

NIIT (MALAYSIA) SDN. BHD.

Company No. : 418148-D
(Incorporated in Malaysia)

FINANCIAL STATEMENTS - 31ST MARCH 2014

COMPANY NO. : 418148-D

NIIT (MALAYSIA) SDN. BHD.
(Incorporated in Malaysia)

FINANCIAL STATEMENTS - 31ST MARCH 2014

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NIIT (MALAYSIA) SDN. BHD. (418148-D)
(Incorporated in Malaysia)

CORPORATE INFORMATION

COUNTRY OF INCORPORATION	: MALAYSIA
LEGAL FORM	: COMPANY LIMITED BY SHARES INCORPORATED UNDER THE COMPANIES ACT, 1965
ULTIMATE HOLDING COMPANY	: NIIT LIMITED
IMMEDIATE HOLDING COMPANY	: NIIT ANTILLES N.V.
BOARD OF DIRECTORS	: DIPTIMAN CHAKRABORTY : PARAPPIL RAJENDRAN : VIJAY K. THADANI : WANG CHAW LING : RAJENDRA S. PAWAR : RAGHAVAN GOVINDAN
SECRETARIES	: TAY BENG CHAI (BC NO. T296) : TAN EE LING (MAICSA 7027691)
REGISTERED OFFICE	: 6th Floor, Plaza See Hoy Chan, Jalan Raja Chulan, 50200 Kuala Lumpur, Wilayah Persekutuan.
NO. OF EMPLOYEES AS AT 31.3.2014	: Nil
AUDITORS	: TAN PENG SAM & CO. (AF0600) Chartered Accountants No. 19A, Jalan Thamby Abdullah Satu, Brickfields, 50470 Kuala Lumpur, Wilayah Persekutuan.

COMPANY NO. : 418148-D

NIIT (MALAYSIA) SDN. BHD.

(Incorporated in Malaysia)

REPORT OF THE DIRECTORS

The Directors take pleasure in submitting their Report together with the Audited Financial Statements of the Company for the financial year ended 31st March 2014.

1. PRINCIPAL ACTIVITIES

The Company is principally a provider 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. Though the Company did not carry out any business activities during the financial year, it has contracted with a local entity to provide training services.

2. HOLDING COMPANIES

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

3. FINANCIAL RESULTS

- (a) Profit for the financial year after taxation amounted to RM175,288.
- (b) In the opinion of the Directors, the results of the Company's operations during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

4. DIVIDENDS

No dividends have been paid or declared by the Company since the end of the previous financial year.

5. RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

6. ISSUE OF SHARES AND DEBENTURES

The Company did not issue any new shares or debentures during the financial year.

7. DIRECTORS

- (a) The Directors in office since the date of the last Report are :-

DIPTIMAN CHAKRABORTY
PARAPPIL RAJENDRAN
VIJAY K. THADANI
WANG CHAW LING
RAJENDRA S. PAWAR
RAGHAVAN GOVINDAN

- (b) Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangements, to which the Company is a party, whereby Directors might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.
- (c) Since the end of the previous financial year, none of the Directors of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with a Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

8. OTHER STATUTORY INFORMATION

- (a) Before the Financial Statements were made out, the Directors had taken reasonable steps :-
- (i) to ascertain that proper actions had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and to satisfy themselves that there were no known bad debts and that adequate allowance for doubtful debts has been made; and
 - (ii) to ensure that any current assets which were unlikely to realise their book value in the ordinary course of business were written down to an amount which they might be expected so to realise.
- (b) At the date of this Report, the Directors are not aware of any circumstances which would render :-
- (i) it necessary to write off bad debts or the allowance for doubtful debts inadequate to any substantial extent; and
 - (ii) the values attributed to current assets in the Financial Statements misleading.
- (c) At the date of this Report, the Directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate.
- (d) As at the date of this Report, there are no charges on the assets of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.

