HCL (MALAYSIA) SDN. BHD.

(Co. No.439208-V)
(Incorporated in Malaysia)

REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
30 JUNE 2014
(In Ringgit Malaysia)

HCL (MALAYSIA) SDN. BHD.
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DIRECTORS' REPORT

The Directors hereby submit their report and the audited financial statements of the Company for the financial year ended on 30 June 2014.

Principal activities

The principal activities consist of sales of hardware, software development, installation and implementation, maintenance of hardware and software and business process outsourcing. The Company is dormant during the year.

Results

	RM
Loss for the financial year	(98,825)

Reserves and provisions

There were no material transfers to and from reserves or provisions during the financial year other than as disclosed in the financial statements.

Dividends

During the year the company had declared an interim dividend of RM 6,538,414 to its holding company HCL Bermuda Limited on 29 April 2014, for the financial year 2014. The Directors do not recommend any dividend for the financial year ended 30 June 2014.

Directors of the Company

The Directors who served since the date of the last report are:

Prahlad Rai Bansal
Anil Kumar Chanana
Ong Kim Soon
Chiu Kim Boo

Directors' interests in shares

None of the Directors holding office at 30 June 2014 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

There were no arrangements during or at the end of the financial year, which had the object of enabling 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.

Issue of shares and debentures

There were no changes in the issued and paid-up capital of the Company during the financial year.

There were no debentures issued during the financial year.

Options granted over unissued shares

No options were granted to any person to take up unissued shares of the Company during the financial year.

Other statutory information

Before the financial statements of the Company were made out, the Directors took reasonable steps to ascertain that:

(i) proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that there are no bad debts and that provisions need not be made for doubtful debts; and

(ii) all current assets have been stated at the lower of cost and net realisable value.

At the date of this report, the Directors are not aware of any circumstances:

(i) which would necessitate the writing off of bad debts or the provision for doubtful debts; or

(ii) that would render the value attributed to the current assets in the financial statements of the Company misleading, or

Other statutory information (continued)

(iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate, or

(iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Company misleading.

At the date of this report, there does not exist:

(i) any charge on the assets of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or

(ii) any contingent liability in respect of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Company to meet its obligations as and when they fall due.

In the opinion of the Directors, the results of the operations of the Company for the financial year ended 30 June 2014 have not been substantially affected by any item, transaction or event of a material and unusual nature except for that disclosed below nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Holding companies

The Company is a wholly owned subsidiary of HCL Bermuda Limited, a Company incorporated in Bermuda. HCL Bermuda Limited, in turn, is a wholly owned subsidiary of HCL Technologies Limited, a company incorporated in India and listed on The National Stock Exchange of India Limited and Bombay Stock Exchange. HCL Technologies Limited is the ultimate holding company.

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Auditors

The auditors, Messrs PKF, have indicated their willingness to continue in office.

Signed on behalf of the Board
in accordance with a resolution of the Directors,

PRAHLAD RAI BANSAL

ANIL KUMAR CHANANA

Noida U.P. India

03 NOV 2014

HCL (MALAYSIA) SDN. BHD.
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STATEMENT BY DIRECTORS PURSUANT TO SECTION 169 (15) OF THE COMPANIES ACT, 1965 IN MALAYSIA

In the opinion of the Directors, the accompanying financial statements set out on pages 8 to 35 are drawn up in accordance with the provisions of the Companies Act, 1965 in Malaysia, Malaysian Financial Reporting Standards and International Financial Reporting Standards so as to give a true and fair view of the financial position of the Company as at 30 June 2014 and of its financial performance and its cash flows for the financial year ended on that date.

Signed on behalf of the Board
in accordance with a resolution of the Directors,

PRAHLAD RAI BANSAL

ANIL KUMAR CHANANA

NOTARY
N.K. YADAV
Advocate
Notary
Govt. of India
G.B. Nagar
Regd. No. 4641
NOTARIAL
GOVT. OF INDIA

Noida U.P. India

0 3 NOV 2014

STATUTORY DECLARATION PURSUANT TO SECTION 169 (16) OF THE COMPANIES ACT, 1965

I, PRAHLAD RAI BANSAL, being the Director primarily responsible for the financial management of HCL (MALAYSIA) SDN. BHD., do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements set out on pages 8 to 35 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Notaries Act, 1952.

