

**GHOSH KHANNA & CO.**  
**CHARTERED ACCOUNTANTS**

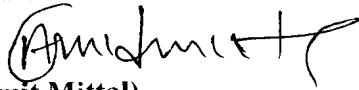
L-2A, Hauz Khas Enclave, New Delhi-110016, India  
Phones: +91 (011) 2696 2981/2 Fax: +91 (011) 2696 2985  
E-mail: gkc@vsnl.com website: www.gkcindia.com

**TO WHOMSOEVER IT MAY CONCERN**

This is to certify that the figures in foreign currency in the annual report of **NIIT Malaysia Sdn Bhd** for the financial year ended on 31<sup>st</sup> March, 2010, audited by T.H Kuan & Co. Chartered Accountant, 19A Jalan Thamby Abdullah Satu, Bricksfields, 50470 Kuala Lumpur, Malaysia, have been converted into INR equivalents as per Indian GAAP on the following basis:

S. No.	Particulars	Exchange Rate
1.	Share Capital	Exchange rate at the date of allotment of Shares
2.	Reserves & Surplus	Opening Balance: from previous year's INR Balance Sheet Closing balance: being arrived at by adding the profit / (loss) for the year from the INR Profit and Loss Account
3.	Investment in Subsidiary (s)	Exchange rate at the date of Investment in subsidiary (s)
4.	Other Balance Sheet Items	Exchange Rate as on 31 <sup>st</sup> March 2010 i.e. MYR 1 = INR 13.7854
5.	Item falling under Profit and Loss Account	Exchange Rate at the date of transaction

For **Ghosh Khanna & Co.**  
**Chartered Accountants**

  
**(Amit Mittal)**  
**Partner**  
**Membership No.508748**

Place: New Delhi  
Date: 6<sup>th</sup> May 2010

**Encls:**

Annexure:-A (Audited Balance Sheet)  
Annexure:-B (Converted Balance Sheet)



**Branches:**

**Calcutta** : P-5, C. I. T. Road (7th Flr.), Scheme - L V, Kolkata - 700 014, Tel.: +91(033) 2216 8321, Fax: +91 (033) 2216 8320, Email: gkccal@vsnl.com  
**Chennai** : B-12, Vidhyodhaya Apts. 54 Habibulla Road, T. Nagar, Chennai - 600 017, Tel.: +91(044) 2825 7832, Fax: +91 (044) 2823 1196, Email: gkccennai@mail.com  
**Bangalore** : 65, KHB Cly. (FF), 2nd 'A' Cross, Koramangala 5th Block, Bangalore - 560 095, Tel.: +91(080) 552 2474, Fax: +91 (080) 552 2474 Email: gkcbangalore@mail.com  
**Trichy** : 15/8/6, A. R. V. Complex, Sastri Road, Tennur, Trichy - 620 017, Tel.: +91(0431)276 1807, Fax: +91 (0431) 276 6933, Email: gkcctrichy@eth.net

# NIIT Malaysia Sdn Bhd

## Balance Sheet as at 31st March 2010

	Schedule No. / (Note Reference)	As at 31st March 2010 INR	As at 31st March 2009 INR
<b>SOURCES OF FUNDS</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share Capital	1	71,098,787	71,098,787
Currency Translation Reserve	3	4,049,343	4,549,081
		<u>75,148,130</u>	<u>75,647,868</u>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>			
Gross Block	4	13,005,291	13,161,793
Less: Depreciation		<u>13,002,403</u>	<u>13,144,672</u>
Net Block		2,888	17,121
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>			
Sundry Debtors	5	23,182,422	3,778,744
Cash and Bank Balances	6	12,277,906	15,167,673
Loans & Advances	7	<u>34,970,172</u>	<u>39,807,074</u>
		<u>70,430,500</u>	<u>58,753,491</u>
<b>Less : CURRENT LIABILITIES AND PROVISIONS</b>			
Current Liabilities	8	21,289,501	16,411,662
Provisions	9	<u>249,791</u>	<u>151,525</u>
		<u>21,539,292</u>	<u>16,563,187</u>
<b>Net Current Assets</b>		48,891,208	42,190,304
<b>Profit &amp; Loss Account</b>	2	26,254,034	33,440,443
		<u>75,148,130</u>	<u>75,647,868</u>

### NOTES TO ACCOUNTS

17

The Schedules referred to above form an integral part of the Balance Sheet.