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8. OTHER STATUTORY INFORMATION (CONT'D)

- (e) (i) As at the date of this Report, there are no contingent liabilities which have arisen since the end of the financial year.
- (ii) No contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Company to meet its obligations as and when they fall due.
- (f) At the date of this Report, the Directors are not aware of any circumstances not otherwise dealt with in the Report or the Financial Statements which would render any amount stated in the Financial Statements misleading.
- (g) In the opinion of the Directors, the results of the financial year in which this Report is made are not likely to be substantially affected by any item, transaction or event which has arisen in the interval between the end of the financial year and the date of this Report.

9. AUDITORS

The Auditors, **MESSRS. TAN PENG SAM & CO.**, Chartered Accountants, have indicated their willingness to continue in office.

Signed in accordance with a resolution of the Directors,

.....
VIJAY K. THADANI
(Director)

.....
PARAPPIL RAJENDRAN
(Director)

Dated :
Kuala Lumpur.

COMPANY NO. : 418148-D

NIIT (MALAYSIA) SDN. BHD.
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS

Pursuant to Section 169(15) of the Companies Act, 1965

We, VIJAY K. THADANI and PARAPPIL RAJENDRAN, being two of the Directors of NIIT (MALAYSIA) SDN. BHD., do hereby state that in the opinion of the Directors, the Financial Statements set out in Pages 8 to 17 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of the financial position of the Company as at 31st March 2014 and of the results and cash flow for the year then ended.

Signed in accordance with a resolution of the Directors,

.....
VIJAY K. THADANI

.....
PARAPPIL RAJENDRAN

Dated :
Kuala Lumpur.

STATUTORY DECLARATION

Pursuant to Section 169(16) of the Companies Act, 1965

I, PARAPPIL RAJENDRAN, the Director primarily responsible for the accounting records and financial management of NIIT (MALAYSIA) SDN. BHD., do solemnly and sincerely declare that the Financial Statements set out in Pages 8 to 17 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Notaries Act 1952.

Subscribed and solemnly declared by the)
abovenamed PARAPPIL RAJENDRAN)
)
in)
)
on)

.....
PARAPPIL RAJENDRAN

Before me,

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
NIIT (MALAYSIA) SDN. BHD. (418148-D)**
(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of NIIT (MALAYSIA) SDN. BHD., which comprise the balance sheet as at 31st March 2014, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out in Pages 8 to 17.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of the financial statements which shall give a true and fair view in accordance with Private Entity Reporting Standards in Malaysia and the Companies Act, 1965, and for such internal control as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with the Private Entity Reporting Standards in Malaysia and the Companies Act, 1965 so as to give a true and fair view of the financial position of the Company as at 31st March 2014 and of its financial performance and cash flows for the year then ended.

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Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Other Matters

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

TAN PENG SAM & CO.
CHARTERED ACCOUNTANTS
AF 0600

CHRISTOPHER HENG KEE CHAI
PROPRIETOR
1453/06/14 (J)

Dated :
Kuala Lumpur

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NIIT (MALAYSIA) SDN. BHD.
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BALANCE SHEET AS AT 31ST MARCH 2014

	<u>NOTES</u>	<u>2014</u>	<u>2013</u>
		RM	RM
CURRENT ASSETS			
Trade receivables	4	285,346	-
Non-trade receivables		7,626	12,858
Amount owing by immediate holding company	5	2,059,514	1,938,950
Cash at bank		107,337	285,966
		<u>2,459,823</u>	<u>2,237,774</u>
		=====	=====
CURRENT LIABILITIES			
Trade payables		42,721	-
Non-trade payables and accrual		28,040	24,000
		<u>70,761</u>	<u>24,000</u>
		=====	=====
NET CURRENT ASSETS		<u>2,389,062</u>	<u>2,213,774</u>
		=====	=====
FINANCED BY :-			
SHARE CAPITAL	6	5,541,000	5,541,000
ACCUMULATED LOSS		(3,151,938)	(3,327,226)
		<u>2,389,062</u>	<u>2,213,774</u>
		=====	=====

The notes on pages 12 to 17 form an integral part of the financial statements.