Subscribed and solemnly declared by)
the abovenamed in)
On)

PRAHLAD RAI BANSAL

Before me,

NOTARY
N.K. YADAV
Advocate
Notary
Govt. of India
G.B. Nagar
Regd. No. 4641
GOVT. OF INDIA

ATTESTED
N.K YADAV
Advocate
Govt. of India
G.B. Nagar
Regd No 4641

3 NOV 2014

NOTARY PUBLIC

PKF
(AF 0911)

Accountants &
business advisers

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBER OF HCL (MALAYSIA) SDN. BHD.
(Co. No. 439208-V)
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REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of HCL (MALAYSIA) SDN. BHD., which comprise the Statement of Financial Position as at 30 June 2014 of the Company, the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes as set out on pages 8 to 35.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of the financial statements that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Companies Act, 1965 in Malaysia, and for such internal controls as the Directors determine are necessary to enable the preparation of the financial statements that are free from material misstatements, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the Entity's preparation of financial statements that give a true and fair view in order to design the 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 controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, 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.

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Opinion

In our opinion, the financial statements are properly drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as at 30 June 2014 and of its financial performance and its cash flows for the financial year then ended.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that in our opinion, the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company have been properly kept in accordance with the provisions of the Act.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PKF
AF 0911
CHARTERED ACCOUNTANTS

ANTHONY JOSEPH SKELCHY
251/03/15 (J/PH)
CHARTERED ACCOUNTANT

Kuala Lumpur

03 NOV 2014

HCL (MALAYSIA) SDN. BHD.
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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

	Note	2014 RM	2013 RM
Administrative expenses	3	(37,835)	(88,092)
Other operating expenses		(24)	(34,942)
		(37,859)	(123,034)
Operating (Loss)		(37,859)	(123,034)
Other income		-	-
(Loss) before tax		(37,859)	(123,034)
Tax expense	4	(60,966)	-
(Loss) and other comprehensive (loss) for the financial year		(98,825)	(123,034)

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STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2014

	Note	2014 RM	2013 RM
Current Assets			
Non-trade receivables, deposits and prepayments	5	-	223,997
Amount due from related companies	6	-	21,053,447
Cash and bank balances	7	4,946,962	42
		4,946,962	21,277,486
TOTAL ASSETS		4,946,962	21,277,486
EQUITY AND LIABILITIES			
Equity attributable to equity holder of the Company			
Share capital	8	100,000	100,000
Retained earnings	9	4,810,174	11,447,413
Total equity		4,910,174	11,547,413
Current liabilities			
Non-trade payables and accruals	10	36,788	20,429
Amount due to related companies	6	-	9,709,644
		36,788	9,730,073
Total liabilities		36,788	9,730,073
TOTAL EQUITY AND LIABILITIES		4,946,962	21,277,486

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STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

	Note	Share Capital RM	Retained Earnings RM	Total RM
At 30 June 2012		100,000	11,570,447	11,670,447
Loss and other comprehensive loss for the financial year		-	(123,034)	(123,034)
Balance as at 30 June 2013		100,000	11,447,413	11,547,413
Dividend paid	11	-	(6,538,414)	(6,538,414)
Loss and other comprehensive loss for the financial year		-	(98,825)	(98,825)
Balance as at 30 June 2014		100,000	4,810,174	4,910,174

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STATEMENT OF CASH FLOW
FOR THE FNANCIAL YEAR ENDED 30 JUNE 2014

	Note	2014 RM	2013 RM
Cash flows from operating activities			
(Loss) before tax		(37,859)	(123,034)
Adjustments for:			
Unrealised exchange loss		(67)	34,180
Operating (loss) before working capital changes		(37,926)	(88,854)
Decrease in receivables , deposit & prepayments		223,997	-
Decrease / (increase) in amounts due from/to related companies		11,343,870	(2,285,721)
Increase in payables		16,359	19,985
Cash generated from operations		11,546,300	(2,354,590)
Tax paid		(60,966)	(33,607)
Net cash from operating activities		11,485,334	(2,388,197)
Cash flows from financing activities			
Dividend paid		(6,538,414)	-
Net cash used in financing activities		(6,538,414)	-
Net changes in cash and cash equivalents		4,946,920	(2,388,197)
Cash and cash equivalents at 1 July		42	2,388,239
Cash and cash equivalents at 30 June		4,946,962	42
Cash and cash equivalents comprise:			
Cash and bank balances		4,946,962	42
		4,946,962	42

NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2014

1. Basis of preparation

The financial statements of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the Companies Act, 1965 in Malaysia.