NOTE: BALANCE SHEET has been converted at the closing rate as at 31 MARCH 2010 being : MYR 1 = INR 13.7854 (Previous Year MYR 1 = INR 13.9513 )

# NIIT Malaysia Sdn Bhd

## Profit and Loss Account for the period ended 31st March 2010

	Schedule No. / (Note Reference)	Year Ended 31st March 2010 INR	Year Ended 31st March 2009 INR
<b>INCOME</b>			
Revenue from Operations	10	28,300,612	25,322,675
Other Income	11	2,513,784	8,029,397
		<b>30,814,396</b>	<b>33,352,072</b>
<b>EXPENDITURE</b>			
Personnel	12	1,577,417	1,747,057
Development, Production and Execution	13	13,568,622	17,256,698
Administration and Others	14	7,018,776	5,716,669
Selling and Marketing	15	1,444,008	238,202
Interest and Finance Charges	16	5,179	20,960
Depreciation and Amortisation	4	13,985	58,387
		<b>23,627,987</b>	<b>25,037,973</b>
Profit before Tax and share of Associates' profits		<b>7,186,409</b>	<b>8,314,099</b>
<b>Tax Expense</b>			
- Current		-	-
- Deferred charge / (credit)		-	-
- Fringe Benefits Tax		-	-
- MAT Credit Entitlement		-	-
<b>Profit after Tax</b>		<b>7,186,409</b>	<b>8,314,099</b>

NOTES TO ACCOUNTS

17

The Schedules referred to above form an integral part of the Profit and Loss Account.

NOTE : PROFIT AND LOSS ACCOUNT has been converted using the conversion rate of exchange at the date of transaction.

**NIIT Malaysia Sdn Bhd**

**Schedules annexed to and forming part of the Balance Sheet  
as at 31st March 2010**

<b>Schedule No.</b>		<b>As At 31st March 2010 INR</b>	<b>As At 31st March 2009 INR</b>
<b>1 SHARE CAPITAL</b>			
Paid-up			
5541000 Equity Shares of RM 1/- each		71,098,787	71,098,787
		<u>71,098,787</u>	<u>71,098,787</u>
<b>2 PROFIT &amp; LOSS ACCOUNT</b>			
As per Last Balance Sheet	(33,440,443)	(41,754,542)	
Add : Transferred from Profit and Loss account	<u>7,186,409</u>	<u>(26,254,034)</u>	<u>8,314,099</u>
		<u>(26,254,034)</u>	<u>(33,440,443)</u>
<b>3 CURRENCY TRANSLATION RESERVE</b>			
As per Last Balance Sheet		4,549,081	533,044
Increase / (Decrease) during the year on translation of balances		<u>(499,738)</u>	<u>4,016,037</u>
		<u>4,049,343</u>	<u>4,549,081</u>

#### 4 Fixed Assets

**NIIT Malaysia Sdn Bhd**

**Schedules annexed to and forming part of the Balance Sheet  
as at 31st March 2010**

<b>Schedule No.</b>		<b>As At 31st March 2010 INR</b>	<b>As At 31st March 2009 INR</b>
<b>5</b>	<b>SUNDRY DEBTORS</b>		
	<b>[Unsecured]</b>		
	Outstanding over six months :		
	- Considered good	23,182,422	3,778,744
	- Considered doubtful	9,751,048	9,868,389
	Other debts :		
	- Considered good	-	-
	- Considered doubtful	-	-
	Gross	<u>32,933,470</u>	<u>13,647,133</u>
	Less : Provision for Doubtful Debts	9,751,048	9,868,389
		<u><b>23,182,422</b></u>	<u><b>3,778,744</b></u>