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NIIT (MALAYSIA) SDN. BHD.
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**INCOME STATEMENT
FOR THE YEAR ENDED 31ST MARCH 2014**

	NOTES	2014		2013
		RM	RM	RM
OTHER OPERATING INCOME			200,996	133,666
ADMINISTRATION EXPENSES			(25,708)	(114,593)
PROFIT BEFORE TAXATION			175,288	19,073
PROFIT BEFORE TAXATION IS ARRIVED AT AFTER CHARGING :-				
Auditors' remuneration		5,150		4,500
Allowance for doubtful debts		-		38,500
Unrealised loss in foreign exchange		-		17,147
		=====		=====
AND CREDITING :-				
Unrealised gain in foreign exchange		104,657		-
Interest charged to a related corporations		96,339		112,528
		=====		=====
TAXATION	9		-	(31,766)
PROFIT/(LOSS) AFTER TAXATION			175,288	(12,693)
			=====	=====

The notes on pages 12 to 17 form an integral part of the financial statements.

COMPANY NO. : 418148-D

NIIT (MALAYSIA) SDN. BHD.
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**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST MARCH 2014**

	2014	2013
	RM	RM
SHARE CAPITAL		
At the beginning and end of the year	5,541,000	5,541,000
	-----	-----
ACCUMULATED LOSS		
At the beginning of the year	(3,327,226)	(3,314,533)
Profit/(loss) for the financial year after taxation	175,288	(12,693)
	-----	-----
At the end of the year	(3,151,938)	(3,327,226)
	-----	-----
SURPLUS IN SHAREHOLDERS' EQUITY AT THE END OF THE YEAR	2,389,062	2,213,774
	=====	=====

The notes on pages 12 to 17 form an integral part of the financial statements.

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NIIT (MALAYSIA) SDN. BHD.
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**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST MARCH 2014**

	2014		2013
	RM	RM	RM
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation	175,288		19,073
Adjustment for :			
Allowances for doubtful debts	-		38,500
Unrealised loss on foreign exchange	-		17,147
Unrealised gain on foreign exchange	(104,657)		-
Operating profit before working capital changes	70,631		74,720
(Increase)/decrease in receivables	(279,282)		6,686
Increase/(decrease) in payables	46,761		(4,391)
Increase/(decrease) in amount owing by/(to) immediate holding company	(16,739)		(1,972,290)
Decrease in amount owing by a related company	-		1,547,282
Cash generated from operating activities	(178,629)		(347,993)
Taxation paid	-		(31,766)
Net cash generated from operating activities		(178,629)	(379,759)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(178,629)	(379,759)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		285,966	665,725
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		107,337	285,966

The notes on pages 12 to 17 form an integral part of the financial statements.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2014**

1. PRINCIPAL ACTIVITIES

The Company is principally a provider 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. Though the Company did not carry out any business activities during the financial year, it has contracted with a local entity to provide training services.

2. DATE OF AUTHORISATION FOR ISSUE OF THE FINANCIAL STATEMENTS

The financial statements were authorised for issue by the Board of Directors on

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 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.

(b) Property, Plant and Equipment and Depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses where applicable. Cost includes expenditure that is directly attributable to the acquisition of the items.

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 associates with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial year in which they are incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) **Property, Plant and Equipment and Depreciation (Cont'd)**

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 estimated useful lives are as follows :-

Computer equipment	3 years
Office equipment	8 years
Furniture and fixtures	7 years

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 assets carrying amount is written down immediately to its recoverable amount if the assets carrying amount is greater than its estimated recoverable amount. The policy for the recognition and measurement of impairment losses is in accordance with Note 3 (c).

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 assets carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an assets 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 assets 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) **Receivables**

Receivables are carried at anticipated realisable values. Known bad debts are written off and specific allowance is made against accounts which are doubtful of collection.

(e) **Payables**

Payables are stated at cost which is the fair value of the consideration for goods and services received.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) **Income Tax**

Income tax for the year comprises current year income tax and deferred tax. Current year income tax is the expected amount of income tax payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unabsorbed tax losses and unutilised capital allowances to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unabsorbed tax losses and unutilised capital allowances can be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantially enacted at the balance sheet date.

(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 'Amount due to customers on contracts' under trade and other payables.