The accompanying financial statements have been prepared assuming that the Company will continue as going concern which contemplates the realisation of assets and settlement of liabilities in the normal course of business.

(a) Standards issued and effective

On 1 July 2013, the following new and amended MFRS and IC Interpretations are mandatory for annual financial periods beginning on or after 1 January 2013.

Description	Effective for annual periods beginning on or after
• MFRS 3, Business Combinations (IFRS 3 Business Combinations issued by IASB in March 2004)	1 January 2013
• MFRS 10, Consolidated Financial Statements	1 January 2013
• MFRS 11, Joint Arrangements	1 January 2013
• MFRS 12, Disclosure of Interests in Other Entities	1 January 2013
• MFRS 13, Fair Value Measurement	1 January 2013
• MFRS 119, Employee Benefits (IAS 19 as amended by IASB in June 2011)	1 January 2013
• MFRS 127, Consolidated and Separate Financial Statements (IAS 27 as revised by IASB in December 2003)	1 January 2013
• MFRS 127, Separate Financial Statements (IAS 27 as amended by IASB in May 2011)	1 January 2013
• MFRS 128, Investment in Associates and Joint Ventures (IAS 28 as amended by IASB in May 2011)	1 January 2013
• Amendment to MFRSs:	
- MFRS 1, Government Loans	1 January 2013
- MFRS 7, Disclosures - Offsetting Financial Assets and Financial Liabilities	1 January 2013

NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2014

1. Basis of preparation (continued)

(a) Standards issued and effective(continued)

Description	Effective for annual periods beginning on or after
• Amendment to MFRSs (continued):	
- MFRS 10, Consolidated Financial Statements: Transition Guidance	1 January 2013
- MFRS 11, Joint Arrangements: Transition Guidance	1 January 2013
- MFRS 12, Disclosure of Interests in Other Entities: Transition Guidance	1 January 2013
• IC Interpretation 20, Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
• Annual improvements 2009 – 2011 cycle, amendments to:	
- MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards	1 January 2013
- MFRS 101, Presentation of Financial Statements	1 January 2013
- MFRS 116, Property, Plant and Equipment	1 January 2013
- MFRS 132, Financial Instruments: Presentation	1 January 2013
- MFRS 134, Interim Financial Reporting	1 January 2013
- IC Interpretation 2, Members' Shares in Co-operative Entities and Similar Instruments	1 January 2013

The Directors expect that the adoption of the new and amended MFRSs and IC Interpretations above will have no material impact on the financial statements in the period of initial application.

NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2014

1. Basis of preparation (continued)

(b) Standards issued but not yet effective

The,Company have not adopted the following amendments and IC Interpretations that have been issued but not yet effective:

Description	**Effective for annual periods beginning on or after**
• Amendment to MFRSs:	
- MFRS 10, Consolidated Financial Statements: Investment Entities	1 January 2014
- MFRS 12, Disclosure of Interest in Other Entities: Investment Entities	1 January 2014
- MFRS 127, Separate Financial Statements (2011): Investment Entities	1 January 2014
- MFRS 132, Offsetting Financial Assets and Financial Liabilities	1 January 2014
- MFRS 136, Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
- MFRS 139, Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
- MFRS 119, Employee Benefits: Defined benefit plans: Employee Contributions	1 July 2014
- MFRS 11, Joint Arrangements: Accounting for Acquisitions on Interests in Joint Operations	1 January 2016
- MFRS 116, Property, plant and equipment: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
- MFRS 116, Property, plant and equipment: Agriculture: Bearer Plants	1 January 2016
- MFRS 138, Intangible Assets: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
- MFRS 141, Agriculture: Bearer Plants	1 January 2016
• IC Interpretation 21, Levies	1 January 2014

NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2014

1. Basis of preparation (continued)

(b) Standards issued but not yet effective (continued)

Description	**Effective for annual periods beginning on or after**
• Annual improvements to MFRSs 2010 – 2012 cycle	
- MFRS 2, Share-based payment	1 July 2014
- MFRS 3, Business combinations	1 July 2014
- MFRS 8, Operating Segments	1 July 2014
- MFRS 116, Property, plant and equipment	1 July 2014
- MFRS 124, Related party disclosures	1 July 2014
- MFRS 138, Intangible assets	1 July 2014
• Annual improvements to MFRSs 2011 – 2013 cycle, amendments to	
- MFRS 3, Business combinations	1 July 2014
- MFRS 13, Fair value measurement	1 July 2014
- MFRS 140, Investment property	1 July 2014
• MFRS 14, Regulatory Deferral Accounts	1 January 2016
• MFRS 15, Revenue from Contracts with Customers	1 January 2017

