 13. Plant and equipment

	Furniture and fittings US\$	Electrical equipment US\$	Computers US\$	Leasehold improvement US\$	Software US\$	Total US\$
<b>2015</b>						
<i>Cost</i>						
Beginning of financial year	40,273	163,618	471,949	111,950	117,048	904,838
Additions	18,171	74,647	184,419	96,548	481,243	855,028
End of financial year	58,444	238,265	656,368	208,498	598,291	1,759,866
<i>Accumulated depreciation</i>						
Beginning of financial year	16,781	46,875	205,627	74,333	39,406	383,022
Depreciation charge	6,466	22,063	198,940	42,532	155,782	425,783
End of financial year	23,247	68,938	404,567	116,865	195,188	808,805
<b>Net book value at end of financial year</b>	<b>35,197</b>	<b>169,327</b>	<b>251,801</b>	<b>91,633</b>	<b>403,103</b>	<b>951,061</b>
<b>2014</b>						
<i>Cost</i>						
Beginning of financial year	39,044	112,278	313,848	102,756	52,559	620,485
Additions	1,229	51,340	158,101	9,194	64,489	284,353
End of financial year	40,273	163,618	471,949	111,950	117,048	904,838
<i>Accumulated depreciation</i>						
Beginning of financial year	10,350	25,162	90,965	39,063	15,858	181,398
Depreciation charge	6,431	21,713	114,662	35,270	23,548	201,624
End of financial year	16,781	46,875	205,627	74,333	39,406	383,022
<b>Net book value at end of financial year</b>	<b>23,492</b>	<b>116,743</b>	<b>266,322</b>	<b>37,617</b>	<b>77,642</b>	<b>521,816</b>



**HCL INSYS PTE. LTD.****NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 30 June 2015***14. Intangible assets**

	2015 US\$	2014 US\$
<u>Cost</u>		
Beginning and end of financial year	<u>238,644</u>	<u>238,643</u>
<u>Accumulated amortisation</u>		
Beginning of financial year	132,566	53,026
Amortisation charge	<u>79,540</u>	<u>79,540</u>
End of financial year	<u>212,106</u>	<u>132,566</u>
Net book value at end of financial year	<u>26,538</u>	<u>106,078</u>

**15. Trade and other payables**

	2015 US\$	2014 US\$
Trade payables to:		
- related corporation	172,461	33,749
- third parties	<u>584,767</u>	<u>412,434</u>
	757,228	446,183
Other payables to:		
- related corporation	400,000	400,000
- third parties	<u>5,476,465</u>	<u>905,729</u>
	5,876,465	1,305,729
Advance received from customer	288,066	38,788
Accrual for operating expenses	<u>1,547,932</u>	<u>329,911</u>
Total trade and other payables	<u>8,469,691</u>	<u>2,120,611</u>

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:

	2015 US\$	2014 US\$
United States Dollar	805,899	995,820
Singapore Dollar	<u>7,663,792</u>	<u>1,124,792</u>
	<u>8,469,691</u>	<u>2,120,612</u>

HCL INSYS PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

16. Borrowings

	2015 US\$	2014 US\$
<i>Current</i>		
Bank overdraft	<u>3,437,092</u>	-

The bank overdraft at 30 June 2015 was denominated in United States Dollar and is repayable on demand and bears an effective interest rate of 3.25%.

The carrying amount of the bank overdraft approximates its fair value at 30 June 2015.

17. Deferred income taxes liabilities

	2015 US\$	2014 US\$
Beginning of financial year	84,672	-
Tax charged to profit or loss (Note 8(a))	<u>61,888</u>	84,672
End of financial year	<u>146,560</u>	<u>84,672</u>

Deferred tax income tax liabilities to be settled from the balance sheet date as follows:

	2015 US\$	2014 US\$
To be settled within one year	86,701	34,276
To be settled after one year	<u>59,859</u>	50,396
	<u>146,560</u>	<u>84,672</u>

The deferred income tax liabilities arise from accelerated tax depreciation of plant and equipment.

18. Share capital

	No. of <u>ordinary shares</u> Issued share capital	<u>Amount</u> Share capital US\$
<b>2015</b>		
Beginning of the financial year	8,271,379	8,271,379
Issuance of ordinary shares	<u>2,000,000</u>	<u>2,000,000</u>
End of the financial year	<u>10,271,379</u>	<u>10,271,379</u>
<b>2014</b>		
Beginning and end of financial year	<u>8,271,379</u>	<u>8,271,379</u>

## HCL INSYS PTE. LTD.

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

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#### 18. Share capital (continued)

All issued ordinary shares are fully paid. The holder of ordinary shares is entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. There is no par value for these ordinary shares.

