

HCL TOUCH, INC.
Independent Auditors' Report
June 30, 2015

Prepared by:

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholders
of HCL Touch Inc.

We have audited the accompanying financial statements of HCL Touch Inc (a Delaware corporation), which comprise the balance sheets as of June 30, 2015 and June 30, 2014, and the related statements of income, shareholders' equity, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 auditing standards generally accepted in the United States of America. Those standards require that we 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant 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 referred to above present fairly, in all material respects, the financial position of HCL Touch Inc. as of June 30, 2015 and June 30, 2014, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Chugh CPAs LLP

Chugh CPAs, LLP

Santa Clara, CA

February 9, 2016

HCL TOUCH, INC.
BALANCE SHEET
AS OF JUNE 30, 2015



ASSETS

| | As of June 30, 2015 | As of June 30, 2014 |
|-----------------------------|------------------------|------------------------|
| CURRENT ASSETS | | |
| Cash in Bank | \$ 44,909 | \$ 191,151 |
| Cash Reserve | - | 32,684 |
| Deferred Tax Assets | 55,576 | 66,889 |
| | <hr/> | |
| TOTAL CURRENT ASSETS | 100,485 | 290,724 |
| | <hr/> | |
| TOTAL ASSETS | \$ 100,485 | \$ 290,724 |

HCL TOUCH, INC.
BALANCE SHEET
AS OF JUNE 30, 2015



LIABILITIES AND STOCKHOLDERS' EQUITY

| | As of June 30, 2015 | As of June 30, 2014 |
|---|------------------------|------------------------|
| CURRENT LIABILITIES | | |
| Accounts Payable | \$ 21,628 | \$ 144,040 |
| Deferred Revenue | 11,817 | 97,375 |
| Other Liabilities | - | 370 |
| | <hr/> | |
| TOTAL CURRENT LIABILITIES | 33,445 | 241,785 |
| STOCKHOLDERS' EQUITY | | |
| Authorized and issued capital | | |
| Common Stock: 5,000 Authorized 150 shares issued and outstanding | 150,000 | 150,000 |
| Retained Earnings | (82,960) | (101,061) |
| | <hr/> | |
| TOTAL STOCKHOLDERS' EQUITY | 67,040 | 48,939 |
| | <hr/> | |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY | \$ 100,485 | \$ 290,724 |

HCL TOUCH, INC.
STATEMENT OF INCOME
FOR THE YEAR ENDED JUNE 30, 2015



| | July 1, 2014 to June 30, 2015 | July 1, 2013 to June 30, 2014 |
|---|----------------------------------|----------------------------------|
| REVENUE | | |
| Service Revenue | \$ 85,558 | \$ 169,771 |
| TOTAL REVENUE | 85,558 | 169,771 |
| COST OF GOODS SOLD | | |
| Cost of Goods Sold (Schedule A) | 19,531 | 142,711 |
| TOTAL COST OF GOODS SOLD | 19,531 | 142,711 |
| GROSS PROFIT | 66,027 | 27,060 |
| OPERATING EXPENSES | | |
| Operating, General & Administrative Expenses (Schedule B) | 36,613 | 33,175 |
| TOTAL OPERATING EXPENSES | 36,613 | 33,175 |
| OTHER INCOME | | |
| Other Income | - | 407 |
| Interest Income | - | 244 |
| Total Other Income | - | 651 |
| NET INCOME(LOSS) BEFORE TAXES | 29,414 | (5,464) |
| INCOME TAX EXPENSE (BENEFIT) (Note 6) | 11,313 | (2,177) |
| NET INCOME (LOSS) | \$ 18,101 | \$ (3,287) |

HCL TOUCH, INC.
STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE YEAR ENDED JUNE 30, 2015



| | <u>Common Stock</u> | | <u>Retained Earnings</u> | <u>Total Stockholders' Equity</u> |
|------------------------|---------------------|-------------------|--------------------------|-----------------------------------|
| | <u># of Shares</u> | <u>Amount</u> | | |
| JUNE 30, 2014 | 150 | \$ 150,000 | \$ (101,061) | \$ 48,939 |
| Net Income | - | - | 18,101 | 18,101 |
| BALANCE, JUNE 30, 2015 | <u>150</u> | <u>\$ 150,000</u> | <u>\$ (82,960)</u> | <u>\$ 67,040</u> |

| | <u>Common Stock</u> | | <u>Retained Earnings</u> | <u>Total Stockholders' Equity</u> |
|------------------------|---------------------|-------------------|--------------------------|-----------------------------------|
| | <u># of Shares</u> | <u>Amount</u> | | |
| JUNE 30, 2013 | 150 | \$ 150,000 | \$ (97,774) | \$ 52,226 |
| Net Income | - | - | (3,287) | (3,287) |
| BALANCE, JUNE 30, 2014 | <u>150</u> | <u>\$ 150,000</u> | <u>\$ (101,061)</u> | <u>\$ 48,939</u> |