The Directors expect that the adoption of the amendments and IC Interpretations above will have no material impact on the financial statements in the period of initial application except as mentioned below:

MFRS 9, Financial Instruments

MFRS 9 has been issued but the effective date is yet to be announced. The standard reflects the first phase of the work on replacement of MFRS 139 Financial Instruments: Recognition and Measurement. MFRS 9 replaces the multiple classification and measurement of financial assets and financial liabilities in MFRS 139, with a single model that has only two classification categories: amortised cost and fair value.

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2014

1. Basis of preparation (continued)

(b) Standards issued but not yet effective (continued)

MFRS 9, Financial Instruments

All financial assets shall be classified on the basis of the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. Financial assets are initially measured at fair value plus, in the case of a financial asset not classified as fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Financial assets are subsequently measured at amortised cost or at fair value. Financial liabilities are also subsequently measured at amortised cost or at fair value. However, changes due to own credit risk in relation to the fair value option for financial liabilities shall be recognised in other comprehensive income.

The Company will quantify the effect of MFRS 9 together with the other phases, when the final standard is issued.

(c) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2 to the financial statements.

1. Basis of preparation (continued)

(c) Critical accounting estimates and judgements

Estimates and judgements are continually evaluated by the directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Company's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below:-

(i) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Company recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the year in which such determination is made.

(ii) Impairment of Trade and Non-trade Receivables

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loan and receivables financial assets and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgment to evaluate the adequacy of the allowance for impairment losses.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying value of receivables.

(iii) Fair Value Estimates for Certain Financial Assets and Liabilities

The Company carries certain financial assets and liabilities at fair value, which requires extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Company uses different valuation methodologies. Any changes in fair value of these assets and liabilities would affect profit and/or equity.

2. Summary of significant accounting policies

(a) Revenue

(i) Products revenue

Revenue from sale of goods is measured at the fair value of the consideration receivable and is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer.

(ii) Services revenue

This comprises:-

(a) Development, installation and implementation of software

The revenue is based on the percentage completion method.

The percentage of completion is measured by reference to labour hours incurred to date, as a percentage of total estimated labour hours for each of the various contracts.

(b) Annual maintenance hard/software

The revenue is recognised on a straight-line basis over the term of the maintenance period.

(iii) Interest income

Interest income is recognised in the income statement as it accrues, taking into account the effective yield on the fixed deposits.

(b) Employee benefits expense

(i) Short-term benefits

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Company.

(ii) Defined contribution plans

The Company participates in the national pension schemes as defined by the laws of the countries in which it has operations. The Malaysian companies in the Company make contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

2. Summary of significant accounting policies (continued)

(c) Income taxes

(i) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(ii) Deferred tax

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2014

2. Summary of significant accounting policies (continued)

(c) Income taxes (continued)

(ii) Deferred tax (continued)

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity and deferred tax arising from a business combination is included in the resulting goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs.

(d) Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Company determine the classification of their financial assets at initial recognition, and the categories include loans and receivables.

Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2014

2. Summary of significant accounting policies (continued)

(e) Impairment

(i) Impairment of financial assets

The Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

(a) Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

2. Summary of significant accounting policies (continued)

(e) Impairment (continued)

(i) Impairment of financial assets (continued)

(a) Trade and other receivables and other financial assets carried at amortised cost (continued)

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(b) Unquoted equity securities carried at cost
(investment in a subsidiary)

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

(f) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value. For the purpose of the cash flow statement, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(g) Share capital

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

2. Summary of significant accounting policies (continued)

(h) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of FRS 139, are recognised in the statement of financial position when, and only when, the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as other financial liabilities.

Other financial liabilities

The Company's other financial liabilities include trade payables, other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(I) Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Company.

Contingent liabilities and assets are not recognised in the statements of financial position of the Company.

2. Summary of significant accounting policies (continued)

(j) Foreign currency

(i) Functional and presentation currency

The individual financial statements of each entity in the Company are measured using the currency of the primary economic environment in which the entity operates (“the functional currency”). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Company’s functional currency.

