

**HCL TECHNOLOGIES ITALY SPA**  
Registered office in Vimodrone (MI), Via Luigi Cadorna No. 73, 20090, Italy  
Share Capital € 2.840.000,00 fully paid up.  
A single-member company  
Tax Code and Milan Companies Register No. 08740280964  
Milan Econ. and Admin. Index no. (REA MI) 2045670

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**REPORT OF THE BOARD OF STATUTORY AUDITORS**  
**ON THE FINANCIAL STATEMENTS AT 31 MARCH 2018**

*pursuant to Article 14 of Italian Legislative Decree No. 39 of 27 January 2010  
and Article 2429, paragraph 2, of the Italian Civil Code.*

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To the Shareholders' Meeting of **HCL TECHNOLOGIES ITALY SPA**

**Introduction**

The Board of Statutory Auditors, in the fiscal year ended on 31 March 2018, carried out the functions required by Articles 2403 et seq. and Article 2409-bis of the Italian Civil Code.

This comprehensive report contains, in Section A, the "Audit Report pursuant to Article 14 of Italian Legislative Decree No. 39 of 27 January 2010" and, in Section B, the "Report pursuant to Article 2429, paragraph 2, of the Italian Civil Code".

**A) Audit Report pursuant to Article 14 of Italian Legislative Decree No. 39 of 27 January 2010**

1. We have audited the financial statements of **HCL TECHNOLOGIES ITALY SPA** (the "Company" or "HCL IT") at 31<sup>st</sup> March 2018.

The responsibility for preparing financial statements in accordance with the rules governing their preparation rests with the Directors of the Company. We are responsible for providing a professional opinion on the financial statements based on our audit.

2. We carried out the audit according to the established auditing standards. In compliance with the said standards, the audit was planned and performed in order to acquire every element necessary to ascertain whether the financial statements are vitiated by significant errors or if they are, in their entirety, reliable. The audit was conducted in a manner consistent with the size of the Company and its

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organisational structure. The audit includes examining, through sample checks, the evidence supporting the balances and information contained in the financial statements, as well as assessing the adequacy and correctness of the accounting criteria used and the reasonableness of the estimates made by the Directors. We believe that the work performed provides a reasonable basis for expressing our professional opinion.

In accordance with the rules of comparison between the financial statements, we have compared the values reported on the income statements of the last two fiscal years ended on 31 March 2018 and 31 March 2017.

3. In our opinion, the above-mentioned financial statements comply with the rules governing their preparation; therefore, they have been prepared clearly and are a true and fair representation of the Company's financial position and the operating results of **HCL TECHNOLOGIES ITALY SPA** for the year ended on 31 March 2018.

With specific reference to the Goodwill, it is underlined that, in the Financial Statements as at March 31, 2017, the Company wrongly reported the amount of Euro 340.439, due to the wrong posting of a receivable from IBM. Following the correction, the opening balances of Goodwill and receivables had been corrected by the Company, with a net increase of the goodwill for Euro 1.044.304.

The BofA expressed its consent to such amendment and higher amount registered in the Financial Statements as at March 31, 2018.

4. The responsibility for the preparation of the management report, pursuant to the provisions of law, lies with the Directors of **HCL TECHNOLOGIES ITALY SPA**. We are responsible for expressing an opinion on the congruency of the management report with the financial statements, as required by Article 14-ter, paragraph 2, letter e), of Italian Legislative Decree No. 39 of 27 January 2010. For this purpose, we have carried out the procedures indicated in auditing standard PR 001 issued by the Italian National Council of Certified Accountants and Accounting Experts and recommended by Consob. In our opinion, the management report is congruent with the financial statements of the Company at 31<sup>st</sup> March 2018.

**B) Report on the supervisory activities pursuant to Article 2429, paragraph 2, of the Italian Civil Code.**

During the year ended on 31<sup>st</sup> March 2018, our activities were inspired by the Board of Statutory Auditors Rules of Conduct recommended by the Italian National Council of Certified Accountants and Accounting Experts.

Supervisory activities pursuant to Articles 2403 et seq. of the Italian Civil Code.

In particular:

We attended two Shareholders' meetings and five meetings of the Board of Directors and we can reasonably assure that the resolutions were in compliance with the law and the Articles of Association, and that they were not imprudent, risky, in potential conflict of interest or likely to compromise the integrity of the Company's assets.

- During meetings with the Board of Statutory Auditors, the Directors provided information on the general management of the Company, as well as on the most significant transactions made by the Company in the year ended on 31<sup>st</sup> March 2018.
- The Board of Statutory Auditors did not find any atypical and/or unusual transactions, including those carried out with related parties or inter-company transactions.
- The Board of Statutory Auditors monitored compliance with the law and the Articles of Association; observance of the principles of sound management, giving the Directors its recommendations on the adequacy of the organisational, administrative and accounting structure adopted by the Company; and compliance with regulatory requirements and their application.
- We also note that no complaints have been received in accordance with Article 2408 of the Italian Civil Code and that no opinions were issued during the year.

#### Financial statements

To our knowledge, in preparing the financial statements the Directors did not depart from the rules of law pursuant to Article 2423, paragraph 4, of the Italian Civil Code. The results of the statutory audit of the financial statements carried out by us are contained in Section A of this report.

The balance sheet and income statement show a result for the year of € 371.184 which is summarised in the following values:

Assets	Euro	20.232.149
Liabilities	Euro	16.450.451
Shareholders' equity excluding loss for the year	Euro	3.410.514
<b>Profit for the year</b>	<b>Euro</b>	<b>371.184</b>

Value of production (non-financial income)	Euro	30.598.809
Production costs (non-financial costs)	Euro	29.854.950
<b>Difference</b>	<b>Euro</b>	<b>743.859</b>
Financial income and expenses	Euro	(96.577)
Value adjustments to financial assets	Euro	-

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<b>Result before taxes</b>	<b>Euro</b>	<b>647.282</b>
<b>Income taxes</b>	<b>Euro</b>	<b>276.098</b>
<b>Profit for the year</b>	<b>Euro</b>	<b>371.184</b>

Conclusion

For the above, the Board of Statutory Auditors has no objection to the approval of the financial statements at 31<sup>st</sup> March 2018, and has no objections to make regarding the proposed resolution presented by the Board of Directors for the destination of the profit for the period.

The Board of Statutory Auditors therefore proposes that the Shareholders' Meeting approve the financial statements for the year ended on 31<sup>st</sup> March 2018, as prepared by the Administrative Body.