**NIIT Malaysia Sdn Bhd**

**Schedules annexed to and forming part of the Balance Sheet  
as at 31st March 2010**

	<b>As At 31st March 2010 INR</b>		<b>As At 31st March 2009 INR</b>	
<b>6 CASH AND BANK BALANCES</b>				
Balances with Banks in :				
- Current Accounts	11,637,230		14,519,287	
- Dividend Accounts	-		-	
- Fixed Deposit Accounts	640,676		648,386	
	<u>12,277,906</u>		<u>15,167,673</u>	
<b>7 LOANS &amp; ADVANCES</b>				
<b>(Unsecured, considered good except where otherwise stated)</b>				
Advances recoverable in cash or in kind or for value to be received			-	
- Considered Good	34,746,318		39,523,326	
- Considered Doubtful	-		-	
	<u>34,746,318</u>		<u>39,523,326</u>	
Less : Provision for Doubtful Advances	-	34,746,318	-	39,523,326
Security Deposits				
-Considered Good	223,854		283,748	
-Considered Doubtful	-		-	
	<u>223,854</u>		<u>283,748</u>	
Less : Provision for Doubtful Security Deposits	-	223,854	-	283,748
	<u>34,970,172</u>		<u>39,807,074</u>	

**NIIT Malaysia Sdn Bhd**

**Schedules annexed to and forming part of the Balance Sheet  
as at 31st March 2010**

Schedule No.	As At 31st March 2010 INR	As At 31st March 2009 INR
<b>8 CURRENT LIABILITIES</b>		
Sundry Creditors	21,112,715	14,425,542
Advances from Customers	155,235	183,772
Unearned Revenue	28	1,678,494
Other Liabilities	21,523	123,854
	<u>21,289,501</u>	<u>16,411,662</u>
<b>9 PROVISIONS</b>		
Provision for Compensated Absences	249,791	151,525
	<u>249,791</u>	<u>151,525</u>



**NIIT Malaysia Sdn Bhd**

**Schedules annexed to and forming part of the Profit and Loss Account  
Year Ended 31st March 2010**

<b>Schedule No.</b>	<b>Year Ended 31st March 2010 INR</b>	<b>Year Ended 31st March 2009 INR</b>
<b>10 REVENUE FROM OPERATIONS</b>		
Revenue	28,300,612	25,322,675
	<u>28,300,612</u>	<u>25,322,675</u>

NIIT Malaysia Sdn Bhd

Schedules annexed to and forming part of the Profit and Loss Account  
Year Ended 31st March 2010

Schedule No.		Year Ended 31st March 2010 INR	Year Ended 31st March 2009 INR
<b>11 OTHER INCOME</b>			
Interest on Loans		2,513,784	2,462,286
Gain on Exchange Fluctuation		-	1,182,623
Miscellaneous (Other Non Operating Income)		-	4,384,488
		<u>2,513,784</u>	<u>8,029,397</u>
<b>12 PERSONNEL</b>			
Salaries and Benefits		1,560,760	1,709,124
Welfare and other expenses		16,657	37,933
		<u>1,577,417</u>	<u>1,747,057</u>
<b>13 DEVELOPMENT, PRODUCTION AND EXECUTION</b>			
Courseware and Manuals		12,585,967	5,612,148
Bought out Packages/Products		-	4,813,689
Professional Charges		629,523	6,334,013
Freight and Cartage		353,132	496,848
		<u>13,568,622</u>	<u>17,256,698</u>
<b>14 ADMINISTRATION AND OTHERS</b>			
Rent (net of recoveries)		1,050,025	1,128,698
Rates and Taxes		746,444	800,042
Electricity and Water		11,210	29,288
Communication		504,419	634,792
Legal and Professional		794,935	1,766,358
Traveling and Conveyance		564,435	436,441
Insurance Premium		71,928	75,049
Repairs and Maintenance			
- Others	<u>93,119</u>	93,119	161,574
Loss on exchange fluctuation (Net)		2,826,199	-
Sundry Expenses		356,062	684,427
		<u>7,018,776</u>	<u>5,716,669</u>
<b>15 SELLING &amp; MARKETING</b>			
Advertisement and Publicity		1,433,153	97,037
Others		10,855	141,165
		<u>1,444,008</u>	<u>238,202</u>
<b>16 INTEREST AND FINANCE CHARGES</b>			
Bank, Discounting and Other Financial Charges		5,179	20,960
		<u>5,179</u>	<u>20,960</u>

## **Schedule 17**

### **NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2010**

#### **1 GENERAL INFORMATION**

The principal activities of the Company are the provision of education and training in information technology, multimedia products and content development, multimedia software development, provision of skilled manpower services and distribution of computer software. There has been no change in the nature of its activities during the financial year.