(iii) Interest income

Interest income is recognised on accrual basis unless collection is in doubt.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) **Employee Benefits**

Liability in respect of compensated absences is provided for both encashable leave and those expected to be availed. The Company has defined benefit plans for compensated absences for employees, the liability for which is determined on the basis of an actuarial valuation at the end of the year using projected unit credit method. Any gain or loss arising out of such valuation is recognised in the Profit and Loss Account as income or expense as the case may be.

(i) **Foreign Currency Translation**

Foreign currency transactions are translated into Ringgit Malaysia at rates ruling on the transaction dates. Foreign currency monetary assets and liabilities are translated into Ringgit Malaysia at rates ruling at the balance sheet date. All realised exchange differences are dealt with in the income statement.

The principal closing rates used in translating foreign currency amount are as follows :-

Foreign currency	Closing rates	
	2014	2013
	RM	RM
1 US Dollar	3.2568	3.094
	=====	=====

(j) **Cash and Cash Equivalents**

Cash and cash equivalents consist of cash in hand, balances with bank and short term highly liquid investment which are readily convertible to known amount of cash with an insignificant risk of changes in value, net of outstanding bank overdraft.

4. TRADE RECEIVABLES

	2014	2013
	RM	RM
Trade receivables	2,419,167	2,133,821
Less		
Allowance for doubtful debts	(2,133,821)	(2,133,821)
	285,346	-
	=====	=====

5. HOLDING COMPANIES

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

The amount owing by the immediate holding company is unsecured, bears interest at USD Libor plus spread of 4% (2013: 4.73%) per annum and repayable not later than 19th March 2016.

6. SHARE CAPITAL

	2014	2013
	RM	RM
Authorised :		
10,000,000 (2013 : 10,000,000) ordinary shares of RM1 each	10,000,000	10,000,000
	=====	=====
Issued and Fully Paid :		
5,541,000 (2013 : 5,541,000) ordinary shares of RM1 each	5,541,000	5,541,000
	=====	=====

7. TAXATION

	2014	2013
	RM	RM
In respect of current year on interest income		
- foreign withholding tax	-	(31,766)
	=====	=====

The reconciliation of the tax expense and the product of accounting profit/(loss) multiplied by the applicable income tax rate is as follows :-

	2014	2013
	RM	RM
Profit before tax	175,138	19,073
	=====	=====
Tax at applicable standard rate of 25% (2013 : 25%)	(43,784)	(4,768)
Tax effects of :		
Deferred tax assets not provided for	-	408
Foreign source incomes subject to different tax rate		
in other countries	-	(3,634)
Tax effect on expenses not deductible for tax purposes	43,784	(23,772)
	=====	=====
Tax expenses	-	(31,766)
	=====	=====

The amount of deductible temporary differences and tax losses (both of which have no expiry date) for which no deferred tax asset is recognised in the balance sheet is as follows :-

	2014	2013
	RM	RM
Deductible temporary differences	3,042,228	3,042,228
Tax losses	4,677,996	4,677,996
	=====	=====

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8. RELATED PARTY TRANSACTIONS

During the financial year, the Company had the following related party transactions :-

	2014	2013
	RM	RM
a) Interest charged to a related corporation	-	106,513
b) Interest charged to immediate holding company	96,339	6,015
	=====	=====

NIIT (MALAYSIA) SDN. BHD.

(Incorporated in Malaysia)

**DETAILED INCOME STATEMENT
FOR THE YEAR ENDED 31ST MARCH 2014**

	2014		2013
	RM	RM	RM
REVENUE			
Interest income	96,339		112,528
Unrealised gain in foreign exchange	104,657		-
Sundry income	-		21,138
		200,996	133,666
		200,996	133,666
Less			
ADMINISTRATION EXPENSES			
Auditors' remuneration	5,150		4,500
Allowances for doubtful debts	-		38,500
Sundry expenses	287		1,036
Professional charges	20,271		45,610
Unrealised loss in foreign exchange	-		17,147
Upkeep of premises	-		7,800
		25,708	114,593
PROFIT BEFORE TAXATION		175,288	19,073