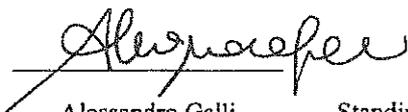
Milan, 21<sup>st</sup> August 2018

**The Board of Statutory Auditors**



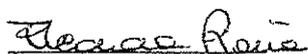
Roberto Bisi

Chairman of the Board of Statutory Auditors



Alessandro Galli

Standing Auditor



Eleonora Pianta

Standing Auditor

### General information about the company

Name and id code  
Company name: HCL TECHNOLOGIES ITALY S.P.A.  
Company site: VIA LUIGI CADORNA, 73 VIMODRONE MI  
Share capital: 2.840.000,00  
Fully paid-in share capital: Yes  
Registration Authority id code: MI  
VAT number: 08740280964  
Fiscal code: 08740280964  
Registration number: 2045670  
Legal form: SOCIETA' PER AZIONI  
Activity Code: 620200  
Company being wound up: No  
Company with a single shareholder: Yes  
Company subject to the management and coordination of others: No  
Name of the company or entity that exercises management and coordination:  
belonging to a group: Yes  
Name of the controlling entity: HCL TECHNOLOGIES LIMITED  
Country of the controlling entity: INDIA  
Cooperative company Registration number:

## Financial statements as at 31/03/2018

### Ordinary balance sheet

	31/03/2018	31/03/2017
<b>Assets</b>		
<b>B) Fixed assets</b>		
I - Intangible fixed assets		
3) industrial patents and intellectual property rights	11.741	15.184
5) goodwill	1.138.056	1.384.743
7) other	366.410	24.972
<i>Total intangible fixed assets</i>	<i>1.516.207</i>	<i>1.424.899</i>
II - Tangible fixed assets		

	31/03/2018	31/03/2017
2) plant and machinery	290.337	498.660
3) industrial and commercial equipment	13.230	4.194
4) other assets	1.295.266	243.965
<i>Total tangible fixed assets</i>	<i>1.598.833</i>	<i>746.819</i>
III - Financial fixed assets	-	-
2) receivables due from	-	-
d-bis) third parties	141.250	141.250
due beyond the following year	141.250	141.250
<i>Total receivables</i>	<i>141.250</i>	<i>141.250</i>
<i>Total financial fixed assets</i>	<i>141.250</i>	<i>141.250</i>
<i>Total fixed assets (B)</i>	<i>3.256.290</i>	<i>2.312.968</i>
<b>C) Current assets</b>		
II - Receivables	-	-
1) trade accounts	6.410.346	2.976.420
due within the following year	6.410.346	2.976.420
3) due from associated companies	311.278	-
due within the following year	311.278	-
4) due from parent companies	3.357.274	7.403.174
due within the following year	3.357.274	7.403.174
5) due from companies under the control of parent companies	283.891	1.293.175
due within the following year	283.891	1.293.175
5-bis) due from tax authorities	341.322	877.213
due within the following year	341.322	877.213
5-ter) advances on tax payments	44.115	4.691
5-quater) due from third parties	713.112	191.407
due within the following year	713.112	191.407
<i>Total receivables</i>	<i>11.461.338</i>	<i>12.746.080</i>
IV - Liquid funds	-	-
1) bank and post office deposits	5.503.265	-
<i>Total liquid funds</i>	<i>5.503.265</i>	<i>-</i>
<i>Total current assets (C)</i>	<i>16.964.603</i>	<i>12.746.080</i>
<b>D) Accrued income and prepayments</b>	<b>11.256</b>	<b>339.550</b>
<i>Total assets</i>	<i>20.232.149</i>	<i>15.398.598</i>
<b>Liabilities and shareholders' equity</b>		

	31/03/2018	31/03/2017
<b>A) Shareholders' equity</b>	<b>3.781.698</b>	<b>1.570.515</b>
I - Share capital	2.840.000	1.000.000
IV - Legal reserve	30.594	7.451
VI - Other reserves	-	-
Extraordinary reserve	100.215	100.215
Miscellaneous other reserves	-	2
<i>Total other reserves</i>	<i>100.215</i>	<i>100.217</i>
VIII - Retained earnings (accumulated losses)	439.705	-
IX - Profit (loss) for the year	371.184	462.847
Total Shareholders' Equity	3.781.698	1.570.515
<b>C) Total reserve for severance indemnities (TFR)</b>	<b>789.561</b>	<b>753.868</b>
<b>D) Payables</b>		
4) due to banks	-	1.218.092
due within the following year	-	1.218.092
6) advances	2.361	117.311
due within the following year	2.361	117.311
7) trade accounts	3.403.450	1.227.192
due within the following year	3.403.450	1.227.192
11) due to parent companies	366.304	204.983
due within the following year	366.304	204.983
11-bis) due to companies under the control of parent companies	5.682.680	5.780.082
due within the following year	5.682.680	5.780.082
12) due to tax authorities	984.428	622.024
due within the following year	984.428	622.024
13) due to social security and welfare institutions	1.292.197	962.255
due within the following year	1.292.197	962.255
14) other payables	3.653.495	2.922.487
due within the following year	3.653.495	2.922.487
<i>Total payables (D)</i>	<i>15.384.915</i>	<i>13.054.426</i>
<b>E) Accrued liabilities and deferred income</b>	<b>275.975</b>	<b>19.789</b>
<i>Total liabilities and shareholders' equity</i>	<i>20.232.149</i>	<i>15.398.598</i>

## Ordinary P&L account

	31/03/2018	31/03/2017
<b>A) Value of production</b>		
1) Revenues from sales and services	30.531.977	21.467.981
2) Change in work in progress, semi-finished and finished products	-	(406.521)
5) Other income and revenues	-	-
other	66.832	50.468
<i>Total Other income and revenues</i>	66.832	50.468
<i>Total value of production</i>	30.598.809	21.111.928
<b>B) Cost of production</b>		
6) Raw, ancillary and consumable materials and goods for resale	1.194.175	592.992
7) Services	7.899.361	3.993.000
8) Use of third party assets	1.081.842	833.303
9) Payroll and related costs	-	-
a) wages and salaries	13.889.523	10.478.095
b) related salaries	3.948.496	3.508.166
c) severance	797.503	322.369
<i>Total payroll and related costs</i>	18.635.522	14.308.630
10) Amortisation, depreciation and writedowns	-	-
a) amortisation of intangible fixed assets	288.549	59.306
b) depreciation of tangible fixed assets	388.651	266.346
d) writedowns of accounts included among current assets	66.851	-
<i>Total Amortisation, depreciation and writedowns</i>	744.051	325.652
14) Other operating expenses	299.999	209.987
<i>Total cost of production</i>	29.854.950	20.263.564
<b>Difference between value and cost of production (A - B)</b>	<b>743.859</b>	<b>848.364</b>
<b>C) Financial income and expense</b>		
16) Other financial income	-	-
d) income other than the above	-	-
other	4	-
<i>Total income other than the above</i>	4	-
<i>Total other financial income</i>	4	-
17) Interest and other financial expense	-	-
to associated companies	114.756	77.156