The immediate holding corporation is NIIT Antilles N.V., a corporation incorporated in Netherlands Antilles. The ultimate holding corporation is NIIT Limited, a corporation incorporated in India.

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

The address of its registered office is as follows:

Suite 6.01, 6th Floor  
Plaza See Hoy Chan  
Jalan Raja Chulan  
50200 Kuala Lumpur

The address of the principal place of business is as follows:

Suite G05, Ground Floor  
2310 Century Square  
Jalan Usahawan  
63000 Cyberjaya  
Selangor Darul Ehsan

#### **2. DATE OF AUTHORISATION FOR ISSUE OF THE FINANCIAL STATEMENTS**

The Financial Statements were authorized for issue by the Board of Directors on 23rd April 2010.

#### **3 SIGNIFICANT ACCOUNTING POLICIES**

##### **(a) Basis of Preparation**

The financial statements of the Company, expressed in Ringgit Malaysia, have been prepared under the historical cost convention unless disclosed otherwise in the summary of significant accounting policies in Note 4 to the financial statements and comply with the MASB Approved Accounting Standards in Malaysia for Private Entities and the provisions of the Companies Act, 1965.

The preparation of financial statements in conformity with the provisions of the Companies Act 1965 and the MASB Approved Accounting Standards in Malaysia for Private Entities requires the

use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported financial year. Although these estimates are based on the Directors' best knowledge of current events and actions, actual results may differ from those estimates.

**However, the INR financial statements have been converted into INR equivalents on the basis of principles stated in the "Certificate" annexed hereto with the Company's financials.**

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements.

(b) Property, Plant and Equipment & Depreciation

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment loss where applicable. Cost includes expenditure that is directly attributable to the acquisition of the items. The assets are depreciated on the straight line basis to write off the cost of the assets to their residual values over their estimated useful lives.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial year in which they are incurred.

Depreciation is provided on the straight line method at rates calculated to write off the cost of the assets over their estimated useful lives.

The annual depreciation rates are in conformity with the Group accounting policy

At each balance sheet date, the Company assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

(c) Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever the events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there is separately identifiable cash flows (cash-generating units).

The impairment loss is charged to the income statement.

An impairment loss is reversed if there has been change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(d) Trade receivables

Trade receivables are carried at invoiced amount less an allowance for doubtful debts. The allowance is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables.

(e) Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks, bank overdrafts and short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(f) Income taxes

Current tax expense is determined according to the tax laws in which the Company operates.

Deferred tax is recognised in full, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences or unused tax losses can be utilised.

Tax rates enacted or substantively enacted by the balance sheet date are used to determine deferred income tax.

(g) Revenue recognition

(i) Education and Training activities

Revenue in respect of sales of multimedia learning materials is recognised on delivery of the materials to the customers whereas the revenue from tuition activities is recognised over the period of the course program. Non-refundable fees in relation to the setting-up of a tuition centre is recognised on receipt basis.

(ii) Sales of services

Revenue from sales of services is recognised based on percentage of completion method. The stage of completion of a service contract is measured by reference to the proportion that contract costs incurred for work performed to date to the estimated total costs for the contract.

Irrespective of whether the outcome of a service contract can be estimated reliably when it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

The aggregate of the costs incurred and the attributable profit/loss recognised on each contract is compared against the progress billings up to the end of the financial year. Where costs incurred and recognised profit (less recognised losses) exceed progress billings, the balance is shown as 'Amounts due from customers on contracts' under trade and other receivables. Conversely, where progress billings exceed costs incurred and attributable profit, the balance is shown as 'Amounts due to customers on contracts' under trade and other payables.

- (iii) Interest income is recognised as it accrues unless collection is in doubt.

- (h) Employee benefits

- (i) Short term employee benefits

Wages, salaries, social security contributions, bonuses and non-monetary benefits are accrued in the financial year in which the associated services are rendered by employees of the Company. Short term accumulative compensated absences such as paid annual leave are recognised when services are rendered by employees that increases their entitlements to future compensated absences and short term non-accumulative compensated absences such as sick leave are recognised when such absences occur.