On 22 June 2015, the Company issued 2,000,000 ordinary shares, for a total consideration of US\$2,000,000 for cash to provide funds for the expansion of the Company's operations. The newly issued shares ranked pari passu 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:

	2015 US\$	2014 US\$
Not later than one financial year	243,620	36,960
Later than one financial year but not later than five financial years	342,884	-
	<u>586,504</u>	<u>36,960</u>

#### 20. Immediate and ultimate holding corporations

The Company's immediate holding corporation is HCL Services Ltd., incorporated in India. The 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:

	2015 US\$	2014 US\$
Sales to holding corporation	438,758	18,188,924
Purchases from holding corporation	128,042	-
Sales to related corporations	82,223	5,336,373
Interest income from a subsidiary	143,103	-

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HCL INSYS PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

21. Related party transactions (continued)

Balances with related parties at the balance sheet date are set out in Notes 10 and 15.

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\$
<b>2015</b>			
<u>Financial assets</u>			
Cash and bank deposits	4,380,602	589,823	4,970,425
Trade and other receivables	8,087,019	8,683,502	16,770,521
Deposits	-	61,430	61,430
	<u>12,467,621</u>	<u>9,334,755</u>	<u>21,802,376</u>
<u>Financial liabilities</u>			
Trade and other payables	7,663,792	805,899	8,469,691
Borrowings	-	3,437,092	3,437,092
	<u>7,663,792</u>	<u>4,242,991</u>	<u>11,906,783</u>
Net financial asset	4,803,829	5,091,764	9,895,593
Less: Balance in functional currency	-	(5,091,764)	(5,091,764)
Net exposure	<u>4,803,829</u>	<u>-</u>	<u>4,803,829</u>
<b>2014</b>			
<u>Financial assets</u>			
Cash and bank deposits	285,899	2,322,415	2,608,314
Trade and other receivables	3,713,246	2,627,684	6,340,930
Deposits	-	41,981	41,981
	<u>3,999,145</u>	<u>4,992,080</u>	<u>8,991,225</u>
<u>Financial liabilities</u>			
Trade and other payables	1,124,792	995,820	2,120,612
Net financial asset	2,874,353	3,996,260	6,870,613
Less: Balance in functional currency	-	(3,996,260)	(3,996,260)
Net exposure	<u>2,874,353</u>	<u>-</u>	<u>2,874,353</u>

**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 30 June 2015*

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

(a) Market risk (continued)

(i) *Currency risk* (continued)

At 30 June 2015, if the SGD had strengthened/weakened by 0.5% (2014: 0.5%) 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\$19,935 (2014: US\$11,929) higher/lower as a result of currency translation gains/losses on the SGD denominated financial instruments.

(ii) *Interest rate risk*

There is no interest rate risk as at 30 June 2015.

(b) Credit risk

The Company's holding of cash and bank deposits 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 the ultimate holding corporation, related corporations, subsidiary 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 amounts due from the ultimate holding corporation, subsidiary and related corporations. The amounts due from the ultimate holding corporation, subsidiary and related corporations are recoverable in full.

(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 receivables from third parties.

HCL INSYS PTE. LTD.

**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 30 June 2015*

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

(b) Credit risk(continued)

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

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

	2015 US\$	2014 US\$
Current	4,562,164	2,263,061
Past due 0 to 3 months	2,389,738	235,377
Past due over 3 months	250,050	232,585
	<u>7,201,952</u>	<u>2,731,023</u>

The carrying amount of third party trade and other receivables individually determined to be impaired and the movement in the related allowance for impairment are as follows:

	2015 US\$	2014 US\$
Gross amount	142,825	31,684
Less: Allowance for impairment	<u>(142,825)</u>	<u>(31,684)</u>
	-	-
Beginning of financial year	31,684	-
Allowance made	<u>111,141</u>	31,684
End of financial year	<u>142,825</u>	<u>31,684</u>

(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:

	<u>Less than 1 year</u>	
	2015 US\$	2014 US\$
Trade and other payables	8,469,691	2,120,611
Borrowings	<u>3,548,797</u>	-

**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 30 June 2015***22. Financial risk management (continued)****(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.

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 deposits. Total capital is calculated as equity plus net debt.

	<b>2015</b>	<b>2014</b>
	<b>US\$</b>	<b>US\$</b>
Net debt	<b>6,936,358</b>	-
Total equity	<b>19,307,944</b>	<b>13,811,142</b>
Total capital	<b>26,244,302</b>	<b>13,811,142</b>

**(e) Financial instruments by category**

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

	<b>2015</b>	<b>2014</b>
	<b>US\$</b>	<b>US\$</b>
Loans and receivables	<b>21,802,376</b>	<b>8,991,227</b>
Financial liabilities at amortised cost	<b>11,906,783</b>	<b>2,120,612</b>

**23. Events occurring after balance sheet date**

On 14 October 2015, the Company issued 2,500,000 ordinary shares, for a total consideration of US\$2,500,000 for cash to provide funds for the expansion of the Company's operations. The newly issued shares ranked pari passu in all respects with the previously issued shares.

On 16 December 2015, HCL Infosystems MEA FZE ("the subsidiary") allotted and issued 23,800 new ordinary shares for AED1,000 (US\$272.11) each. All 23,800 new ordinary shares were subscribed by the Company for a cash consideration of AED23,800,000 (US\$6,476,218).

**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 30 June 2015*

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**24. 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 2015. The Company does not expect the adoption of those accounting standards or interpretations to have a material impact on the Company's financial statements.

**25. 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 **25 JAN 2016**