	31/03/2018	31/03/2017
other	986	25
<i>Total interest and other financial expense</i>	<i>115.742</i>	<i>77.181</i>
17-bis) Currency gains and losses	19.161	8.539
<i>Total financial income and expense (15 + 16 - 17 + - 17-bis)</i>	<i>(96.577)</i>	<i>(68.642)</i>
<b>Profit before taxes (A - B + - C + - D)</b>	<b>647.282</b>	<b>779.722</b>
<b>20) Taxes on the income for the year</b>		
Current taxes	315.521	297.875
Deferred tax assets and liabilities	(39.423)	19.000
<i>Total taxes on the income for the year</i>	<i>276.098</i>	<i>316.875</i>
<b>21) Net profit (loss) for the year</b>	<b>371.184</b>	<b>462.847</b>

## Statement of cash flows, indirect method

	Amount as at 31/03/2018	Amount as at 31/03/2017
<b>A) Financial flow from operations (indirect method)</b>		
Net profit (loss) for the year	371.184	462.847
Income taxes	276.098	316.875
Interest expenses/(Income)	115.738	77.181
<i>1) Profit (loss) for the fiscal year before income taxes, dividends and capital gains/losses from disposals</i>	<i>763.020</i>	<i>856.903</i>
Adjustments for non-monetary elements with no offset in working capital		
Accruals to provisions	(49.459)	322.369
Depreciation of assets	642.731	325.652
<i>Total adjustments for non-monetary items with no offset in net working capital</i>	<i>593.272</i>	<i>648.021</i>
<i>2) Financial flow before changes to the net working capital</i>	<i>1.356.292</i>	<i>1.504.924</i>
Changes in net working capital		
Decrease/(Increase) of inventories		406.521
Decrease/(Increase) of credits towards customers	(3.433.926)	(7.554.891)
Increase/(Decrease) in payables due to suppliers	2.176.258	(114.373)
Decrease/(Increase) in accrued income and deferred expenses	328.294	(197.537)
(Increase)/Decrease in accrued liabilities and deferred income	256.186	19.789
Other decreases/(Other increases) of net working capital	6.010.614	28.333
<i>Total changes in net working capital</i>	<i>5.337.426</i>	<i>(7.412.158)</i>
<i>3) Financial flow after changes to the net working capital</i>	<i>6.693.718</i>	<i>(5.907.234)</i>
Other adjustments		
Interest collected/(paid)	(115.738)	(77.181)
(Income taxes paid)	(297.875)	(316.875)
Other collections/(payments)	9.014	
<i>Total other adjustments</i>	<i>(404.599)</i>	<i>(394.056)</i>
<b>Financial flow from operations (A)</b>	<b>6.289.119</b>	<b>(6.301.290)</b>
<b>B) Financial flow from investing activities</b>		
PROPERTY, APPARATUS AND EQUIPMENT		
(Investments)	(1.238.612)	(91.999)
Disinvestments	32.418	
INTANGIBLE FIXED ASSETS		

	Amount as at 31/03/2018	Amount as at 31/03/2017
(Investments)	(379.857)	(3.445)
(Acquisition of company branches net of cash and cash equivalents)	(1.044.304)	(378.266)
<b>Cash flow from investing activities (B)</b>	<b>(2.630.355)</b>	<b>(473.710)</b>
<b>C) Financial flow from financing activities</b>		
Loan capital		
Increase/(Decrease) in short-term payables due to banks	(1.218.092)	1.218.092
New loans	1.222.593	5.244.150
Equity		
Increase in paid share capital	1.840.000	
<b>Cash flow from financing activities (C)</b>	<b>1.844.501</b>	<b>6.462.242</b>
<b>Increase (decrease) in cash and cash equivalents (A ± B ± C)</b>	<b>5.503.265</b>	<b>(312.758)</b>
Cash and cash equivalents at the beginning of the fiscal year		
bank and post office deposits		312.758
Total cash and cash equivalents at the beginning of the fiscal year		312.758
Cash and cash equivalents at the fiscal year end		
bank and post office deposits	5.503.265	
Total cash and cash equivalents at the end of the fiscal year	5.503.265	
Balance difference		

## Explanatory notes, initial part

Dear Shareholders: these explanatory notes to the financial statements are integral part of the financial statements to 31/03/2018.

The financial statements comply with the requirements of articles 2423 and following of the Italian Civil Code and with the national accounting standards published by the Italian Accounting Board; therefore, they describe, clearly, truthfully, and accurately the assets and financial situation of the company and the economic outcome for the fiscal year.

The contents of the balance sheet and income statement are those required by articles 2424 and 2425 of the Italian Civil Code, while the statement of the financial position was prepared in accordance with art. 2425-ter.

The explanatory notes to the financial statements, written in accordance with art. 2427 of the Italian Civil Code, also contain all information useful to provide a correct interpretation of the financial statements.

### Basis of preparation

#### Financial Statement preparation

The information contained in this document is reported based on the order of the items in the balance sheet and P&L account.

In reference to the indications in the introduction to these Explanatory Notes, we declare that, in accordance with article 2423, 3<sup>rd</sup> paragraph of the Italian Civil Code, if the disclosures required by specific legal provisions are not sufficient for giving a truthful and fair representation of the company's situation, additional disclosures are provided considered necessary for this purpose.

No exceptional cases occurred which made it necessary to use the exceptions as per article 2423, paragraph 4 and article 2423-bis paragraph 2 of the Italian Civil Code.

The financial statements, as well as these explanatory notes to the financial statements were written in units of Euros.

### Financial statement preparation policies

The financial statements items were valued in accordance with the principle of prudence and on a going concern. In accordance with art. 2423-bis, par.1, point 1-bis of the Italian Civil Code, the items are recognized and presented taking into account the substance of the transaction and contract.

When preparing the financial statements, the charges and incomes were entered according to an accrual basis of accounting, independently of the time collection or payment. Moreover, the risks and losses accruing during the fiscal year were taken into account even if they became known after the fiscal year's closing date.

### Structure and contents of the financial statement

The balance sheet, income statement, statement of cash flows, and accounting information found in these explanatory notes are consistent with the accounting entries, from which they were directly derived.

The Balance Sheet and P&L Account do not contain groupings of items preceded by Arabic numeral, as instead optionally allowed by article 2423-ter of the Italian Civil Code.

In accordance with article 2424 of the Italian Civil Code, it should be noted that there are no asset and liability elements which are under more than one item in the financial statement schedule.

In accordance with article 2423-ter of the Italian Civil Code it should be noted that the company reclassify some financial statement items in order to be compliant with the provision of the Law Decree n. 139/2015.

In accordance with article 2423-ter, paragraph 5, of the Italian Civil Code and the accounting principle OIC 29, it should be noted that, due to an accounting error, some items of the balance sheet have been adjusted in order to make them comparable with those of the current year.

The mistake committed concerns the recording of the acquisition transaction of the IBM business unit that took place in the previous financial year. In particular, the amount of goodwill was wrongly accounted for a lower amount of Euro 1.044304, compared to that resulting from the notarial acts against a receivable from IBM that had no reason to exist. This error was corrected by adjusting the opening balances of both the goodwill and the receivables values.

On the basis of notary acts regarding the acquisition of the business, we also proceeded with a better division of payables to employees, dividing them into payables for wages and salaries, payables for social security contributions and the provision for severance indemnities.

The items to be modified are:

- Goodwill: value in the financial statements as at 31/03/2017 of Euro 340.439  
value as at 31/03/2017 indicated in the current financial statements as Euro 1.384.743.
- Receivables from others: value in the financial statements as at 31/03/2017 equal to Euro 1.235.711  
value as at 31/03/2017 indicated in the current financial statements as Euro 191.407.
- Employee severance indemnity: value in the financial statements as at 31/03/2017 of Euro 839.020.  
value as at 31/03/2017 indicated in the current financial statements as Euro 753.868.
- Payables to social security institutions: value as at 31/03/2017 equal to Euro 902.603  
value as at 31/03/2017 indicated in the current financial statements as Euro 962.255.
- Other payables: value as of 31/03/2017 of Euro 2.896.987  
value as at 31/03/2017 indicated in the current financial statements as Euro 2.922.487.

### Measurement policies

In accordance with article 2427, paragraph 1, n° 1 of the Italian Civil Code, the most significant valuation criteria adopted in observance of the provisions of art. 2426 of the Italian Civil Code are shown, with special reference to the balance sheet items for which the law allows several valuation and adjustment criteria or for which no specific criteria are provided.

### Other information

The company was incorporated on July 29, 2014, being the corporate object the design, development, production and trading of software and hardware, as well as the provision of the other IT services and related activities.

On September 24, 2014, the Company acquired a business unit of Ericsson Telecomunicazioni S.p.a., named "Design organization Microwave e Mobile Backhaul Italy", with effect from October 1, 2014.

On 1 September 2016, the Company has acquired part of business of IBM relating to the activities of development and special assistance of products called IBM work scheduler and Automation.

With ordinary shareholders' meeting of July 25, 2017, the share capital was increased up from Euro 1.000.000 to Euro 2.840.000.

### Assessment of foreign currency items

The accounting amounts expressed in foreign currency were entered after conversion into euro according to the exchange rate existing at the time of their assessment or at the exchange rate on the fiscal year's closing date based on the indications of OIC accounting standard no. 26.

### Transactions with grant back obligation

In accordance with art. 2427, n° 6-ter, the company certifies that, during the fiscal year, the company did not perform any transaction subject to the grant back obligation.

Receivable included in current assets are recognised on Trial Balance according to the criterio of depreciated cost, as required by article 2426 paragraph 1, n. 8 of Civile Code.

The adaptation to the presumable net realizable value was made through the allocation of a provision for allowances for doubtful accounts.

## Explanatory notes, assets

The values entered as assets in the balance sheet were valued as required by article 2426 of the Italian Civil Code and in accordance with the national accounting standards. The criteria applied in each case are indicated in the sections concerning the individual entries.

### Fixed assets

#### Intangible fixed assets

As the prerequisites indicated by the accounting principles are satisfied, the intangible assets are entered as assets in the balance sheet, at the acquisition and/or production cost and are depreciated in constant amounts depending on their future usefulness.

The values of the assets are shown net of the accumulated depreciation and writedowns.

The depreciation was carried out in accordance with the following pre-established plan, which is believed to ensure a correct allocation of the cost incurred during the useful life of the asset in question:

Intangible assets items	Period
Concessions, licenses, trademarks, and similar rights	20%
Goodwill	10%
Other intangible assets	20%

The depreciation criterion for intangible assets was applied systematically and in every fiscal year, in relation to the remaining possibility of economic use of each asset or expense.

#### *Goodwill*

As the prerequisites indicated by the accounting principles were satisfied, the goodwill was entered as an asset in the balance sheet with the consent of the board of statutory auditors, as it was acquired at a cost; it was depreciated, within the limit of 10 years required by OIC 24, in accordance with its useful life, in accordance with the terms of art. 2426, paragraph 1, n° 6 of the Italian Civil Code.

#### **Tangible fixed assets**

Fixed assets belonging to the property, apparatus and equipment category are entered in the financial statements at purchase cost plus the incidental charges incurred until the asset are ready for use.

The value of these assets is stated net of accumulated depreciation.

The accounting amount of goods, grouped into uniform classes by nature and year of acquisition, is divided between the fiscal years when the goods will presumably be used. This procedure is implemented by systematic allocation of depreciation shares in the P&L Account corresponding to established plans, defined when the goods enter service, with reference to the presumed remaining possibility of use of the goods. These plans are prepared with reference to the gross value of the goods and assuming a zero realisation value at the end of the process.

The depreciation of property, apparatus and equipment, whose use is limited in time, is performed in compliance with the following established plan:

Property, apparatus and equipment items	Rate %
Apparatus and machinery	20 %
Industrial and commercial equipment	20 %
Other goods	20 %

For those tangible fixed assets acquired during the fiscal year, the abovementioned rates have been halved, as the depreciation rate thus obtained does not significantly diverge from the rate calculated starting from the moment in which the assets is available and ready for the use.

The cost of property, apparatus and equipment is systematically depreciated each fiscal year in relation to their remaining possible use.

Pursuant to article 10 of the Law March 19, 1983 no. 72, and as also cited on subsequent laws concerning monetary revaluation, it should be noted that no monetary revaluation was performed for property, apparatus and equipment existing in company assets.

It should be noted that it was not necessary to perform the write-downs as per article 2426 paragraph 1 no. 3 of the Italian Civil Code, as required by OIC accounting standard no. 9, because there were no indicators of potential impairment of property, apparatus and equipment.

### Financial fixed assets

#### Receivables

The credits entered among the financial assets were recognized in the financial statements at the nominal value corresponding to the presumable net realizable value.

### Intangible fixed assets

InserisciTesto

### Changes in intangible fixed assets

Intangible assets before the relative depreciation reserve amount to euro 1.868.205; the depreciation reserve totals Euro 351.998. Net intangible assets Euro 1.516.207.

The following table shows the movements concerning the assets in question.

	Industrial patents and intellectual property rights	Goodwill	other	Total intangible fixed assets
<b>Year opening balance</b>				
Cost	15.184	1.384.743	24.972	1.424.899
Balance sheet value	15.184	1.384.743	24.972	1.424.899
<b>Changes during the year</b>				
Increases for purchases	1.736	-	378.120	379.856
Amortisation (amortisation fund)	5.179	246.687	36.683	288.549
<i>Total changes</i>	<i>(3.443)</i>	<i>(246.687)</i>	<i>341.437</i>	<i>91.307</i>
<b>Year closing balance</b>				
Cost	16.920	1.384.743	403.093	1.804.756
Amortisation (amortisation fund)	5.179	246.687	36.683	288.549
Balance sheet value	11.741	1.138.056	366.410	1.516.207

In the item "Industrial patents and intellectual property rights" were included software of property amounting Euros 16.920.

The item "Goodwill" concerns the costs related to the acquisition of IBM branch as described above.

In the item "other intangible fixed assets" were capitalized costs related security for the total amount of Euro 403.093.

## Tangible fixed assets

## Changes in tangible fixed assets

Property, apparatus and equipment before the relative depreciation reserve amount to Euro 2.593.202 depreciation reserve totals Euro 994.369 .Net property, apparatus and equipment totals Euro 1.598.833.

The table below shows the transactions in the assets in question.

	plant and machinery	INDUSTRIAL AND COMMERCIAL EQUIPMENT	OTHER PROPERTY, APPARATUS AND EQUIPMENT	Total tangible fixed assets
<b>Year opening balance</b>				
Cost	981.775	8.389	396.844	1.387.008
Amortisation (amortisation fund)	483.115	4.195	152.879	640.189
Balance sheet value	498.660	4.194	243.965	746.819
<b>Changes during the year</b>				
Increases for purchases	4.331	11.904	1.247.121	1.263.356
Decreases for transfers and disposals (of the balance sheet value)	22.693	-	-	22.693
Amortisation (amortisation fund)	189.962	2.868	195.820	388.650
<i>Total changes</i>	<i>(208.324)</i>	<i>9.036</i>	<i>1.051.301</i>	<i>852.013</i>
<b>Year closing balance</b>				
Cost	953.688	20.292	1.619.221	2.593.201
Amortisation (amortisation fund)	663.351	7.062	323.955	994.368
Balance sheet value	290.337	13.230	1.295.266	1.598.833

## Finance leases operations

The company had no finance lease contracts in progress at the fiscal year's closing date.

## Financial fixed assets

## Changes and due date of noncurrent credits

The table below shows the movements in the assets in question.

	Year opening balance	Year closing balance	Portion due beyond fiscal year
third parties	141.250	141.250	141.250
<b>Total</b>	<b>141.250</b>	<b>141.250</b>	<b>141.250</b>

**Breakdown of non-current receivables by geographic area**

All non-current receivables are due from Italian subjects..

**Current assets**

The elements of the current assets are valued as required by numbers 8 to 11-bis of article 2426 of the Italian Civil Code. The criteria utilized are indicated in the sections of the respective financial statements' items.

**Receivables included among current assets**

Receivables were reported in the financial statements at nominal value which corresponds to the estimated realization value.

The credits entered among the current assets were recognized in the financial statements in accordance with the depreciated cost criterion, as defined by art. 2426, par. 2 of the Italian Civil Code, taking into account the time factor and the presumable realization value, in accordance with the terms of art. 2426, paragraph 1, N° 8 of the Italia Civil Code.

Credits for which the depreciated cost method and/or the discounting to current value are not applicable were entered at their presumable realization value, in order to provide a truthful and accurate representation of the balance sheet and income statement situation. This situation occurred, for example, in the case of debts with a maturity of less than twelve months or, with reference to the depreciated cost method, in the case in which the transaction costs, commissions, and any other differences between initial value and value at maturity are negligible or, also, in the case of discounting to current value, when the interest rate inferable from the contractual conditions does not differ significantly from the market interest rate.

**Changes and due date of the credits entered in the current assets**

The table below shows the information on the changes in receivables entered in current assets as well as information on their due dates, if significant.

The receivables reported shall expire within next fiscal year.

In accordance to OIC25 for the deferred Taxes separate indication from the other due within the next FY is not provided .

	Year opening balance	Change during the year	Year closing balance	Portion due within fiscal year
trade accounts	2.976.420	3.433.926	6.410.346	6.410.346
associated companies	-	311.278	311.278	311.278
parent companies	7.403.174	(4.045.900)	3.357.274	3.357.274
companies under the control of parent companies	1.293.175	(1.009.284)	283.891	283.891
due from tax authorities	877.213	(535.891)	341.322	341.322
advances on tax payments	4.691	39.424	44.115	-
third parties	191.407	521.705	713.112	713.112
<b>Total</b>	<b>12.746.080</b>	<b>(1.284.742)</b>	<b>11.461.338</b>	<b>11.417.223</b>

The items "trade accounts", "due from associated companies" and "parent companies" are commercial.

The item "due from tax authorities" consists

- VAT Credit of Euro 341.255;
- With-holding Tax Credit of Euro 67.

**Breakdown of receivables included among current assets by geographic area**

The following table shows the distribution by geographical area of the credits entered among the current assets

Details of receivables reported as current assets broken down by geographic area

Geographic area	Trade receivables included among current assets	Receivables due from associated companies	Receivables due from parent companies included among current assets	Credits towards companies subject to the control of the parent companies entered in the current assets	Tax receivables included among current assets	Assets for prepaid tax included among current assets	Other receivables included among current assets	Total receivables included among current assets
Italy	5.361.024	-	-	151.915	341.322	44.115	581.058	6.479.434
UE	598.469	180.844	-	70.593	-	-	37.030	886.936
Extra-UE	450.852	130.434	3.357.274	61.383	-	-	95.025	4.094.968
<b>Total</b>	<b>6.410.346</b>	<b>311.278</b>	<b>3.357.274</b>	<b>283.891</b>	<b>341.322</b>	<b>44.115</b>	<b>713.112</b>	<b>11.461.338</b>

**Cash and cash equivalents**

Cash and cash equivalents are measured at nominal value.

	Changes during the year	Year closing balance
bank and post office deposits	5.503.265	5.503.265
<i>Total</i>	<i>5.503.265</i>	<i>5.503.265</i>

**Accrued income and prepaid expenses**

Accruals and deferred income were calculated according to an accrual basis of accounting, by allocating revenues and/or costs common to two fiscal years.

The following schedule shows the composition of the items in question, as they result from the financial statements

Description	Year opening balance	Decreases	Year closing balance
<i>Accrued income and prepayments</i>	339.550	(328.294)	11.256
<b>Totale</b>	<b>339.550</b>	<b>(328.294)</b>	<b>11.256</b>

Accrued income and prepaid expenses relevant to costs pertaining to the following fiscal year and the amounts were calculated on an accrual basis as specified accounting standard OIC 18.