- (ii) Post employment benefit

The Company's contributions to the Employees Provident Fund, a national defined contribution plan are charged to the income statement in the financial year to which they relate. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods. Once the contributions have been paid, the Company has no further financial obligations.

- (i) Financial instruments

Financial assets & financial liabilities carried on the Balance Sheet include Cash & Bank balances, trade & other receivables and payables & borrowings. The Accounting policies on recognition & measurement of these items are disclosed in the individual accounting policies associated with each item.

Financial instruments are classified as liabilities or equity in accordance with the substance of the respective contractual arrangements, interest, dividends, gains & losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the company has a legally enforceable right to offset & intends to settle either on net a basis or to realise the asset & settle the liability simultaneously.

**4. AMOUNT OWING BY A RELATED COMPANY**

The amount owing by a related company represents unsecured advances, bear interest @ 7% (2009: 7%) per annum & repayable within the next 19 months from the balance sheet date.

**5. FIXED DEPOSIT WITH A LICENSED BANK**

Fixed deposit with a licensed bank is on lien for bank guarantee facilities granted to the company.

**6. TRADE PAYABLES**

The credit term granted to the company is 1 to 30 days.

**7. HOLDING COMPANIES**

The company is a wholly owned subsidiary company of NIIT ANTILLES N. V., a corporation incorporated in Netherlands Antilles. The ultimate holding company is NIIT LIMITED., a corporation incorporated in India.

**8 NON-CANCELLABLE OPERATING LEASE COMMITMENTS**

The future minimum lease payments under non-cancellable operating leases are as follows:

	<u>2010</u>		<u>2009</u>	
	RM	INR	RM	INR
Not later than 1 year	<u>26,156</u>	<u>363,521</u>	<u>26,370</u>	<u>367,896</u>

**9 SIGNIFICANT RELATED PARTY TRANSACTIONS**

In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party transactions. The related party transactions described below were carried out at prices negotiated between the parties.

Related party

NIIT Limited  
NIIT Antilles N.V.

NIIT USA Inc.

Relationship

Ultimate holding corporation  
Immediate holding corporation. Previously, NIIT Antilles N.V. was a related corporation of the Company  
Fellow subsidiary corporation

NIIT Mauritius Limited  
NIIT Technologies Pte Limited

Fellow subsidiary corporation  
Related corporation

	31.03.2010		31.03.2009	
Sale of services	RM	INR	RM	INR
Sale of manpower services:				
- NIIT Technologies Pte Limited	-	-	-	-
Purchase of goods and services				
Purchase of multimedia learning materials:				
- NIIT Antilles N.V	808,241	10,239,979	363,792	4,876,959
Purchase of services:				
- NIIT Limited (software development charges)	0	0	354,179	4,748,088
- NIIT Limited (management fee)	24,965	341,701	22,855	306,392
Interest income				
- NIIT USA Inc	183,467	2,511,137	183,671	2462275

## 10 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to a variety of financial risks, including foreign currency exchange risk, interest rate risk, credit risk, liquidity and cash flow risk. The Company's overall financial risk management objective is to ensure that the Company creates value for its shareholder. The Company focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company.

Financial risk management is carried out through risk reviews, internal control systems and adherence to Company's financial risk management policies. The Board regularly reviews these risks and approves the accounting policies, which covers the management of these risks.

### Foreign currency exchange risk

The Company is exposed to currency risk as a result of the foreign currency transactions entered into in currencies other than their functional currency. Exposures to foreign currencies are monitored on an on-going basis.

### Credit risk

Credit risk arises when sales are made on deferred credit terms. The Company seeks to invest cash assets safely and profitably. It seeks to control credit risk by setting counterparty limits and ensuring that sales of products and services are made to customers with an appropriate credit history. The Company minimises the risk by continuously monitoring the credit standing of operational and financial counterparties and re-assesses such exposures. The Directors believe



that no additional credit risk beyond amounts allowed for collection losses is inherent in the Company's trade receivables.

The Directors are of the view that the credit risk of monies placed with a licensed bank in Malaysia is minimal as the possibility of default by the licensed bank is deemed unlikely.

Liquidity and cash flow risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities.