

**HCL TECHNOLOGIES EGYPT LTD (L.L.C)**  
**FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 23 MARCH 2015 (ESTABLISHMENT)**  
**TILL 31 MARCH 2016**  
**TOGETHER WITH AUDITOR'S REPORT**



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Translation of Auditor's report  
Originally issued in Arabic

## AUDITOR'S REPORT

### TO THE QUOTAHOLDERS OF HCL TECHNOLOGIES EGYPT LTD (L.L.C.)

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of HCL Technologies Egypt Ltd (L.L.C.), represented in the statement of financial position as of 31 March 2016, and the related statements of income, other comprehensive income, changes in equity and cash flows for the period from 23 March 2015 (establishment) till 31 March 2016, and a summary of significant accounting policies and other explanatory notes.

#### **Management's Responsibility for the Financial Statements**

These financial statements are the responsibility of the Company's Management, as Management is responsible for the preparation and fair presentation of the financial statements in accordance with Egyptian Accounting Standards and applicable Egyptian laws. Management responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. This responsibility also includes selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Egyptian Standards on Auditing and applicable Egyptian laws. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, and 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 on these financial statements.

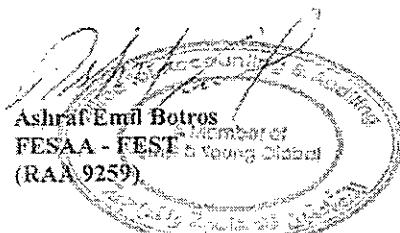
**Opinion**

In our opinion, the financial statements referred to above, give a true and fair view, in all material respects, of the financial position of HCL Technologies Egypt Ltd (L.L.C) as of 31 March 2016, and of its financial performance and its cash flows for the period from 23 March 2015 (establishment) till 31 March 2016 in accordance with Egyptian Accounting Standards and the related applicable Egyptian laws and regulations.

**Report on Other Legal and Regulatory Requirements**

The Company maintains proper accounting records that comply with the laws and the Company's articles of association and the financial statements agree with the Company's records.

The financial information included in the General Manager's Report, prepared in accordance with Law No. 159 of 1981 and its executive regulation, is in agreement with the books of the Company insofar as such information is recorded therein.



Cairo: 8 September 2016

**HCL Technologies Egypt Ltd (L.L.C)**

**STATEMENT OF FINANCIAL POSITION**  
**As Of 31 March 2016**

	Note	<b>31 March 2016</b>
		<b>LE</b>
<b>Assets</b>		
<b>Current assets</b>		
Other debtors	3	4,481,624
Due from related party	4	163,265
Cash at bank	5	596,934
<b>Total current assets</b>		<b>5,241,823</b>
<b>Total assets</b>		<b>5,241,823</b>
<b>Equity and Liabilities</b>		
<b>Equity</b>		
Paid up capital	6	350,000
Profits for the period		8,939
<b>Total equity</b>		<b>358,939</b>
<b>Current Liabilities</b>		
Due to related parties	4	4,729,454
Other creditors	7	150,835
Income taxes payable		2,595
<b>Total current liabilities</b>		<b>4,882,884</b>
<b>Total equity and liabilities</b>		<b>5,241,823</b>

Auditor

General Manager

Mr. Raghu Raman Lakshmanan

- The accompanying notes from (1) to (13) are an integral part of these financial statements.

HCL TECHNOLOGIES EGYPT LTD (L.L.C)

STATEMENT OF INCOME

For The Period From 23 March 2015 (establishment) Till 31 March 2016

	Note	Period ended 31 March 2016 LE
Revenues		2,805,659
Operating expenses		(2,537,194)
<b>GROSS PROFIT</b>		<b>268,465</b>
General and administrative expenses	8	(248,593)
Foreign exchange differences		(8,338)
<b>PROFITS BEFORE INCOME TAXES</b>		<b>11,534</b>
Income taxes		(2,595)
<b>PROFITS FOR THE PERIOD</b>		<b>8,939</b>

General Manager

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Mr. Raghu Raman Lakshmanan

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HCL TECHNOLOGIES EGYPT LTD (L.L.C)

STATEMENT OF OTHER COMPREHENSIVE INCOME  
For The Period From 23 March 2015 (establishment) Till 31 March 2016

	Period ended 31 March 2016
Profits for the period	LE 8,939
Other comprehensive income for the period	*
<b>TOTAL OTHER COMPREHENSIVE INCOME</b>	<b>8,939</b>

- The accompanying notes from (1) to (13) are an integral part of these financial statements

Translation of financial statements  
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**HCL TECHNOLOGIES EGYPT LTD (L.L.C)**