HCL TOUCH, INC.
STATEMENT OF CASH FLOWS
AS OF JUNE 30, 2015



| | July 1, 2014 to June 30, 2015 | July 1, 2013 to June 30, 2014 |
|--|----------------------------------|----------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net Income (Loss) | 18,101 | (3,287) |
| (Increase) decrease in operating Assets: | | |
| Accounts Receivable | - | 1,020 |
| Deposits | - | 2,614 |
| Deferred Tax Asset | 11,313 | (2,177) |
| Other Receivables | - | 138 |
| Prepaid Expenses | - | 4,971 |
| Increase (decrease) in operating Liabilities: | | |
| Deferred Revenue | (85,558) | (170,141) |
| Expense Reimbursements | (122,412) | (65,212) |
| Other Accrued Liabilities | (370) | (599) |
| Prior Period Adjustments | - | - |
| Total Cash Provided by (Used by) Operating Activities | (178,926) | (232,673) |
| NET DECREASE IN CASH | (178,926) | (232,673) |
| CASH, beginning of year | 223,835 | 456,508 |
| CASH, end of year | <u>\$ 44,909</u> | <u>\$ 223,835</u> |

HCL TOUCH, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015



NOTE 1 - DESCRIPTION OF OPERATION

HCL Touch, Inc. (the “Company”) was incorporated in the state of Delaware in August 2011. The Company provides world class remote technical services in computing. This service is available 24 hours a day and 365 days a year, by highly trained and qualified technicians to support companies to focus and deliver in the core area of their business in US and Canada.

The Company blends process expertise, information technology and analytical capabilities in diverse industries to provide a broad range of services using its global delivery platform. Services offered by the Company are exhaustive and can be tailored according to the needs of the partners & clients. The Company’s key deliverables are tracking services, fortressing, operating systems support, software support, touch tracking, peripherals, and configuration.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Company uses the accrual method of accounting both for financial statements and income tax reporting purposes.

Use of Estimates

Preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in these financial statements and accompanying notes. Actual results could differ from those estimates. Estimates are used in accounting for, among other things, allowances for uncollectible receivables, depreciation and taxes.

Cash and Cash Equivalents

Cash and cash equivalents consist primarily of cash in checking account. The Company considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents. The Company has no investments as of June 30, 2015 and June 30, 2014.

Accounts Receivable

Accounts Receivable balance was NIL as of June 30th 2015 and June 30th 2014. The Company uses the Percentage of Accounts Receivable method for calculating an

HCL TOUCH, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015



allowance for doubtful accounts. As of June 30, 2015 and 2014, the company made no provision for doubtful accounts.

Property and Equipment

Small tools and equipment purchased under \$1,000 are expensed as incurred. Maintenance and repairs are also expensed as incurred. No fixed assets were purchased during the period ended June 30, 2015 and 2014.

Revenue Recognition

Revenues are recognized on the accrual basis as services are rendered. Revenue includes income from immediate repair services provided remotely which is recognized immediately upon the delivery of the services and acceptance of the terms and conditions by the customer.

Deferred revenue is recorded when invoices are raised upon underlying maintenance agreement. Such service revenues are recognized on a straight-line basis over the term of the contract, which is generally 12 to 36 months.

Income Taxes

The Company accounts for income taxes in accordance with FASB ASC No. 740 (formerly SFAS No. 109) "Accounting for Income Taxes", which requires an assets and liability approach to financial accounting and reporting for income taxes. Deferred income tax assets and liabilities are computed annually for differences between the financial statements and tax basis of assets and liabilities that results in taxable or deductible amounts in the future based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income.

Subsequent Events

As required under ASC Topic 855 "Subsequent events" (previous covered under FAS 165), the Company is required to disclose events and transactions after balance sheet date but before the financial statements are available to be issued. The Company has evaluated subsequent events until February 9, 2016 which is the date the financial statements are available for issue and the Company has concluded that no events or transactions have occurred which would require adjustments or disclosures in the Company's financial statements.

HCL TOUCH, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015



NOTE 3 – CONCENTRATION OF RISK

The Company performs ongoing credit evaluation of its customers and the company generally does not require collateral to secure its accounts receivable. It estimates the credit losses based on the management’s evaluation and the current industry trends. Although the company expects to collect amounts due, actual collections may differ from the estimated amounts. The Company’s customers are primarily individuals. As of June 30, 2015 and 2014, no customer accounted for more than 10% of the net revenues.

NOTE 4 - RELATED PARTY TRANSACTION

The company purchases consumption services from its affiliate company, HCL Services Ltd, India. HCL Touch, Inc. (“the Company”) and HCL Services Ltd, India are subsidiaries of HCL Infosystems Ltd, India.

Details of the transactions between the company and its related parties for the year ended June 30, 2015 are as follows.

| | | |
|---|-----------------------------|-----------------------------|
| <u>HCL Services Ltd, India (Affiliate)</u> | <u>June 30, 2015</u> | <u>June 30, 2014</u> |
| Consumption Services | \$ 19,531 | \$ - |
| <u>HCL Infosystems Ltd, India (Parent)</u> | <u>June 30, 2015</u> | <u>June 30, 2014</u> |
| Consumption Services | \$ - | \$ 142,711 |

NOTE 5 – INCOME TAXES

The Company accounts for income taxes under the provisions of FASB ASC 740, “*Accounting for Income Taxes*”. Under ASC 740, deferred taxes are required to be classified based on the financial statement classification of the related assets and liabilities which give rise to temporary differences. Deferred taxes result from temporary differences between the financial statement carrying amounts and the tax bases of assets and liabilities.

All of the income before tax as shown in the statement of income for the period ended June 30, 2015 and 2014 is derived in the United States.

The components of income tax expense (benefit) relating to earnings from operations are as follows:

HCL TOUCH, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015



| | <u>6/30/2015</u> | <u>6/30/2014</u> |
|--------------------------------|------------------|------------------|
| Current Tax | NIL | NIL |
| Deferred Tax Expense – Federal | \$9,657 | (\$1,858) |
| Deferred Tax Expense – State | 1,656 | (319) |
| Total | <u>\$11,313</u> | <u>(\$2,177)</u> |

The components of deferred tax asset are as follows:

| | <u>6/30/2015</u> | <u>6/30/2014</u> |
|------------------------------|------------------|------------------|
| Deferred tax asset – Current | | |
| NOL | \$ 55,576 | \$ 66,889 |
| Total deferred tax asset | <u>\$ 55,576</u> | <u>\$ 66,889</u> |

NOTE 6 – COMMON STOCK

The Company was incorporated on August 29, 2011 with an authorized capital of 5,000 shares of its common. The Company had 150 issued and outstanding shares as on June 30th, 2015 and June 30th 2014. There were no shares issued during the year ended June 30, 2015.

NOTE 7 – COMMITMENTS AND CONTINGENCIES

There are no pending legal actions, including arbitrations, class actions and other litigation, arising in connection with the Company’s activities as IT consultants. Legal reserves are established in accordance with FASB *ASC 450* (formerly known as SFAS No. 5), “*Accounting for Contingencies*”. Once established, reserves are adjusted when there is more information available or when an event occurs requiring a change. There are no legal reserves in the statement of financial condition as of June 30th, 2015 and June 30th 2014.

The Company has entered into a month to month lease agreement for the office space.

NOTE 8 – BASIS OF PRESENTATION

To date, the Company has been experiencing a decline of new clients due to increase in market competition. This market competition caused increase in the cost of internet marketing. The management of the company has decided to put the expansion of existing

HCL TOUCH, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015



model on hold. However, the management has decided to continue the operations of the company until a viable model is built up. The Company is also open to exploring business tie ups in the future. The Board of the parent company has given its approval for the continuation of the business. The financial statements do not include any adjustments to reflect the possible future effects that might result from the outcome of this uncertainty.

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INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

To the Board of Directors and Stockholders
of HCL Touch Inc.

We have audited the financial statements of HCL Touch Inc as of and for the years ended June 30, 2015 and June 30, 2014, and our report thereon dated February 9, 2016, which expressed an unmodified opinion on those financial statements, appears on pages 1-2. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. Schedules A and B are presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Chugh CPAs LLP

Chugh CPAs, LLP
Santa Clara, CA
February 9, 2016

HCL TOUCH, INC.
SCHEDULE A
COST OF GOODS SOLD
FOR THE YEAR ENDED JUNE 30, 2015



| | <u>July 1, 2014 to June 30, 2015</u> | <u>July 1, 2013 to June 30, 2014</u> |
|---------------------------------|--|--|
| Consumption Services | <u>\$ 19,531</u> | <u>\$ 142,711</u> |
| TOTAL COST OF GOODS SOLD | <u>\$ 19,531</u> | <u>\$ 142,711</u> |

HCL TOUCH, INC.
SCHEDULE B
OPERATING, GENERAL AND ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED JUNE 30, 2015



| | July 1, 2014 to June 30, 2015 | July 1, 2013 to June 30, 2014 |
|---|----------------------------------|----------------------------------|
| Advertisement | \$ 19,999 | \$ - |
| Bank Service Charges | 45 | 49 |
| Bad Debts | - | 1,158 |
| Credit Card Charges | - | 273 |
| Dues & Subscription | 300 | 175 |
| Legal & Professional Expenses | 14,814 | 24,675 |
| Miscellaneous | - | 23 |
| Payroll Processing Fee | - | 560 |
| Postage | 35 | 25 |
| Rent | 540 | 4,161 |
| Taxes - License | 880 | 2,076 |
| TOTAL SELLING, GENERAL AND ADMINISTRATIVE EXPENSES | \$ 36,613 | \$ 33,175 |