(ii) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2014

3. Operating (loss)

	2014 RM	2013 RM
Operating (loss) is arrived at after (crediting)/charging :		
Auditors Remuneration	19,051	57,822
Exchange loss - unrealised	-	552
Interest Income	-	34,180

4. Tax expense

	2014 RM	2013 RM
Malaysian tax expenses		
- current year	-	-
- under provision in prior years	60,966	
Tax expenses	60,966	-

Reconciliation of effective tax rate

	2014 RM	2013 RM
(Loss) before tax	(37,393)	(123,034)
Income Tax using Malaysian tax rates of 25% (2013:25%)	(9,348)	(30,759)
Tax effect of:		
Non-deductible expenses	9,348	30,759
Current year tax loss forfeited	-	-
	-	-
Under provision in prior years	60,966	-
Tax expense for the financial year	60,966	-

5. Other receivables, deposits and prepayments

These include the following:-

	2014 RM	2013 RM
Advance income tax paid	-	223,997

6. Amounts due from/(to) related companies

	2014 RM	2013 RM
Amount due from:		
Non-trade	-	21,053,447
Amount due to:		
Non-trade	-	9,709,644

Non-trade

Non-trade transactions are unsecured, interest free and repayable on demand.

7. Cash and bank balances

	2014 RM	2013 RM
Cash at bank	4,946,962	42

8. Share capital

	2014	2013	2014 RM	2013 RM
	Number of ordinary shares			
Ordinary shares of RM1.00 each:				
Authorised				
At 1 July/30 June	100,000	100,000	100,000	100,000
Issued and fully paid				
At 1 July/30 June	100,000	100,000	100,000	100,000

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2014

9. Retained earnings

Under the single-tier system introduced by the Finance Act 2007 which came into effect from the year of assessment 2009, dividends paid under this system are tax exempt in the hands of shareholders. As such, the whole retained profits can be distributed to shareholders as tax-exempt dividends.

10. Other payables and accruals

	2014 RM	2013 RM
Other payables	-	444
Accrued expenses	36,788	19,985
	36,788	20,429

11. Dividends

Dividend recognised by the Company are:

	Dividend per share Sen	Amount of dividend (single tier) RM	Date of payment
In respect of financial year ended 31 June 2014:			
Single tier interim dividend	65.38	6,538,414	29 May 2014

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12. Significant related party transactions

Significant transactions between the Company, its holding company, related companies and related parties during the financial year are as follows:-

Name of company	Type of transaction	Transaction Value 2014 RM	Transaction Value 2013 RM	Balance outstanding as at 30 June 2014 RM	Balance outstanding as at 30 June 2013 RM
With ultimate holding company	Dividend paid	(6,538,414)	-	-	-
	Transfer of receivable from subsidiary	6,538,414			
With related companies	Repayment of advance made	14,515,033	-	-	21,053,447
	Transfer of receivable to ultimate holding company	(6,538,414)			
With related companies	Repayment of advances received	(9,709,644)	-	-	(9,709,644)

The Directors are of the opinion that the terms and conditions and price of the above transactions are arrived at on a mutually agreed basis.

13. Financial instruments

The Company is exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, foreign currency risk and market price risk.

The Company's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Company's businesses whilst managing its credit risk, liquidity risk, foreign currency risk and market price risk.

The following sections provide details regarding the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit Risk

The Company's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Company manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balances), the Company minimises credit risk by dealing exclusively with high credit rating counterparties.

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of the trade and other receivables as appropriate. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for Company's of similar assets in respect of losses that have been incurred but not yet identified. Impairment is estimated by management based on prior experience and the current economic environment.

13. Financial instruments (continued)

(a) Credit Risk (continued)

<u>Credit risk concentration profile</u>

The Company does not have major concentration of credit risk.

<u>Exposure to credit risk</u>

As the Company does not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets as at the end of the reporting period.

The exposure of credit risk for trade receivables (including amount owing by related companies) by geographical region is as follows:-

	2014 RM	2013 RM
South Africa	-	158,158
Malaysia	-	20,895,289
	-	21,053,447

(b) Liquidity risk

Liquidity risk arises mainly from general funding and business activities. The Company practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2014

13. Financial instruments (continued)

(b) Liquidity risk (continued)

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):

	Carrying amount RM	Contractual undiscounted Cash Flows RM	Within 1 Year RM
2014			
Non-trade payables and accruals	36,788	-	36,788
	36,788	-	36,788
2013			
Non-trade payables and accruals	20,429	-	20,429
Amounts due to related companies	9,709,644	-	9,709,644
	9,730,073	-	9,730,073

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NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2014

13. Financial instruments (continued)

(c) Foreign currency risk

The Company is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than Ringgit Malaysia. The currencies giving rise to this risk are primarily South Africa Rand, United States Dollar and Singapore Dollar. Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level. On occasion, the Company enters into forward foreign currency contracts to hedge against its foreign currency risk.

The Company's exposure to foreign currency is as follows:-

	Singapore Dollar RM	Ringgit Malaysia RM	United State Dollar RM	Total RM
2014				
Financial assets				
Cash and bank balances	-	4,946,962	-	4,946,962
Financial liabilities				
Non-trade payables and accruals	18,004	-	18,784	36,788
Net currency exposure	(18,004)	4,946,962	(18,784)	4,910,174

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2014

13. Financial instruments (continued)

(c) Foreign currency risk (continued)

	Singapore Dollar RM	South African Rand RM	Ringgit Malaysia RM	Total RM
2013				
Financial assets				
Other receivables and deposits	-	-	223,997	223,997
Amount due from related companies	-	158,158	20,895,289	21,053,447
Cash and bank balances	-	-	42	42
	-	158,158	21,119,328	21,277,486
Financial liabilities				
Non-trade payables and accruals	19,985	-	444	20,429
Amount due to related Companies	-	-	9,709,644	9,709,644
	19,985	-	9,710,088	9,730,073
Net currency exposure	(19,985)	158,158	11,409,240	11,547,413

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2014

13. Financial instruments (continued)

(c) Foreign currency risk (continued)

Foreign currency risk sensitivity analysis

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies as at the end of the reporting period, with all other variables held constant:

	2014 Increase/ (Decrease) RM	2013 Increase/ (Decrease) RM
Effects on profit after taxation:		
SGD / RM		
Strengthened by 5% (2013: 5%)	(675)	(749)
Weakened by 5% (2013: 5%)	675	749
USD / RM		
Strengthened by 5% (2013: 5%)	(704)	-
Weakened by 5% (2013: 5%)	704	-
ZAR / RM		
Strengthened by 5% (2013: 5%)	-	5,931
Weakened by 5% (2013: 5%)	-	(5,931)

14. Fair values

In respect of financial instruments classified under current assets and current liabilities, the carrying amounts approximate the fair values due to relatively short term nature of these financial instruments.

15. Capital management

The Company manages its capital to ensure that entities within the Company will be able to maintain an optimal capital structure so as to support their businesses and maximise shareholder(s) value. To achieve this objective, the Company may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Company manages its capital based on debt-to-equity ratio. The Company's strategies were unchanged from the previous financial year. The debt-to-equity ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings plus trade and other payables less cash and cash equivalents. Total capital is calculated as equity plus net debt.

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2014

15. Capital management (continued)

The debt-to-equity ratio of the Company as at the end of the reporting period was as follows:

	2014 RM	2013 RM
Non-trade payables and accruals	36,788	20,429
Amounts due to related companies	-	9,709,644
	36,788	9,730,073
Less: Cash and bank balances	(4,946,962)	(42)
Net debt	(4,910,174)	9,730,031
Total equity	4,910,174	11,547,413
Total capital	-	21,277,444
Debt-to-equity ratio	-	46%

16. Holding companies

The Company is a wholly owned subsidiary of HCL Technologies (Bermuda) Limited, a Company incorporated in Bermuda. HCL Technologies (Bermuda) Limited, in turn, is a wholly owned subsidiary of HCL Technologies Limited, a company incorporated in India and listed on NSE (National Stock Exchange, Bombay) and BSE (Bombay Stock Exchange). HCL Technologies Limited is also the ultimate holding company.

17. General information

The Company is a private limited company that is incorporated and domiciled in Malaysia.

The principal activities consist of sales of hardware, software development, installation, implementation and maintenance of hardware and software and business process outsourcing.

The Company is dormant during the year.

The registered office is at 35-3, Jalan SS 15/8A, 47500 Subang Jaya, Selangor Darul Ehsan.

The principal place of business is located at Level 5E-1B, Enterprise 4, Technology Park Malaysia, Bukit Jalil 57000 Kuala Lumpur.

The financial statements were approved and authorised for issue by the Board of Directors on 3 November 2014.