**STATEMENT OF CHANGES IN EQUITY**

For The Period From 23 March 2015 (establishment) Till 31 March 2016

	Paid up capital LE	Profits for the period LE	Total LE
Paid up capital	350,000		350,000
Profits for the period		8,939	8,939
<b>Balance as of 31 March 2016</b>	<b>350,000</b>	<b>8,939</b>	<b>358,939</b>

**HCL TECHNOLOGIES EGYPT LTD (L.L.C)**

**STATEMENT OF CASH FLOWS**

For The Period from 23 March 2015 (establishment) Till 31 March 2016

	Note	Period ended 31 March 2016 LE
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profits before income taxes		11,534
Change in other debtors		(4,481,624)
Change in due from related party		(163,265)
Change in due to related party		4,729,454
Change in other creditors		150,835
<b>NET CASH FLOWS PROVIDED FROM OPERATING ACTIVITIES</b>		<b>246,934</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Paid up capital		350,000
<b>NET CASH FLOWS PROVIDED FROM FINANCING ACTIVITIES</b>		<b>350,000</b>
Net change in cash and cash equivalent during the period		596,934
Cash and cash equivalent – beginning of the period		
<b>CASH AND CASH EQUIVALENT - END OF THE PERIOD</b>	<b>5</b>	<b>596,934</b>

The accompanying notes from (1) to (13) are an integral part of these financial statements.

## HCL TECHNOLOGIES EGYPT LTD (L.L.C)

### NOTES TO THE FINANCIAL STATEMENTS

31 March 2016

#### 1 BACKGROUND

HCL Technologies Egypt Ltd (L.L.C) was established under the provisions of law No. 159 of 1981 and its executive regulations.

The Company was registered in the commercial registry under No. 81246 on 23 March 2015.

The registered office is located at 2237 North tower – Nile City Towers – 22<sup>nd</sup> floor – Ramlet Bulaq – Corniche el Nile, Cairo Egypt.

The main purpose of the Company is to characterize, analyse and design softwares, databases, and different types of applications. Produce and develop programs and applications and the creation of databases and electronic information systems then operate and provide training on it. Produce different types of electronic components from sound, image and written information.

The ultimate parent is HCL Technologies Ltd.

The financial statements of the Company for the period ended 31 March 2016 were authorized for issuance in accordance with a resolution of the general manager on 7 September 2016.

#### 2 SIGNIFICANT ACCOUNTING POLICIES

##### 2-1 Basis of preparation

The financial statements have been prepared under the going concern assumption on a historical cost basis.

##### Statement of compliance

The financial statements of the Company have been prepared in accordance with the Egyptian accounting standards and the applicable laws and regulations.

##### 2-2 Foreign currency translation

The financial statements are prepared and presented in Egyptian pound, which is the Company's functional currency.

Transactions in foreign currencies are initially recorded using the prevailing exchange rates on the transaction date.

Monetary assets and liabilities denominated in foreign currencies are retranslated using the exchange rates prevailing at the balance sheet date. All differences are recognized in the statement of income.

Nonmonetary items that are measured at historical cost in foreign currencies are translated using the exchange rates prevailing at the date of the initial recognition.

Nonmonetary items measured at fair value in foreign currencies are translated using the exchange rates prevailing at the date when the fair value is determined.

##### 2-3 Accounts receivable and other debtors

Accounts receivable and other debtors are stated at original invoice amount net of any impairment losses.

Impairment losses are measured as the difference between the accounts receivable and other debtors carrying amount and the present value of estimated future cash flows. The impairment loss is recognized in the statement of income. Reversal of impairment is recognized in the statement of income in the period in which it occurs.

## HCL TECHNOLOGIES EGYPT LTD (L.L.C)

### NOTES TO THE FINANCIAL STATEMENTS

31 March 2016

#### 2-4 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Provisions are reviewed at the financial position date and adjusted to reflect the current best estimate.

Where the effect of the time value of money is material, the amount of a provision should be the present value of the expected expenditures required to settle the obligation. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

#### 2-5 Trade payable and other creditors

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

#### 2-6 Legal reserve

According to the Company's articles of association, 5% of the profits are transferred to the legal reserve until this reserve reaches 50% of the capital. The reserve is used upon a decision from the general assembly meeting.

#### 2-7 Income taxes

Income tax is calculated in accordance with the Egyptian tax law.

##### Current income tax

Current income tax assets and liabilities for the current and prior year periods are measured at the amount expected to be recovered from or paid to the tax authority.

##### Deferred income tax

Deferred income tax is recognized using the liability method on temporary differences between the amount attributed to an asset or liability for tax purposes (tax base) and its carrying amount in the balance sheet (accounting base) using the applicable tax rate.

Deferred tax asset is recognized when it is probable that the asset can be utilized to reduce future taxable profits and the asset is reduced by the portion that will not create future benefit.