## Capitalized financial assets

All of the interests and other financial expenses have been entirely expensed during the fiscal year. We declare that no capitalization of financial expenses exists for the purposes of article 2427, paragraph 1 of the Italian Civil Code.'

## Explanatory notes, liabilities and shareholders' equity

The entries of the equity investment and the liabilities of the balance sheet were entered in accordance with the national accounting standards; the criteria specifically applied are indicated in the sections concerning the individual entries.

### Shareholders' equity

The items are entered in the financial statements at their accounting amount based on the indications contained in OIC accounting standard no. 28.

### Changes in shareholders' equity

In reference to the closing fiscal year, the tables below show the changes of the individual shareholders' equity, as well as the details of other reserves, if present in the financial statements

### Analysis of changes in equity items

	Year opening balance	Other changes - Increases	Other changes - Decreases	INCOME (LOSS) FOR THE YEAR	Year closing balance
Share capital	1.000.000	1.840.000	-	-	2.840.000
Legal reserve	7.451	23.143	-	-	30.594
Extraordinary reserve	100.215	-	-	-	100.215
Miscellaneous other reserves	2	-	2	-	-
Retained earnings (accumulated losses)	-	439.705	-	-	439.705
Net profit (loss) for the year	462.847	-	462.847	371.184	371.184
<b>Total</b>	<b>1.570.515</b>	<b>2.302.484</b>	<b>485.990</b>	<b>362.926</b>	<b>3.781.698</b>

### Use of shareholders' equity

The following schedules indicate the items of the equity investment, specifying their origin, possible utilization and distribution, as well as their utilization during the previous three fiscal years.

Description	Amount	Origin / nature	Possibility of use	Available portion
Share capital	2.840.000	Share capital		-
Legal reserve	30.594	Profits	A;B	30.594
Extraordinary reserve	100.215	Profits	A;B;C	100.215
Retained earnings (accumulated losses)	439.705	Profits	A;B;C	439.705

Description	Amount	Origin / nature	Possibility of use	Available portion
<b>Total</b>	<b>3.410.514</b>			<b>570.514</b>
Non-distributable portion				30.594
Residual distributable portion				539.920
<b>LEGEND: A: increase of share capital; B: coverage of losses; C: distribution to shareholders; D: for other obligations imposed by the article of association; E: other</b>				

Share capital, which was equal to Euro 130.000 at the time of incorporation, was increased up:

- to 870.000 on March 18, 2015;

- to 1.840.000 on July 25, 2017,

at the FY closing on March 31, 2018, the share capital was equal to Euro 2.840.000 corresponding to 28.400 shares of Euro 100 each.

The extraordinary reserve changed after the reserve changed after the reserver of the profit of the financial statement closed at 31/03/2017, after having accrued a quota to the legal reserve.

### Staff severance fund

The provision for the staff leaving indemnity were calculated in accordance with the terms of article 2120 of the Italian Civil Code, taking into account legal provisions and the specific nature of the contracts and professional categories, and includes the annual amounts accrued and revaluations performed based on ISTAT coefficients.

The amount of the provision is assessed net of advances paid and the amounts used for terminations of employment occurring during the fiscal year and represents the certain payable due to the employees on the fiscal year's closing date.

The Changes in the fiscal year – Use is related to the portion of employee severance indemnities allocated to pension funds or INPS treasury funds.

	Year opening balance	Changes in the fiscal year - Accrual	Changes in the fiscal year - Use	Changes in the fiscal year - Total	Year closing balance
Total reserve for severance indemnities (TFR)	753.868	797.503	761.810	35.693	789.561

### Payables

The debts were recognized in the financial statements in accordance with the depreciated cost criterion, as defined by art. 2426 of the Italian Civil Code, taking into account the time factor, in accordance with the terms of art. 2426, paragraph 1, N° 8 of the Italian Civil Code. Debts for which the depreciated cost method and/or the discounting to current value are not applicable were entered at their nominal value, in order to provide a truthful and accurate representation of the balance sheet and income statement situation. This situation occurred, for example, in the case of debts with a maturity of less than twelve months or, with reference to the depreciated cost method, in the case in which the transaction costs, commissions, and any other differences between initial value and value at maturity are negligible or, also, in the case of discounting to current value, when the interest rate inferable from the contractual conditions does not differ significantly from the market interest rate.

## Payables changes and due date

The table below shows the information on changes in payables and any information related to their due dates.

	Year opening balance	Change during the year	Year closing balance	Portion due within fiscal year
due to banks	1.218.092	(1.218.092)	-	-
advances	117.311	(114.950)	2.361	2.361
trade accounts	1.227.192	2.176.258	3.403.450	3.403.450
due to parent companies	204.983	161.321	366.304	366.304
due to companies under the control of parent companies	5.780.082	(97.402)	5.682.680	5.682.680
due to tax authorities	622.024	362.404	984.428	984.428
due to social security and welfare institutions	962.255	329.942	1.292.197	1.292.197
OTHER PAYABLES	2.922.487	731.008	3.653.495	3.653.495
<b>Total</b>	<b>13.054.426</b>	<b>2.330.489</b>	<b>15.384.915</b>	<b>15.384.915</b>

The item "due to banks" refers to the Citi Bank account.

The items "Trade accounts" and "due to parent companies" are commercial.

The item "Due to companies under the control of parent companies" is mainly composed by:

- due to parent companies for Euros 1.492.798.

The Item "Due to tax authorities" is mainly composed by:

- With-holding taxes for euro 786.686.

The item "Other Payables" is mainly composed by:

- Payables to Employees, related to deferred remuneration, bonus accruals and payable to IBM employees related to acquisition of IBM Italian branch for a total amount of Euro 720.345.

Regarding the Payable to IBM employees, after the acquisition of the branch of business, in the receivables were reported a "Credit to IBM" after the adjustment of the the branch of business value.

## Breakdown of payables by geographic area

The following table shows the distribution by geographical area of the debts.

### Details on payables broken down by geographic area

Geographic area	advances	trade accounts	due to parent companies	due to companies under the control of parent companies	due to tax authorities	due to social security and welfare institutions	OTHER PAYABLES	Payables
Italy	2.361	944.422	-	-	984.428	1.292.197	3.538.739	6.762.147
UE	-	178.574	-	1.134.835	-	-	53.218	1.366.627
Extra-UE	-	2.280.454	366.304	4.547.845	-	-	61.538	7.256.141

Geographic area	advances	trade accounts	due to parent companies	due to companies under the control of parent companies	due to tax authorities	due to social security and welfare institutions	OTHER PAYABLES	Payables
Total	2.361	3.403.450	366.304	5.682.680	984.428	1.292.197	3.653.495	15.384.915

#### Payables covered by real guarantees on social assets

Pursuant to article 2427, paragraph 1, no. 6. of the Italian Civil Code, we declare that there are no company payables secured by collateral

#### Accrued liabilities and deferred income

Accruals and deferred income were calculated according to an accrual basis of accounting, by separating costs and/or revenue common to two fiscal years.

The following schedule shows the composition of the items in question, as they result from the financial statements.

Description	Year opening balance	Decreases	Year closing balance
Accrued income and prepayments	19.789	256.186	275.975
Total	19.789	256.186	275.975

I risconti relativi ai Ricavi di competenza dell'esercizio successivo ed il loro ammontare sono stati calcolati secondo il criterio del "tempo economico" come precisato nel principio contabile OIC 18.

## Explanatory notes, P&L account

The income statement shows the economic outcome for the fiscal year.

It shows the operating activities through a summary of the revenue and cost components of the income that contributed to the economic outcome. The revenue and cost components of the income, entered in the financial statements as required by article 2425-bis of the Italian Civil Code, are grouped in a way that provides meaningful intermediate results and are distinguished depending on the various operations to which they belong: ordinary, accessory, and financial.

The ordinary activity identifies the income components generated by operations that are performed continuously and in the sector pertinent to the performance of the operation, which identify and qualify the specific and distinctive part of the economic activity carried out by the company and which is the company's business purpose.

The financial activity consists of transactions that generate revenues and expenses of financial nature,

Finally, the accessory activity consists of the operations that generate income components that are part of the ongoing activity, but do not fall into the ordinary and financial activity.

## VALUE OF PRODUCTION

Revenues related to services totals Euro 30.531.977, are entered in the financial statements based on accrual basis of accounting, net returns, allowances, discounts and premiums.

The item "Other Incomes" is composed of refund for Euro 42.449 and contingent liabilities deductible equal to Euro 24.377 and roundings equal to euro 6.

### Breakdown of net revenue by geographic area

The following table illustrates the distribution of the revenues from sales and services by geographical area.

The revenues for services are mainly related to operations made with the Indian parent company.

### Details on revenue from sales and services broken down by geographic area

Geographic area	Current year value
Italy	6.392.324
UE	2.529.796
Extra-UE	21.609.856
<b>Total</b>	<b>30.531.976</b>

## Cost of production

The costs and charges are attributed on accrual basis of accounting and according to their nature, net of returns, allowances, discounts, and premiums, in compliance with the principle of correlation with the revenues; they are entered in the respective items as required by accounting standard OIC 12. The costs incurred to purchase goods are entered when the substantive, not the formal transfer of the ownership title occurs; the reference parameter for the substantive transfer is the transfer of the risks and benefits. When services are purchased, the related costs are entered when the service is received, that is when the service has been performed; in the case of ongoing services, the related costs are entered for the portion accrued.

	FY opening values	FY ending values	change
6) Raw, ancillary and consumable materials and goods for resale	592.992	1.194.175	601.183
7) Services	3.993.000	7.899.361	3.906.361
8) Use of third party assets	833.303	1.081.842	248.539
9) Payroll and related costs			
a) wages and salaries	10.478.095	13.889.523	3.411.428
b) related salaries	3.508.166	3.948.496	440.330
c) severance	332.369	797.503	465.134
<b>Total payroll and related costs</b>	<b>14.318.630</b>	<b>18.635.522</b>	<b>4.316.892</b>
10) Amortisation, depreciation and writedowns			

a) amortisation of intangible fixed assets	59.306	288.549	229.243
b) depreciation of tangible fixed assets	266.346	388.651	122.305
<i>Total Amortisation, depreciation and writedowns</i>	-	66.851	66.851
Accruals	325.652	744.051	418.399
14) Other operating expenses	-	-	-
<i>Total cost of production</i>	209.987	299.999	90.012
<i>Totale costi della produzione</i>	20.263.564	29.854.950	9.591.386

With reference to the amortisation of intangible assets, the amortisation of goodwill includes:

-the amortisation for the year of Euro 142.257,

-the amortisation of the previous year not accounted because of the accounting error described above, amounting to Euro 104.430.

## Financial income and charges

Financial income and charges are entered on accrual basis of accounting based on the portion accrued during the fiscal year.

### Breakdown of interest and other financial liabilities by payables type

The schedule below shows the interest expenses and other financial expenses:

	FY opening values	FY ending values	change
Financial charges due to controlling companies	77.156	114.756	37.600
Financial charges due to others	25	986	961
<b>Total</b>	<b>77.181</b>	<b>115.742</b>	<b>38.561</b>

Interest and other financial charges relevant to the following intercompany payables for loans, equal to 114.756, are relevant to:

- A loan granted by HCL Singapore, for an interest bearing loan with an interest rate equal to 2,20% per year. The interest for Fy ended 31/03/2017 is equal to 61.538.
- A loan granted by HCL EAS, for an interest bearing loan with an interest rate equal to 2,20% per year. The interest for Fy ended 31/03/2017 is equal to 53.218.

### Composition of share income

#### Introduction

There is no income from equity investments as per article 2425 no. 15 of the Italian Civil Code.

## Breakdown of interest and other financial liabilities by payables type

### Introduction

The schedule below shows the interest expenses and other financial expenses as per article 2425, no. 17 of the Italian Civil Code, with specific division between those related to debenture bonds, payables due to banks and other types.

### Breakdown of interest and other financial liabilities by payables type

	Other	Total
Interest and other financial expense	115.742	115.742

### Gains/losses on foreign exchange

The information concerning exchange rate gains or losses is shown below, distinguishing the portion realized from that derived from the valuations of assets and liabilities denominated in foreign currency entered at the end of the fiscal year.

Description	Amount shown in the balance sheet	Valuation portion	Realised portion
Currency gains and losses	19.161		
Gain on foreign exchange		-	41.198
Loss on foreign exchange		-	22.037
<b>Total entry</b>		-	<b>19.161</b>

### Income taxes for the fiscal year, current, deferred, and prepaid

The company set aside taxes for the fiscal year based on the application of existing tax rules. The taxes accrued for the fiscal year are represented by current taxes, as shown in tax returns; deferred taxes and prepaid taxes, related to negative and positive revenue components respectively subject to taxation or deduction in fiscal years other than those of statutory accounting.

#### Deferred tax assets and liabilities

This item includes the impact of deferred taxes on these financial statements. It can be traced back to the temporary differences between the value attributed to an asset or liability in accordance with statutory criteria and the corresponding value recognized for these elements for tax purposes.