Current and deferred tax shall be recognized as income or an expense and included in the statement of income for the period, except to the extent that the tax arises from a transaction or event which is recognized, in the same or a different period, directly in equity.

#### 2-8 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts and rebates. The following specific recognition criteria must also be met before revenue is recognized:

- **Maintenance services**

Revenue from maintenance services rendered is recognised on a monthly basis over the contract period.

- **Credit interests**

Credit interests are recognized as interest accrues using the effective interest method.

## HCL TECHNOLOGIES EGYPT LTD (L.L.C)

### NOTES TO THE FINANCIAL STATEMENTS 31 March 2016

#### 2-9 Expenses

All expenses including operating expenses, general and administrative expenses and other expenses are recognized and charged to the statement of income in the financial year in which these expenses were incurred.

#### 2-10 Related parties transactions

Related parties represent associated companies, major quota holders, directors and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the general manager.

#### 2-11 Accounting estimates

The preparation of financial statements in accordance with Egyptian Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses during the financial years. Actual results could differ from these estimates.

#### 2-12 Impairment

##### Impairment of financial assets

The Company assesses at each balance sheet date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

##### Impairment of non financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. Where the carrying amount of an asset or cash-generating unit's (CGU) exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognized in the statement of income.

A previously recognized impairment loss is only reversed if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of income.

#### 2-13 Statement of cash flows

The statement of cash flows is prepared using the indirect method.

#### 2-14 Cash and cash equivalent

For the purpose of preparing the cash flow statement, the cash and cash equivalent comprise cash on hand, current accounts with banks and time deposits maturing within three months.

## HCL TECHNOLOGIES EGYPT LTD (L.L.C)

### NOTES TO THE FINANCIAL STATEMENTS

31 March 2016

#### 9 TAX SITUATION

No tax inspection took place for the Company's records.

#### 10 RELATED PARTIES TRANSACTIONS

Related parties	Nature of the transactions	Period ended 31 March 2016 LE
HCL Axon Technologies Shanghai	Services rendered (Revenue)	163,265
HCL Technologies Limited	Consultancy fees (Expense)	2,510,275
HCL Technologies UK Limited	Professional fees (Expense)	123,939
HCL Technologies UK Limited	Cash finance received	2,086,902

#### 11 RISK MANAGEMENT

The Company in the normal course of its operations is exposed to credit risk as it sells and provide services on credit, and interest rate risk arising from its cash balances / financing arrangements. In addition, the Company has currency risk arising from the change of values of its financial instruments dominated in foreign currencies as a result of the change in foreign currency rates.

##### Interest rate risk

The Company is exposed to interest rate risk on its interest bearing assets and liabilities (bank deposits, term loan and banks overdraft).

There is no term loan or banks overdraft and therefore there is no impact on the company's profit should interest rate change.

##### Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The Company seeks to limit its credit risk with respect to banks by only dealing with reputable banks and with respect to customers by setting credit limits for individual customers and monitoring outstanding receivables. The Company sells its products and provide services to one customer, representing 100% of outstanding accounts receivable at 31 March 2016.

##### Currency risk

The foreign currency risk is the risk that the value of the financial instruments and related cash in and out flows in foreign currencies will fluctuate depending on changes in foreign currency exchange rates.

For every 5% increase in the USD exchange rate against the Egyptian Pounds the profit for the year would decrease by LE 4,229 and increase by LE 4,028 for a 5% decrease.

##### Liquidity risk

The Company limits its liquidity risk by ensuring bank facilities are available. The Company's terms of sales require amounts to be paid within an average of 30 days of the date of sale or providing the service.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

## HCL TECHNOLOGIES EGYPT LTD (L.L.C)

### NOTES TO THE FINANCIAL STATEMENTS 31 March 2016

#### 11 RISK MANAGEMENT (continued)

As of 31 March 2016, the financial liabilities are as follows:

	Less than 3 Months	Total LE
<b>As of 31 March 2016</b>		
Other creditors	<u>150,835</u>	<u>150,835</u>

#### Capital Management

The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximize quota holders' value.

The Company manages its capital structure and makes adjustments to it in light of changes in business conditions.

#### 12 FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise of financial assets and financial liabilities.

Financial assets consist of cash at bank, due from related parties and other debtors. Financial liabilities consist of due to related party, income taxes payable and other creditors.

The fair values of financial instruments are not materially different from their carrying values.

#### 13 KEY SOURCES OF ESTIMATION UNCERTAINTY

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year is addressed below:

##### Income taxes

The Company is subject to corporate income tax. The Company estimates the income tax provision by using the advice of an expert. In case there are differences between the final and preliminary results, these differences will affect the income tax and deferred tax provision in these periods.