The company determined the deferred taxation with reference to IRES, and IRAP.

The prepaid and deferred taxes were calculated utilizing respectively the following rates:

Rates	Fiscal year n+1	Fiscal year n+2	Fiscal year n+3	Fiscal year n+4	Past
IRES	24,00%	24,00%	24,00%	24,00%	24,00%
IRAP	3,90%	3,90%	3,90%	3,90%	3,90%

The following schedules indicate analytically:

- the description of the temporary differences that involved the recognition of the deferred and prepaid taxes, specifying the rate applied and the changes compared to the previous fiscal year, the amounts credited or debited to the income statement or to the shareholders' equity;
- the amount of the prepaid taxes posted to the financial statements, pertaining to the losses for the fiscal year or for prior fiscal years and the reasons for the entering; the amount not yet posted and the reasons for the failure to post it;
- the items excluded from the calculation and the related reasons.

#### Detection of deferred and anticipated taxes and consequent effects (overview)

	IRES	IRAP
<b>A) Temporary differences</b>		
Total deductible temporary differences	163.262	126.451
<b>B) Fiscal effects</b>		
Deferred (prepaid) taxes for the year	(35.148)	(4.275)
Deferred (prepaid) tax fund at the end of the year	(39.183)	(4.932)

#### Details deductible temporary differences (overview)

Description	Amount at the previous fiscal year end	Change occurring during the fiscal year	Amount at the fiscal year end	IRES rate	IRES tax effect	IRAP rate	IRAP tax effect
Risk provision	-	34.799	34.799	24	8.352	-	-
Maintenance	-	2.013	2.013	24	483	-	-
Goodwill depreciation	16.812	109.639	126.451	24	30.348	3,90	4.932

#### Comment

Current tax are:  
 IRES: Euro 229.178;  
 IRAP: Euro 86.343.

## Explanatory notes, other information

The other information requested by the Italian Civil Code is shown below.

## Employment data

The schedule below shows the average number of employees, broken down by category and calculated considering the daily average.

Average number of employees broken down by category

	Executives	Corporate management	Employees	Total employees
Average number	10	127	151	288

## Remunerations, advances, and credits granted to directors and statutory auditors, as well as commitments assumed on their behalf

The company did not decide to grant any compensation to the administrative body, nor are there advances or credits towards said body. In addition, the company did not assume commitments on behalf of said body as a result of providing any type of guarantee.

## Remunerations to the official auditor or external auditors

The following table shows the remunerations payable to the statutory auditor, subdivided by the types of services provided.

Amount of remuneration due to auditor or auditing firm

	Legal audit of annual accounts	Total remuneration due to the legal auditor or audit firm
Value	31.000	31.000

## Category of shares issued by the company

The company issued 28.400 shares with nominal value of 100 Eur each for a total amount of Euro 2.840.000..

## Securities issued by the company

The company did not issue securities

## Details on other financial instruments issued by the company

The company did not issue other financial instruments in accordance with article 2346, paragraph 6, of the Italian Civil Code.

## **Commitments, guarantees, and potential liabilities that do not appear in the balance sheet**

There are not any commitments, guarantees, or potential liabilities that do not appear in the balance sheet. '

## **Information on assets and financing intended for a specific business transaction**

### **Assets destined to a specific business**

It is certified that, at the date of closing of the financial statements, there are no assets dedicated to a specific business transaction as per n° 20 of art. 2427 of the Italian Civil Code. '

### **Financing destined to a specific business**

It is certified that, at the date of closing of the financial statements, there are no loans dedicated to a specific business transaction as per n° 21 of art. 2427 of the Italian Civil Code. '

## **Information on transactions with related parties**

Transactions with related parties were conducted during the fiscal year. These transactions were concluded at market conditions; therefore, in accordance with the legislation in effect, no additional information is provided. '

## **Information on agreements that do not appear in the balance sheet**

No agreements not entered on the Balance Sheet were undertaken during the fiscal year. '

## **Information on significant events that occurred after the fiscal year's end**

With reference to point 22-quater of art. 2427 of the Italian Civil Code, we point out that:

(i) On 30/05/2018, a tax inspection of the Company started for direct taxes and corporate income taxes purposes focusing on the year ended 31/03/2016. The inspection is still underway and at the balance sheet closing date no tax assessment report (PVC) was issued. The Board has deemed it appropriate to provide relevant disclosure in the accounts and not to post any provisions for risks given the undetermined value of the risk itself.

(ii) By adjustment and settlement note dated 10/07/2018, the Company was informed of the review by the Tax Authorities of the fair purchase value of the IBM business unit occurred on 31/08/2018 for corporate income purposes. The review resulted in a request for higher taxes and sanctions for an aggregate amount of Euro 281,286, determined on the basis of the higher fair value ascertained by the Tax Authorities.

Considering that (i) the higher taxes and sanctions are due by both parties, (ii) that both parties reserve their right to file an appeal and initiate the procedures to obtain a reduction of those taxes and sanctions and that (iii) these taxes and sanctions will be equally divided between the parties, the Board has deemed it appropriate to provide relevant disclosure in the accounts and not to post any provisions for risks as these amounts do not impact significantly the result of the year and the financial soundness of the company.

There are no other significant event occurred after the FY end with a significant impact on the economic, financial and equity situation of the company.

## **Companies that prepare the financial statements of the broader/narrower group of companies of which the company is part as a subsidiary**

There are no cases such as those mentioned at art. 2427, numbers 22-quinquies and sexies of the Italian Civil Code. '

## Information concerning the derivative financial instruments as per art. 2427-bis of the Italian Civil Code

No derivative financial instruments were subscribed. .

## Summary of balance sheet of the company excercising management and coordination activities

In accordance with art. 2497-bis, par. 4 of the Italian Civil Code, it is certified that the company is not subject to management and coordination activity by other companies. '

## Proposed destination of profit or coverage of losses

Dear Shareholder

in view of the discussion above, the board of director proposes to allocate the profit for fiscal year as follows:

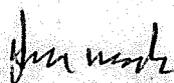
- EUR 18.559 to the legal reserve;
- EUR 352.625 to profit carried forward. '

## Explanatory notes, final part

Dear Shareholders: we confirm that these financial statements, consisting of the balance sheet, income statement, statement of cash flows, and explanatory notes describe truthfully and accurately the balance sheet and financial position of the company, as well as the economic outcome for the fiscal year and that said financial statements correspond to the accounting records. Therefore, we ask you to approve the draft financial statements to 31/03/2018 together with the proposed destination of the fiscal year income/loss, as set forth by the administrative body.

The financial statements are true and real and correspond to accounting records

HCL TECHNOLOGIES ITALY SPA



For the Board of Director  
Mr. Shiv Walia Kumar

