Infosys (Czech Republic) Limited s.r.o.

This document is an English translation of the Czech auditor's report.

Only the Czech version of the report is legally binding.

Independent Auditor's Report to the Member of Infosys (Czech Republic) Limited s.r.o.

We have audited the accompanying financial statements of Infosys (Czech Republic) Limited s.r.o., prepared in accordance with Czech accounting legislation, which comprise the balance sheet as of 31 March 2016, and the income statement for the period then ended, and the notes to these financial statements, including a summary of significant accounting policies and other explanatory notes. Information about Infosys (Czech Republic) Limited s.r.o. is set out in Note 1 to these financial statements.

Statutory Body's Responsibility for the Financial Statements

The statutory body of Infosys (Czech Republic) Limited s.r.o. is responsible for the preparation of financial statements that give a true and fair view in accordance with Czech accounting legislation and for such internal controls as the statutory body determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 the Act on Auditors, International Standards on Auditing and the relevant guidance of the Chamber of Auditors of the Czech Republic. 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 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 controls 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 controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, 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 give a true and fair view of the financial position of Infosys (Czech Republic) Limited s.r.o. as of 31 March 2016, and of its financial performance for the period then ended in accordance with Czech accounting legislation.

Other Information

Other information is defined as information (other than the financial statements and our auditor's report) included in the annual report. The statutory body is responsible for the other information.

Our opinion on the financial statements of Infosys (Czech Republic) Limited s.r.o. as of 31 March 2016 does not cover the other information and we do not express any form of opinion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information included in the annual report is not materially inconsistent with the financial statements or our knowledge obtained in the audit, whether the annual report is prepared in accordance with applicable legislation and whether such information otherwise does not appear to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Prague
6 May 2016

KPMG Ceská republika Audit, s.r.o.
Registration number : 71

Blanka Dvoráková
Partner
Registration number : 2031

BALANCE SHEET
in full format
As at 31 March 2016
(In thousands of Czech crowns "TCZK")
Translated from the Czech original

Name and regist. office of the company

Identification number
269 18 757

Infosys (Czech Republic) Limited s.r.o. *(formerly Infosys BPO s.r.o)*
Holandská 9
Brno 639 00
Czech Republic

Balance Sheet

As at 31 March 2016

Ident. a		ASSETS b	line c	Current period Gross 1	Adjust. 2	Net 3	Prior period Net 4
		TOTAL ASSETS (L.02+03+31+63)	1	280 117	- 51 459	228 658	239 461
	A.	Receivables for subscribed registered capital	2				
	B.	Fixed assets (L.04+13+23)	3	62 120	- 51 147	10 973	11 604
B.I.		Intangible fixed assets (L.05 to 12)	4				
	B.I.1.	Incorporation expenses	5				
	2	Research and development	6				
	3	Software	7				
	4	Intellectual property rights	8				
	5	Goodwill	9				
	6	Other intangible fixed assets	10				
	7	Intangible fixed assets under construction	11				
	8	Advance payments for intangible fixed assets	12				
B.II.		Tangible fixed assets (L.14 to 22)	13	62 120	- 51 147	10 973	11 604
	B.II.1.	Land	14				
	2	Buildings	15	9 650	- 9 274	376	598
	3	Plant and equipment	16	52 470	- 41 873	10 597	10 907
	4	Cultivated areas	17				
	5	Adult livestock	18				
	6	Other tangible fixed assets	19				
	7	Tangible fixed assets under construction	20				99
	8	Advance payments for tangible fixed assets	21				
	9	Adjustments to acquired fixed assets	22				
B.III.		Long-term investments (L.24 to 30)	23				
	B.III.1.	Equity investments - subsidiaries	24				
	2	Equity investments - associated companies	25				
	3	Other long-term securities and ownership interests	26				
	4	Loans - group undertakings, associated companies	27				
	5	Other long-term investments	28				
	6	Long-term investments (provisional value)	29				
	7	Advance payments for long-term investments	30				

Balance Sheet

As at 31 March 2016

Ident.	ASSETS	line	Current period			Prior period Net 4
a	b	c	Gross	Adjust.	Net	
			1	2	3	
C.	Current assets (L.32+39+48+58)	031	217 668	- 312	217 356	227 826
C.I.	Inventories (L.33 to 38)	032				
C.I.1.	Raw materials	033				
2	Work-in-progress and semi-finished products	034				
3	Finished goods	035				
4	Young and other livestock	036				
5	Goods for resale	037				
6	Advance payments for inventories	038				
C.II.	Long-term receivables (L.40 to 47)	039	7 554		7 554	4 414
C.II.1.	Trade receivables	040				
2	Receivables - group undertakings	041				
3	Receivables - associated companies	042				
4	Receivables from shareholders/members	043				
5	Long-term advances paid	044	4 414		4 414	4 414
6	Estimated receivables	045				
7	Other receivables	046				
8	Deferred tax asset	047	3 140		3 140	
C.III.						
C.III.1.	Short-term receivables (L.49 to 57)	048	57 485	- 312	57 173	87 074
2	Trade receivables	049	48 572	- 312	48 260	33 653
3	Receivables - group undertakings	050				26 906
4	Receivables - associated companies	051				
5	Receivables from shareholders/members	052				
6	Social security and health insurance	053				
7	Tax receivables	054	7 670		7 670	2 634
8	Short-term advances paid	055	677		677	2 159
9	Estimated receivables	056	12		12	20 523
	Other receivables	057	554		554	1 199
C.IV.	Short-term financial assets (L.59 to 62)	058	152 629		152 629	136 338
C.IV.1.	Cash	059	376		376	39
2	Bank accounts	060	152 253		152 253	136 299
3	Short-term securities and ownership interests	061				
4	Short-term investments (provisional value)	062				
D.I.	Deferrals (L. 64+65+66)	063	329		329	31
D.I.1.	Prepaid expenses	064	329		329	31
2	Complex prepaid expenses					
3	Accrued revenues					

Ident. a	A S S E T S b	line c	Current period 5	Prior period Net 4
	TOTAL LIABILITIES AND EQUITY (L.68+89+122)	067	228 658	239 461
A.	Equity (L.69+73+80+83+87+88)	068	172 434	171 429
A.I.	Registered capital (L.70+71+72)	069	18 750	18 750
A.I.1.	Registered capital	070	18 750	18 750
2.	Own shares and ownership interests (-)	071		
3.	Changes in registered capital	072		
A.II.	Capital contributions (L.74 to 79)	073		
A.II.1.	Premium	074		
2.	Other capital contributions	075		
3.	Revaluation of assets and liabilities	076		
4.	Revaluation reserve on transformations	077		
5.	Differences resulting from transformations	078		
6.	Change in revaluation reserve on transformations	079		
A.III. .	Funds from profit (L.81+82)	080	1 875	1 875
A.III.1	Reserve fund	081		
2.	Statutory and other funds	082	1 875	1 875
A.IV.	Retained earnings (L.84+85+86)	083	150 804	78 365
A.IV.1.	Retained profits	084	192 836	120 397
2.	Accumulated losses	085	- 42 032	- 42 032
3.	Other retained earnings	086		
A.V.1	Profit (loss) for the current period (+/-)	087	1 005	72 439
A.V.2	Approved advance profit distribution (-)	088		
B.	Liabilities (L.90+95+106+118)	089	56 224	68 032
B.I.	Provisions (L.91 to 94)	090	11 326	13 605
B.I.1.	Tax-deductible provisions	091		
2.	Provision for pensions and other similar payables	092		
3.	Income tax provision	093		5 929
4	Other provisions	094	11 326	7 676
B.II.	Long-term liabilities (L.96 to 105)	095		
B.II.1.	Trade payables	096		
2.	Liabilities - group undertakings	097		
3.	Liabilities - associated companies	098		
4.	Liabilities to shareholders/members	099		
5.	Long-term advances received	100		
6.	Debentures and bonds issued	101		
7.	Long-term bills of exchange payable	102		
8.	Estimated payables	103		
9.	Other payables	104		
10.	Deferred tax liability	105		
B.III.	Short-term liabilities (L.107 to 117)	106	44 898	54 427
B.III.1.	Trade payables	107	692	7 673
2.	Liabilities - group undertakings	108		
3.	Liabilities - associated companies	109		
4.	Liabilities to shareholders/members	110	241	241
5.	Payables to employees	111	8 953	10 114
6.	Social security and health insurance liabilities	112	3 044	3 444
7.	Tax liabilities and subsidies	113		
8.	Short-term advances received	114		
9.	Debentures and bonds issued	115		
10.	Estimated payables	116	31 516	27 414
11.	Other payables	117	452	5 541
B.IV.	Bank loans and overdrafts (L.119 to 121)	118		
B.IV.1.	Long-term bank loans	119		
2.	Short-term bank loans	120		
3.	Short-term financial liabilities	121		
C.I.	Accruals (L.123+124)	122		
C.I.1.	Accrued expenses	123		
2.	Deferred revenues	124		

INCOME STATEMENT
Classification by nature
For the period ended 31 March 2016
(in thousands of Czech crowns “TCZK”)
Translated from the Czech original

Identification number
269 18 757

Name and regist. office of the company

Infosys (Czech Republic) Limited s.r.o.
Holandská 9
Brno 639 00
Czech Republic

Ident.	ASSETS	line	Current period	Prior period
a	b	c	1	2
I.	Revenue from goods	01		
A.	Cost of goods sold	02		
+	Gross profit (L.01-02)	03		
II.	Revenue from production (L.05+06+07)	04	229 554	317 383
II.1.	Revenue from own products and services	05	229 554	317 383
II.2.	Change in inventory of own production	06		
II.3.	Own work capitalised	07		
B.1.	Cost of sales (L.09+10)	08	49 196	50 079
B.2.	Materials and consumables	09	1 671	4 255
B.3.	Services	10	47 525	45 824
+	Added value (L.03+04-08)	11	180 358	267 304
C.	Personnel expenses (L.13 to 16)	12	154 636	220 819
C.1	Wages and salaries	13	114 151	163 057
C.2	Remuneration of board members	14		
C.3.	Social security and health insurance expenses	15	37 887	53 829
C.4.	Social expenses	16	2 598	3 933
D.	Taxes and charges	17	46	
E.	Depreciation of intangible and tangible fixed assets	18	6 272	5 868
III.	Proceeds from disposals of fixed assets and raw material	19	428	4 020
III.1	(L.20+21)	20	428	4 020
III.2	Proceeds from disposals of fixed assets	21		
	Proceeds from disposals of raw material			
F	Net book value of fixed assets and raw material sold (L.23+24)	22	330	968
F.1.	Net book value of fixed assets sold	23	330	968
F.2.	Raw materials sold	24		
G.	Change in provisions and adjustments relating to operating activity and change in complex prepaid expenses	25	3 698	- 12 103
IV.	Other operating revenues	26	3 022	9 442
H.	Other operating expenses	27	1 257	1 480
V.	Transfer of operating revenues	28		
I.	Transfer of operating expenses	29		
*	Operating profit (loss) (L.11-12-17-18+19-22-25+26-27+28-29)	30	17 569	63 734
VI.	Proceeds from sale of securities and ownership interests	31		
J.	Securities and ownership interests sold	32		
VII.	Revenue from long-term investments (L.34+35+36)	33		
VII.1.	Revenue from investments in group undertakings and associated companies	34		
VII.2.	Revenue from other long-term securities and ownership interests	35		
VII.3.	Revenue from other long-term investments	36		
VIII.	Revenue from short-term financial investments	37		
K.	Financial assets expenses	38		
IX.	Revenue from revaluation of securities and derivatives	39	5 524	
L.	Expenses for revaluation of securities and derivatives	40		5 524
M.	Change in provisions and adjustments relating to financial			
activity	41			
X.	Interest revenue	42	15	327
N.	Interest expense	43		
XI.	Other financial revenues	44	1 899	28 658
O.	Other financial expenses	45	19 958	4 051
XII.	Transfer of financial revenues	46		
P.	Transfer of financial expenses	47		
*	Profit (loss) from financial operations (L.31-32+33+37-38+39-40-41+42-43+44-45+46-47)	48	- 12 520	19 410
Q.	Income tax on ordinary profit (loss) (L.50+51)	49	4 044	10 705
Q.1.	- current	50	7 184	10 705
Q.2.	- deferred	51	- 3 140	

Ident.	A S S E T S	line	Current period	Prior period
a	b	c	1	2
**	Profit (loss) on ordinary activities after tax (L.30+48-49)	52	1 005	72 439
XIII.	Extraordinary revenues	53		
R.	Extraordinary expenses	54		
S.	Income tax on extraordinary profit (loss) (L.56+57)	55		
S.1.	- current	56		
S.2.	- deferred	57		
*	Extraordinary profit (loss) (L.53-54-55)	58		
T	Transfer of profit or loss to shareholders/members	59		
	Profit (loss) for the accounting period			
***	(L.52+58-59)	60	1 005	72 439
***	Profit (loss) before tax (L.30+48+53-54)	61	5 049	83 144

Notes to accounts

1. Description and principal activities

Establishment and description of the Company

Infosys (Czech Republic) Limited s.r.o. ("the Company") was registered on 4 February 2004. The principal activities are mediation of services; enterprise, finance, organization and economic advisory services; data processing, database services, network services; software and hardware advisory services; research and development in technical and social sciences; administrative management and organizational economic services for individuals and corporations; translation and interpretership services; accounting advisory services; accounting services.

Accounting period

1. 4. 2015 – 31. 3. 2016

Ownership structure

The only member of the Company as at 31 March 2016 is:

INFOSYS BPO LIMITED 561229 Bangalore, Electronics City, Hosur Road, Plot Nos. 26/3, 26/4, 26/6 India	100 %

Registered office

Infosys (Czech Republic) Limited s.r.o.

Holandská 872/9

PSC 639 00 Štýrice, Brno

Czech Republic

Identification number

269 18 757

Statutory representative

The only statutory representative as at 31 March 2016 is:

DEEPAK BHALLA

Line of action

The statutory representative is one or more statutory executives. If the company has only one executive, the executive acts on behalf of its own. If more executives are authorized to act on behalf of the company, each of them separately.

Supervisory board as at 31 March 2016

ANUP UPPADHAYAY (chairman)

ANANTHA RADHAKRISHNAN

RAJESH KRISHNAMURTHY

Changes in the Commercial Register

In period from 1 April 2015 to 31 March 2016 following changes has been recorded:

Change in trade name of the Company: Infosys (Czech Republic) Limited s.r.o. The change was recorded in the Commercial register on 6 January 2016.

Organisational structure

The Company is run by its statutory representative.

2. Significant accounting policies applied by the Company

(a) Tangible and intangible fixed assets

Tangible and intangible fixed assets are stated at acquisition cost. Tangible and intangible fixed assets costing less than TCZK 2,5 are charged to the income statement in the year that they are acquired.

Assets are depreciated using the following methods over the following periods:

Assets	Basis	Period
Office equipment	Straight-line	60 months
Computer equipment	Straight-line	36 - 60 months

Leasehold improvements are depreciated on a straight-line basis over the shorter of the lease terms or their estimated useful lives.

(b) Establishment of adjustments and provisions

Receivables

The Company establishes adjustments for doubtful receivables based on an analysis of the credit status of customers.

Provisions

Provision for untaken holidays

A provision for untaken holidays is established as at the balance sheet date, based on an analysis of untaken holidays and average payroll expenses, including social security and health insurance expenses per employee.

Income tax provision

An income tax provision is established as the financial statements are prepared before the tax liability is determined. In the subsequent accounting period, the Company releases this provision and records the actual tax liability determined.

Provision for warranties

The Company creates a provision for guarantees resulting from finished projects in the previous accounting period.

Provision for other risks

The Company establishes a provision for other risks resulting from other events recognized by the Company as at the balance sheet date.

2. Significant accounting policies applied by the Company (continuance)

(c) Foreign currency translation

At the beginning of each month the Company sets a fixed rate of exchange based on the Czech National Bank official rate for the first working day of the calendar month to be applied to transactions recorded during that month. To translate payments from a foreign currency bank account (EUR, USD), the internal exchange rate of Citi Bank a.s., Deutsche Bank is used. During the year, exchange gains and losses are only recognised when realised at the time of settlement.

As at the balance sheet date, foreign currency monetary assets and liabilities are translated at the prevailing Czech National Bank official rates for that date. Unrealised foreign exchange gains and losses are recognised in the income statement.

(d) Leased assets

Lease payments are expensed on a straight-line basis over the lease term. Where an asset is purchased at the end of the lease, it is recorded at its purchase price (replacement cost).

(e) Income tax

Income tax for the period comprises current tax and the change in deferred tax.

Current tax comprises an estimate of tax payable calculated based on the taxable income, using the tax rate valid as at the first day of the accounting period, and any adjustments to taxes payable for previous periods.

Deferred tax is based on all temporary differences between the carrying and tax value of assets and liabilities, multiplied by the tax rate expected to be valid for the period in which the tax asset/liability will be utilised.

A deferred tax asset is recognised only if it is probable that it will be utilised in future accounting periods.

(f) Classification of liabilities

The Company classifies as short-term any part of long-term liabilities, bank loans and overdrafts that is due within one year of the balance sheet date.

(g) Derivatives for trading

The Company uses currency forward contracts for hedging of risk of FX rate movements. There contracts are classified as derivatives for trading and are presented in fair values. The gains and losses from changes in the fair value are recorded directly in revenues or expenses.

3. Changes in accounting policies and procedures

In the accounting period 2015/16 there were no changes in accounting policies and procedures.

4. Tangible fixed assets

	Buildings	Machinery and equipment	Tangible fixed assets under construction	Total
Acquisition cost				
Balance at 1. 4. 2015	9 591	48 359	99	58 049
Additions	59	5 912	--	5 971
Disposals	--	-1 900	--	-1 900
Transfers	--	99	-99	--
Balance at 31. 3. 2016	9 650	52 470	--	62 120
Accumulated depreciation				
Balance at 1. 4. 2015	8 993	37 452	--	46 445
Depreciation expense	281	5 991	--	6 272
Disposals	--	-1 570	--	-1 570
Balance at 31. 3. 2016	9 274	41 873	--	51 147
Net book value 1. 4. 2015	598	10 907	99	11 604
Net book value 31. 3. 2016	376	10 597	--	10 973

The major additions to fixed assets in the accounting period were purchase of IT equipment in TCZK 3 797 and personal computers in TCZK 1 125.

The Company has no pledged assets.

5. Leased assets

Operating leases

The Company has an operating lease for non-residential premises at Holandská 9, Brno (lease contract is valid until March 2017, with the option to extend the term of the contract). The annual cost of this lease for the current accounting period was TCZK 23 305 (2014/2015 – TCZK 24 148).

In addition, the Company has operating leases for flats. The annual cost of these leases in the current accounting period was TCZK 186 (2014/2015 – TCZK 548).

The Company has another lease for a unit substation from Lumen Energy a.s.. The annual cost of this lease in the current accounting period was TCZK 114 (2014/2015 - TCZK 112).

6. Non-capitalised tangible and intangible fixed assets

In accordance with the accounting policy described in note 2 (a) above, the Company charged low value tangible and intangible fixed assets to the income statement in the year that they were acquired. The acquisition cost of assets which were charged to the income statement was as follows:

	Balance as at 31. 3. 2015	Balance as at 31. 3. 2014
Tangible fixed assets	14	143

7. Inventories

The Company has no inventories as at 31. 3. 2016 and 31. 3. 2015.

8. Trade receivables and payables

(a) Short-term trade receivables total TCZK 48 572 (31. 3. 2015 – TCZK 33 917), of which TCZK 21 214 (31. 3. 2015 – TCZK 8 843) is overdue. An adjustment of TCZK 312 (31. 3. 2015 – TCZK 264) was set up at 31. 3. 2016 for doubtful receivables.

(b) Short-term receivables – group undertakings total TCZK 0 (31. 3. 2015 – TCZK 26 906). The loan was provided to related party McCamish System and was repaid in September 2015.

(c) Short-term trade payables total TCZK 692 (31. 3. 2015 – TCZK 7 673), of which TCZK 518 (31. 3. 2015 – TCZK 5 194) is overdue.

9. Advances paid

Short-term advances paid consists of advances paid for the residential and non-residential premises in total amount TCZK 677 (31. 3. 2015 – TCZK 2 159).

Long-term advances paid consists of advances paid for the non-residential premises in total amount TCZK 4 414 (31. 3. 2015 – TCZK 4 414).

10. Adjustments

	Adjustment to receivables	Total
Balance at 1. 4. 2015	264	264
Change	48	48
Balance at 31. 3. 2016	312	312

11. Changes in equity

Movement in the individual components of equity:

	Registered capital	Reserve fund	Profit for the current period	Accumulated losses	Retained earnings	Total
Balance at 1. 4. 2015	18 750	1 875	72 439	-42 032	120 397	171 429
Transfer of profit/loss	--	--	-72 439	--	72 439	--
Profit/Loss for the current period	--	--	1 005			
--	--	1 005				
Balance at 31. 3. 2016	18 750	1 875	1 005	-42 032	192 836	172 434

As at the balance sheet day, the Company has not made any decision related to the distribution of profit 2015/2016. The management expects that the profit for the current period will be transferred to retained earnings.

12. Forward contracts

As at 31. 3. 2016 the Company held no derivatives for the fair value hedging purposes.

As at 31. 3. 2015, the Company held the following derivatives for fair value hedging purposes and are presented in a row other payables.

Forward exchange contracts 31. 3. 2015	Due date	Currency	Amount in foreign currency	Fair value (TCZK)
Forward – purchase of USD	26/6/2015	USD	1 000 000	-5 524
Total				-5 524

13. Provisions

	Provision for untaken holiday	Provision for warranties	Provision for income tax	Provision for other risks	Total
Balance at 1. 4. 2015	3 042	1 291	5 929	3 343	13 605
Change	665	2 719	-5 929	266	-2 279
Balance at 31. 3. 2016	3 707	4 010	--	3 609	11 326

Income tax provision of TCZK 2 045 (31. 3. 2015 – TCZK 7 521) is decreased by paid advanced payment of TCZK 7 922 (31. 3. 2015 – TCZK 1 592) and final tax receivables is presented in row Tax receivables (31. 3. 2015 – final tax liability is presented in row Income tax provision).

14. Segment information

Revenues from the provision of own services in the accounting period were as follows:

	Period from 1. 4. 2015 to 31. 3. 2016				Period from 1. 4. 2014 to 31. 3. 2015			
	Domestic sales	Europe + USA	India	Total	Domestic sales	Europe + USA	India	Total
Advisory services, hardware and software tutorials	3 621	161 366	64 567	229 554	--	278 610	38 773	317 383
Total	3 621	161 366	64 567	229 554	--	278 610	38 773	317 383

In addition, the Company had other operating revenues totalling TCZK 3 023 (2014/2015 – TCZK 9 442), which comprises mainly revenues from grants for business activities.

15. Related parties

(a) Trade receivables and payables

	Receivables as at 31. 3. 2016	Receivables as at 31. 3. 2015	Payables as at 31. 3. 2016	Payables as at 31. 3. 2015
Infosys BPO Poland	288	2 225	--	--
Infosys BPO Ltd.	218	457	--	--
Infosys Technologies Limited	6 744	1 869	--	--
Total	7 250	4 551	--	--

(b) Trade receivables and payables – group undertakings

Receivables – group undertakings

	Receivables at 31. 3. 2016	Interest revenue in 2015/2016	Receivables at 31. 3. 2015	Interest revenue in 2014/2015
Loan including interest – Mc Camish	--	15	26 906	327

(c) Sales and purchases

Period from 1. 4. 2015 to 31. 3. 2016	Sales for the period	Purchases for the period
Infosys Poland	3 605	--
Infosys BPO Ltd	2 614	--
Infosys Technologies Limited	61 953	746
Total	68 172	746

Period from 1. 4. 2015 to 31. 3. 2016	Sales for the period	Purchases for the period
Infosys Poland	11 210	--
Infosys BPO Ltd	1 880	--
Infosys Technologies Limited	36 893	--
Total	49 983	--

(d) Remuneration and loans provided to directors and supervisory board members

The Company has provided no remunerations and loans to the directors and supervisory board members for the period 2015/2016 and 2014/2015.

16. Employees and executives

Average number of employees and executives and personnel expenses for the accounting period are as follows:

Period from 1. 4. 2015 to 31. 3. 2016	Average number of employees	Wages and salaries	Social security and health insurance expenses	Social expenses
Employees	359	111 659	37 267	2 593
Executives	1	2 492	620	5
Total	360	114 151	37 887	2 598

Period from 1. 4. 2014 to 31. 3. 2015	Average number of employees	Wages and salaries	Social security and health insurance expenses	Social expenses
Employees	401	159 781	53 358	3 927
Executives	1	3 276	471	6
Total	402	163 057	53 829	3 933

17. Estimated receivables

Estimated receivables amounting to TCZK 12 (31. 3. 2015 – TCZK 20 523), which represents un-invoiced services to the customers.

18. Estimated payables

Estimated payables amounting to TCZK 31 516 (31. 3. 2015 – TCZK 27 414), which represents un-invoiced services amounting to TCZK 29 651 (31. 3. 2015 – TCZK 25 270) and bonuses amounting to TCZK 1 865 (31. 3. 2015 – TCZK 2 144). The main part of un-invoiced services consists of lease accrual for the rent of non-residential premises amounting to TCZK 18 922 (31. 3. 2015 – TCZK 19 850).

19. Other financial expenses and revenues

Other financial expenses amounting to TCZK 19 958 (2014/2015 – TCZK 4 051) and other financial revenues amounting to TCZK 1 899 (2014/2015 – TCZK 28 658) consist chiefly of realized and un-realised foreign exchange gains and losses.

20. Social security and health insurance liabilities

Social security and health insurance liabilities total TCZK 3 044 (31. 3. 2015 – TCZK 3 444) of which TCZK 2 238 (31. 3. 2015 – TCZK 2 532) relates to estimate for social security liabilities and TCZK 806 (31. 3. 2015 – TCZK 912) is estimate for health insurance liabilities. None of these liabilities are overdue.

21. Tax receivables

Tax receivables amount to TCZK 7 670 (31. 3. 2015 – TCZK 2 634), which relates to income tax receivable of TCZK 5 877 (31. 3. 2015 – liability of TCZK 5 929 presented in row Income tax provision), value added tax receivable of TCZK 1 285 (31. 3. 2015 – TCZK 2 126) and other taxes and charges of TCZK 508 (31. 3. 2015 – TCZK 508).

22. Fees payable to statutory auditors

The information is disclosed in the notes to consolidated financial statements prepared for the consolidated group in which the Company is included.

23. Income tax

(a) Current tax

Current income tax comprises the tax estimate for period 2015/2016 of TCZK 2 045 (2014/2015 – TCZK 7 521) and an adjustment to the tax estimate for 2014/2015 of TCZK 5 139 (2013/2014 – TCZK 3 184).

(b) Deferred tax

	Receivables		Liabilities		Difference	
	2015/2016	2014/2015	2015/2016	2014/2015	2015/2016	2014/2015
Fixed assets	929	1 331	--	--	929	1 331
Adjustment to receivables	59	50	--	--	59	50
Provisions	2 152	1 458	--	--	2 152	1 458
Other temporary differences	--	--	--	--	--	--
Deferred tax asset/liability	3 140	2 839	--	--	3 140	2 839

24. Contingencies and commitments

The Company has no contingencies or commitments.

25. Material subsequent event

The Company's management is not aware of any events that have occurred since the balance sheet date that would have any material impact on the financial statements as at 31 March 2016.

Signature of the authorised representative:
Deepak Bhalla
statutory representative

Date: 6 May 2016

Infosys Poland Sp. z o.o.

(formerly Infosys BPO Poland Sp. z o.o.)

Opinion and Report of the Independent Auditor

Financial Year ended March 31, 2016

The opinion contains 2 pages

The supplementary report contains 9 pages

Opinion of the independent auditor and supplementary report on the audit of the financial statements for the financial year ended March 31, 2016

This document is a free translation of the Polish original. Terminology current in Anglo-Saxon countries has been used where practicable for the purposes of this translation in order to aid understanding. The binding Polish original should be referred to in matters of interpretation.

Opinion and Report of the Independent Auditor

Opinion of the independent auditor

To the Shareholders' Meeting of Infosys Poland Sp. z o.o. (formerly Infosys BPO Poland Sp. z o.o.)

Opinion on the Financial Statements

We have audited the accompanying financial statements of Infosys Poland Sp. z o.o. (formerly Infosys BPO Poland Sp. z o.o.), with its registered office in Łódz, ul. Pomorska 106A ("the Company"), which comprise the introduction to the financial statements, the balance sheet as at March 31, 2016, the profit and loss account, the statement of changes in equity and the cash flow statement for the year then ended and the supplementary information and explanations.

Management's Responsibility for the Financial Statements

Management of the Company is responsible for the correctness of the accounting records, the preparation and fair presentation of these financial statements and preparation of the Report on the Company's activities in accordance with the Accounting Act dated 29 September 1994 (Official Journal from 2013, item 330 with amendments) ("the Accounting Act") and related bylaws, and other applicable regulations. Management of the Company is also responsible for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

According to the Accounting Act, Management of the Company is required to ensure that the financial statements and the report on the Company's activities are in compliance with the requirements set forth in the Accounting Act.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements and whether the financial statements are derived from properly maintained accounting records based on our audit. We conducted our audit in accordance with section 7 of the Accounting Act and International Standards on Auditing as adopted by the National Council of Certified Auditors as the National Standards on Assurance. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements and the accounting records from which they are derived 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 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, we consider 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 of the Company, 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 opinion.

Opinion

In our opinion, the accompanying financial statements of Infosys Poland Sp. z o.o. (formerly Infosys BPO Poland Sp. z o.o.) have been prepared and present fairly, in all material respects, the financial position of the Company as at 31 March 2016 and its financial performance and its cash flows for the year then ended in accordance with the accounting principles applicable to the territory of the Republic of Poland as set out in the Accounting Act and related bylaws, are in compliance with the respective regulations and the provisions of the Company's articles of association that apply to the Company's financial statements and have been prepared from accounting records that, in all material respects, have been properly maintained.

Specific Comments on Other Legal and Regulatory Requirements

Report on the Company's Activities

As required under the Accounting Act, we report that the accompanying report on the Company's activities includes, in all material respects, the information required by Art. 49 of the Accounting Act and the information is consistent with the financial statements.

On behalf of KPMG Audyt Spółka z ograniczona odpowiedzialnoscia sp.k.

Registration number : 3546

ul. Inflancka 4A

00-189 Warsaw

Signed on the Polish original

Justyna Lipkowska
Key Certified Auditor
Registration number : 12697

Signed on the Polish original

Zofia Popławska
Limited Liability Partner
with power of attorney

April 27, 2016

Supplementary report on the audit of the financial statements

1. Details identifying the Company

1.1 Business name of the Company

Infosys Poland Sp. z o.o., hereinafter "the Company"

On the basis of the resolution of the Extraordinary Shareholders' Meeting of 29 January 2016. the Company's name was changed from Infosys BPO Poland Sp. z o.o. to Infosys Poland Sp.z.o.o. The change was registered in the National Court Register on February 29, 2016.

1.2 Registered office of the Company

Pomorska Street 106A

91-402 Łódz

1.3 Registration in the National Court Register

Seat of the court :	District Court of Łódz-Sródmiescie in Łódz, 20th Division of the National Court Register
Date :	03.08.2007
Registration number :	KRS 0000285868

1.4 Basic objects and term of the Company

The objects of the Company, as defined in the Articles of Association, are mainly :

Accounting and bookkeeping activities (PKD 74.12 Z)

Accounting and bookkeeping activities with tax advisory (PKD 69.20 Z)

Data processing; management of websites (hosting) and similar activity (PKD 63.11.Z).

The Company was incorporated for an indefinite term.

1.5 Period reported in the financial statements

The financial statements have been drafted for the period from 1 April 2015 to 31 March 2016, and the comparative data pertain to the period from 1 April 2014 to 31 March 2015.

1.6 Going concern assumption

The financial statements have been drawn up with the assumption that the Company will be a going concern in the foreseeable future.

There are no circumstances posing a risk to the Company continuing as a going concern.

2. Significant accounting principles

The financial statements were prepared with regard to the following accounting principles :

2.1 Basis of financial statement preparation

The financial statements were prepared in accordance with the accounting principles applicable on the territory of the Republic of Poland as indicated in the Accounting Act of 29 September 1994 (Journal of Laws of 2013, item 330, as amended) and in the implementing provisions enacted on its basis.

The accounting principles adopted by the Company were applied in a continuous manner and are compliant with the accounting principles applied in the previous financial year.

2.2 Revenue and expenses

Revenue and expenses are recognized on an accrual basis, which means that they are recognized in the financial year to which they refer, regardless of the date when the payment was received or made.

The Company maintains the register of expenses by nature and prepares profit and loss account with the use of single-step variant.

Sales revenue

The Company derives revenue primarily from business process management services, either on a time-and-material, fixed-price, fixed-time frame or unit-price basis.. Revenue on time-and-material contracts is recognized at the time of execution and the proceeds realized revenue from the end of the last billing to the balance sheet date is recognized as unbilled revenues. Revenues on the basis of a fixed price agreed with the customer or fixed-time frame is recognized as a reliable measure when they are probable. Revenues on the basis of the unit price for a given activity are recognized as transactions based on measurable work results. Provisions for estimated losses, if any, arising from unfulfilled contracts are recorded in the period in which such loss is probable, based on the current estimation.

2.3 Interest

Interest received are recognized based on accrual basis, using the effective interest rate method.

2.4 Statement of cash flows

Cash flow statement was prepared with the use of indirect method.

2.5 Intangible fixed assets

Intangible assets are recognized in the books at acquisition price or cost of manufacture less depreciation write-offs and impairment write offs.

Intangible fixed assets are depreciated using the straight line method applying the following depreciation rates :

intangible fixed assets with the value higher than 3 500 PLN	50%
Goodwill	20%

The correctness of intangible assets depreciation periods and rates is verified by the company. This results in the relevant adjustments of the depreciation write-offs to be made in the following years.

2.6 Tangible fixed assets

Fixed assets are valuated at acquisition price or cost of manufacture (initial value) allowing for the results of re-evaluation (adjustment), less depreciation write-offs and impairment write-offs.

The acquisition price and cost of manufacture of fixed assets and fixed assets under construction comprise overall costs incurred by the company for the period of construction, installation, adaptation and improvement up to the date when the assets were made available for use, including the servicing cost of commitments assumed for financing them and related foreign exchange gains or losses, less related income.

The initial value of a fixed asset is increased by improvement costs, which means conversion, extension, modernisation and reconstruction resulting in the utility value after the improvement exceeds its utility value when the asset was made available for use.

Fixed assets are depreciated according to the straight line method beginning with the month when an asset was made available for use.

The example depreciation rates are as follows :

Computers	33.3%
Furnitures	20%
Office equipment	20%
Vehicles	50%
Leasehold assets	till the end of agreement not longer than 5 years

The correctness of tangible fixed assets depreciation periods and rates applies is verified by the company. This results in the relevant adjustments of the depreciation write-offs to be made in the following years.

2.7 Investments

Investments comprise assets held in order to derive economic benefits resulting from the increase in their value, to earn revenue in the form of interest, dividends (profit sharing) or other benefits, including benefits form commercial transactions, in particular financial assets as well as property and intangible fixed assets that are not used by the entity, but held for the purpose of deriving such benefits.

2.8 Receivables, claims and liabilities other than those classified as financial assets and liabilities

Receivables are reported based on their amounts due allowing for the prudence principle. Amounts receivable are revaluated based on the degree of probability of their repayment, by making revaluation write-offs classified as other operating expenses or financial expenses, respectively, based on the type of receivables, to which a write-off refers. As a matter of principle, in the case of receivables that were not received within 180 days as of the date of issuing an invoice, the Company shall make a revaluation write-off recognized as other operating expenses.

Liabilities are recognized in the books based on their amounts due.

Receivables and liabilities expressed in foreign currencies are recognized as at the date when they arose according to the National Bank of Poland average exchange rate announced for a given currency on the day preceding that date.

As at the balance sheet date, receivables and liabilities expressed in foreign currencies are valuated according to the average exchange rate announced for a given currency by National Bank of Poland on that day.

2.9 Asset impairment

On each balance sheet date, it is assessed whether there is objective evidence indicating impairment of an asset or group of assets. If such evidence exists, estimated and recoverable value of an asset is determined and impairment loss is represented due to loss of value in the amount equal to the difference between the recoverable value and the balance sheet value. Loss due to impairment is recognized in profit and loss account. If the consequences of a previous re-evaluation of assets were recognized as revaluation reserve, then the loss reduces the amount of reserve, and the other part of the loss is recognized in profit and loss account.

2.10 Prepayments and accruals

The Company recognizes prepaid costs if they relate to future accounting periods. Accruals are recognized in the amount of probable liabilities relating to the current accounting period.

2.11 Provision for liabilities

Provisions are raised for liabilities whose timing or amount are uncertain.

Gratuity (pension) benefits

In accordance with the remuneration regulations, the employees of the Company are entitled to gratuity (pension) benefits. Valuation of the liabilities arising from such benefits was made in accordance with actuarial methods and discount rate based on market rate of return as at the balance sheet date. The employment turnover is estimated on the basis of historical data and predicted level of employment in the future.

2.12 Conducting business in the Łódz Special Economic Zone

On the basis of a permit No. 225 issued on 04 July 2013 Company conducts its business in the Łódz Special Economic Zone (LSSE). On this basis, the company is entitled to exemption from CIT in respect of expenditure incurred in the Zone. The Company meets all the conditions contained in the permit to be able to benefit from the tax exemption.

Income earned from business activities covered by the permit in the LSSE is exempt based on Art. 17, para. 1, paragraph 34 of the CIT Act.

The Company uses the tax exemption in respect of new job positions creation, referred to in § 3. 1 point 2 of the Council of Ministers on the criteria that allows the inclusion of certain land a special economic zone (Dz. U. No 244, item. 1477, as amended). The Company is availing the benefit of eligable amount of two-year labor costs assumed labor costs 390 new employees amounting to 45,460,396.80 zł.

Company is entitled to relief from tax in the amount of 50% of the actual eligible costs incurred.

The company in the Łódz SEZ, according to the permit, performs the following activities production, trade and service in the field of goods and services produced within the zone specified in the following positions Polish Classification of Goods and Services of the Central Statistical Office :

1.	Services in the field of financial audit (category 69.20.1)
2.	Accounting services (category 69.20.2)
3.	Services in the field of research and development in the field of social sciences and humanities (category 72.2)
4.	Services related to software and consultancy and related services (group 62.0) excluding the original computer games and podkategoria 62.01.21)

The calculation of the eligible costs of building the limit of tax exemption in the Lodz Special Economic Zone company starts since May 2015.

2.13 Income tax

Income tax indicated in profit and loss account comprises current and deferred tax.

Current liabilities arising from income tax are assessed in accordance with tax regulations. The deferred tax recognized in profit and loss account equals the difference between the deferred tax reserves and deferred tax assets at the beginning and at the end of the accounting period.

Deferred income tax reserves and assets relating to the operations satisfied with equity are recognized under equity.

Deferred income tax assets are established in the amount to be deducted off income tax in the future due to negative temporary differences which will cause future reduction of the income tax base and deductible tax loss, based on the principle of prudence.

Deferred tax asset for taxation allowance in Special Economic Zone in Łódz are recognized on forecasted financial results of the company for the period when tax benefit is expected to be utilized.

Provision for deferred income tax are created in the amount of income tax due in the future because of positive temporary differences, i.e. differences which will cause future increase of income tax base.

The amount of deferred income tax provision and assets is established with regard to income tax rates as applicable in the year when tax obligation arise.

Deferred income tax provision and assets are not compensated for the purpose of presentation in the financial statement.

2.14 Foreign exchange differences

Foreign exchange gains (losses) arising from the valuation, as at the balance sheet date, of assets and liabilities expressed in foreign currencies, and from the payment of receivables and liabilities in foreign currencies, as well as connected with the sale of currencies, are classified as income or expenses, respectively. In duly justified cases, they are recognized as cost of manufacture or acquisition price of goods, as well as acquisition price or cost of manufacture of fixed assets, fixed assets under construction or intangible assets.

The following exchange rates were taken into account with regard to the valuation of balance sheet items expressed in foreign currencies (PLN):

	31.03.2016	31.03.2015
AUD	2.8838	–
CHF	3.9040	3.9110
CZK	0.1578	0.1486
EUR	4.2684	4.0890
DKK	0.5729	0.5474
GBP	5.4078	5.6295
INR	0.0568	0.0609
HRK	0.5670	–
MXN	0.2182	–
SEK	0.4624	0.4410
USD	3.7590	3.8125
ZAR	0.2542	–
HUF	0.0136	–
RUB	0.0555	–
TRY	1.3284	–

2.15 Financial instruments

2.15.1 Classification of financial instruments

Financial instruments are recognized and valuated according to the Regulation of the Minister of Finance dated 12 December 2001 on specific rules concerning recognition, valuation, disclosure and presentation of financial instruments. The rules concerning valuation and disclosure of financial assets described in this note do not apply to the financial instruments excluded from the Regulation, including particularly shares in subsidiaries, rights and obligations arising from insurance and leasing agreements, receivables and liabilities arising from deliveries and services, as well as financial instruments issued by the Company, which constitute its equity instruments.

Financial assets are divided into the following categories:

- financial assets held for trading,
- loans and receivables originated by the enterprise,
- financial assets held to maturity,
- financial assets available for sale.

Financial liabilities are divided into the following categories:

- financial liabilities held for trading,
- other financial liabilities.

2.15.2 Rules concerning recognition and valuation of financial instruments

Financial assets are entered into the books as at the date of concluding a contract at the acquisition price, i.e. at fair value of incurred expenses or other property items transferred in return. Financial liabilities are entered at fair value of the amount obtained or value of other items received. The fair value at a given day is established with regard to transaction costs incurred by the Company.

2.15.3 Financial assets held for trading

Financial assets held for trading comprise financial derivatives.

Financial assets held for trading are valuated at fair value. The consequences of periodic valuation are recognized, respectively, as income or financial costs of the accounting period when the re-evaluation took place.

2.15.4 Loans granted and receivables

Loans granted and receivables include, regardless of their maturity, financial assets arising from the direct issuance of cash to the other contracting party.

Loans granted and receivables are valuated at the adjusted acquisition price calculated with the use of the effective interest rate method.

2.15.5 Financial assets available for sale.

Available-for-sale financial assets are non-derivatives that are either designated in this category or are not classified in any of the other categories. Financial assets available for sale, whose fair value can not be determined reliably, are valued at cost.

2.15.6 Financial liabilities

Financial liabilities intended for sale, including derivatives, which have not been classified as hedging instruments, are reported at their fair value, and the profits and losses resulting from their valuation are recognized directly in the profit and loss account.

Other financial liabilities are valued at amortized cost using the effective interest method.

2.16 Description of methods and material assumptions made to determine the fair value of assets and financial liabilities valuated at hat value

The fair value shall be the amount for which an asset could be exchanged and a liability settled under an arms-length transaction between willing and well informed parties.

The fair value shall be determined through the estimation of a financial instrument using estimation methods generally recognized as correct.

Anup Uppadhayay
President of the Management Board

Deepak Bhalla
Member of the Management Board

Anantha Radhakrishnan
Member of the Management Board

Rajesh Krishanmurthy
Member of the Management Board

Lodz, 27.04.2016

Balance Sheet

(All amounts are presented in PLN)

ASSETS	Note	31.03.2016	31.03.2015
Non-current assets		3,81,54,573.07	2,07,10,417.84
Intangible fixed assets	1		
Other intangible fixed assets		–	10,219.59
		–	10,219.59
Tangible fixed assets	2		
Fixed assets		1,36,21,210.77	1,34,43,659.97
Buildings, premises and civil and water engineering structures		44,71,805.58	61,02,330.51
Technical equipment and machinery		73,94,693.67	51,08,795.61
Other tangible fixed assets		17,54,711.52	22,32,533.83
Fixed assets under construction		118.05	–
		1,36,21,328.82	1,34,43,659.97
Long-term investments	6		
Long-term financial assets		–	–
Financial assets available for sale		1,20,23,880.00	–
		1,20,23,880.00	–
Long-term prepayments and accruals			
Deferred income tax assets	13..3	1,25,09,364.25	72,56,538.28
		1,25,09,364.25	72,56,538.28
Current assets		20,86,15,868.38	17,46,10,709.54
Short-term receivables			
Amounts due from related parties		8,18,776.46	21,66,879.27
Trade receivables	3.1	8,18,776.46	21,66,879.27
Amounts due from third parties		6,93,27,234.63	7,44,98,184.19
Trade receivables	3.2	6,20,57,289.37	7,19,68,107.42
Receivables relative to taxes, subsidies, customs duties social and health insurance		57,81,238.70	–
Other		14,88,706.56	25,30,076.77
		7,01,46,011.09	7,66,65,063.46
Short-term investments			
Short-term financial assets		13,79,95,118.97	9,75,47,306.21
In related parties	4.1	–	1,17,81,344.00
In third parties	4.2	12,31,73,293.15	–
Cash and other cash equivalents	4.3	1,48,21,825.82	8,57,65,962.21
		13,79,95,118.97	9,75,47,306.21
Short-term prepayments and deferred expenses	5	4,74,738.32	3,98,339.87
TOTAL ASSETS		24,67,70,441.45	19,53,21,127.38

Balance Sheet

(All amounts are presented in PLN)

EQUITY AND LIABILITIES	Note	31.03.2016	31.03.2015
Equity			
Share capital	7.1	25,00,000.00	25,00,000.00
Capital reserve		12,97,27,037.17	10,65,89,179.77
Losses brought forward			(15,14,368.16)
Net profit/(loss)		5,79,13,201.61	3,96,52,225.56
Write-offs from net profit during the financial year		–	(1,50,00,000.00)
		19,01,40,238.78	13,22,27,037.17
Liabilities and provisions for liabilities		5,66,30,202.67	6,30,94,090.19
Provisions for liabilities			
Deferred tax liability	13..3	2,43,067.25	10,93,072.90
Provision for retirement and similar benefits	8.1	1,20,15,582.94	1,31,35,238.95
- long-term		4,10,545.00	4,10,545.00
- short-term		1,16,05,037.94	1,27,24,693.95
Other provisions		12,41,359.00	29,78,888.91
- short-term	8..2	12,41,359.00	29,78,888.91
		1,35,00,009.19	1,72,07,200.76
Short-term liabilities			
Related party liabilities		1,64,836.32	6,20,811.98
Trade liabilities	9.1	1,64,836.32	6,20,811.98
Liabilities due to third parties		1,94,42,627.75	2,29,22,142.33
Other financial liabilities	9.4	15,74,155.12	4,05,360.00
Trade liabilities	9.2	14,94,734.83	29,86,450.96
Taxes, customs duties, insurance and other benefits to be paid	9.3	84,04,379.52	1,11,84,790.03
Wages and salaries		74,27,219.36	77,56,806.11
Other		5,42,138.92	5,88,735.23
Special funds		1,62,750.12	39,358.98
		1,97,70,214.19	2,35,82,313.29
Accruals			
Other accruals		2,33,59,979.29	2,23,04,576.13
Long-term	10.1	1,08,33,265.21	1,19,45,508.00
Short-term	10.2	1,25,26,714.08	1,03,59,068.13
		2,33,59,979.29	2,23,04,576.13
TOTAL EQUITY AND LIABILITIES		24,67,70,441.45	19,53,21,127.37

Anup Uppadhayay
President of the Management Board

Deepak Bhalla
Member of the Management Board

Rajesh Krishanmurthy
Member of the Management Board

Anantha Radhakrishnan
Member of the Management Board

Lodz, 27.04.2016

Profit and Loss Account

(All amounts are presented in PLN)

	Note	01.04.2015 -31.03.2016	01.04.2014 -31.03.2015
Net income from sales and equivalent income, including:	11.		
- from related parties		24,99,635.27	54,35,315.98
Net income from sale of products		26,69,32,593.51	24,83,59,475.98
Net revenues from sales of goods and materials		–	–
		26,69,32,593.51	24,83,59,475.98
Operating expenses			
Depreciation		(57,59,180.83)	(48,44,886.64)
Consumption of materials and energy		(3,90,094.02)	(5,10,108.14)
External services		(3,29,73,056.12)	(3,50,26,879.20)
Taxes and charges including:		(26,87,967.47)	(30,65,622.42)
Wages and salaries		(12,15,87,796.65)	(11,56,93,675.44)
Social security and other benefits		(2,99,85,895.86)	(2,75,12,291.05)
Other costs		(1,26,73,108.13)	(1,39,11,870.15)
Value of goods and materials sold		(5,38,806.49)	(99,164.83)
		(20,65,95,905.57)	(20,06,64,497.87)
Profit on sale		6,03,36,687.94	4,76,94,978.11
Other operating revenues			
Profit on the disposal of non-financial fixed assets		3,252.03	–
Other operating revenues		1,75,132.36	1,29,035.98
		1,78,384.39	1,29,035.98
Other operating expenses			
Revaluation of non-financial assets		(4,73,841.20)	(4,40,291.99)
Other operating expenses		(78,047.40)	(97,380.87)
		(5,51,888.60)	(5,37,672.86)
Operating profit/(loss)		5,99,63,183.73	4,72,86,341.23
Financial revenue			
Interest, including:	12.	14,36,349.67	17,34,509.57
- from related parties		55,970.38	1,78,918.57
Other		–	21,56,312.29
		14,36,349.67	38,90,821.86
Financial expenses			
Interest, including:		(88,632.04)	(1,37,651.51)
Other		(18,15,210.37)	–
		(19,03,842.41)	(1,37,651.51)
Gross profit/(loss) on business activities		5,94,95,690.99	5,10,39,511.58
Corporate income tax	13.	(15,82,489.38)	(1,13,87,286.02)
Net profit/(loss)		5,79,13,201.61	3,96,52,225.56

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Lodz, 27.04.2016

Statement of Changes in Equity

(All amounts are presented in PLN)

		01.04.2015 -31.03.2016	01.04.2014 -31.03.2015
Equity at the beginning of the period		13,22,27,037.17	10,75,74,811.61
Share capital at the beginning of the period	5.1	25,00,000.00	25,00,000.00
Share capital at the end of the period		25,00,000.00	25,00,000.00
Reserve capital at the beginning of the period		10,65,89,179.77	8,48,77,587.92
Changes in reserve capital			
additions relating to :		2,31,37,857.40	2,17,11,591.85
- profit allocation (above the minimum statutory value)		2,31,37,857.40	2,17,11,591.85
Reserve capital at the end of the period		12,97,27,037.17	10,65,89,179.77
Loss brought forward at beginning of period		(15,14,368.16)	(15,14,368.16)
decrease		15,14,368.16	–
- covering the loss from previous years		15,14,368.16	–
Loss brought forward at the end of period		–	(15,14,368.16)
Net result			
net profit		5,79,13,201.61	3,96,52,225.56
write-offs from profit		–	(1,50,00,000.00)
Equity at the end of the period		19,01,40,238.78	13,22,27,037.17
Equity after adjustments for the proposed distribution of profits	5.2	19,01,40,238.78	13,22,27,037.17

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Statement of Cash Flows

(All amounts are presented in PLN)

	Note	01.04.2015 -31.03.2016	01.04.2014 -31.03.2015
Operating cash flows			
Net profit		5,79,13,201.61	3,96,52,225.56
Total adjustments:			
Depreciation and amortization		57,59,180.83	48,44,886.64
Foreign exchange (profit)/loss		3,93,906.99	(23,35,922.73)
Interest		(1,11,970.38)	(1,78,918.57)
Investment profits	15..1	(2,14,854.86)	(6,09,487.11)
Movements in provisions		(37,07,191.57)	49,66,722.03
Movements in receivables		65,19,052.37	(2,06,13,791.79)
Movements in short-term liabilities excluding loans and credits	15..2	(34,34,297.91)	64,31,282.40
Movements in prepayments and accruals		(42,73,821.26)	60,13,501.94
Other adjustments	15.4	11,68,795.12	18,29,256.31
		20,98,799.33	3,47,529.12
Net operating cash flows		6,00,12,000.94	3,99,99,754.68
Cash flow from investing activities			
Inflows		1,17,16,059.20	6,09,487.11
Sale of intangible assets and tangible fixed assets			
From financial assets, including:		1,15,01,204.34	–
from related parties (loan)		1,15,01,204.34	–
- repayment of long-term loans		1,11,16,500.00	–
- interest		3,84,704.34	–
Other investment inflows		2,14,854.86	6,09,487.11
Outflows:		(14,11,72,196.53)	(47,52,532.03)
Purchase of investment property and intangible assets	15..3	(59,75,023.38)	(47,52,532.03)
For financial assets, including:		(13,51,97,173.15)	
in third parties - investment in Vertex Venture		(1,20,23,880.00)	
of third parties		(12,31,73,293.15)	–
- acquisition of financial assets		(12,31,73,293.15)	–
Net cash flow from investing activities		(12,94,56,137.33)	(41,43,044.92)
Financial cash flows			
Outflows:		(15,00,000.00)	(1,35,00,000.00)
Dividend		(15,00,000.00)	(1,35,00,000.00)
Net cash flow from financial activities		(15,00,000.00)	(1,35,00,000.00)
Total net cash flows		(7,09,44,136.39)	2,23,56,709.76
Balance sheet movements in cash and cash equivalents		(7,09,44,136.39)	2,23,56,709.76
Cash and cash equivalents at the beginning of period		8,57,65,962.21	6,34,09,252.45
Cash and cash equivalents at the end of period	4.3	1,48,21,825.82	8,57,65,962.21

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Supplementary Information and Explanations

1. Intangible fixed assets

Changes in intangible fixed assets

(All amounts are presented in PLN)

	Goodwill	Other intangible fixed assets	Total
Gross book value			
01.04.2015	2,14,45,874.68	8,71,483.32	2,23,17,358.00
Additions	–	–	–
Disposals	–	(4,08,815.80)	(4,08,815.80)
31.03.2016	2,14,45,874.68	4,62,667.52	2,19,08,542.20
Depreciation			
01.04.2015	(2,14,45,874.68)	(8,61,263.73)	(2,23,07,138.41)
Additions	–	(10,219.59)	(10,219.59)
Disposals		4,08,815.80	4,08,815.80
31.03.2016	(2,14,45,874.68)	(4,62,667.52)	(2,19,08,542.20)
Net book value			
01.04.2015	–	10,219.59	10,219.59
31.03.2016	–	–	–

2. Tangible fixed assets

2.1 Changes in tangible fixed assets

(All amounts are presented in PLN)

	Buildings, premises and civil and water engineering structures	Technical equipment and machinery	Other tangible fixed assets	Total
Gross book value				
01.04.2015	1,01,34,251.36	1,63,76,727.24	50,19,066.84	3,15,30,045.44
Additions	4,28,903.16	52,15,624.81	2,83,781.05	59,28,309.02
Disposals	–	(4,47,137.67)	(2,53,888.22)	(7,01,025.89)
31.03.2016	1,05,63,154.52	2,11,45,214.38	50,48,959.67	3,67,57,328.57
Accumulated depreciation				
01.04.2015	(40,31,920.85)	(1,12,67,931.63)	(27,86,533.01)	(1,80,86,385.49)
Additions	(20,59,428.09)	(29,27,929.79)	(7,61,603.36)	(57,48,961.24)
Disposals	–	4,45,340.71	2,53,888.22	6,99,228.93
31.03.2016	(60,91,348.94)	(1,37,50,520.71)	(32,94,248.15)	(2,31,36,117.80)
Net book value				
01.04.2015	61,02,330.51	51,08,795.61	22,32,533.83	1,34,43,659.95
31.03.2016	44,71,805.58	73,94,693.67	17,54,711.52	1,36,21,210.77

2.2 Non depreciated fixed assets

The value of fixed assets not recognized as assets of the Company used by the Company under a lease, tenancy, or other contract, including operating lease contract is PLN 1.980,7 thousand. (previous reporting period: PLN 2.193,1 thousand). The initial value of those fixed assets results from the lease, tenancy and other contracts made.

3. Short-term receivables

3.1 Ageing of short-term trade receivables from related parties

(All amounts are presented in PLN)

	31.03.2016	31.03.2015
Remaining term		
Due within 12 months	8,18,776.46	21,66,879.27
	8,18,776.46	21,66,879.27
Gross trade receivables	8,18,776.46	21,66,879.27
Net trade receivables	8,18,776.46	21,66,879.27

3.2 Ageing of short-term receivables from supplies and services from other entities

(All amounts are presented in PLN)

	31.03.2016	31.03.2015
Remaining term		
Due within 12 months	6,19,45,452.79	7,19,25,418.80
Over 12 months	1,11,836.58	42,688.62
	6,20,57,289.37	7,19,68,107.42
Gross trade receivables	6,33,28,257.33	7,27,60,805.34
Allowances for trade receivables	(12,70,967.96)	(7,92,697.92)
Net trade receivables	6,20,57,289.37	7,19,68,107.42

3.3 Revaluation write-off for short-term trade receivables

(All amounts are presented in PLN)

	Third parties
01.04.2015	7,92,697.92
Allowance raised during the year	12,70,967.96
Allowance used during the year	
Allowance released during the year	(7,92,697.92)
31.03.2016	12,70,967.96

4. Short-term investments

4.1 Short-term financial assets in related parties

(All amounts are presented in PLN)

	31.03.2016	31.03.2015
Loans granted	–	1,17,81,344.00
	–	1,17,81,344.00

4.2 Short-term financial assets related to third parties

(All amounts are presented in PLN)

	31.03.2016	31.03.2015
Other short- term financial assets – financial derivatives	12,31,73,293.15	–
	12,31,73,293.15	–

4.3 Cash and cash equivalents

(All amounts are presented in PLN)

	31.03.2016	31.03.2015
Cash in hand and at bank	28,21,513.49	1,24,09,517.28
Other cash	1,20,00,312.33	7,33,56,444.93
	1,48,21,825.82	8,57,65,962.21

5. Short-term prepayments and deferred expenses

(All amounts are presented in PLN)

	31.03.2016	31.03.2015
Gifts	25,120.00	2,000.00
Other insurance	34,559.88	4,125.01
Subscription/databases access	2,15,082.72	2,81,086.56
Pre-paids others	1,15,515.50	1,11,733.80
Revaluation	84,460.22	(605.50)
	4,74,738.32	3,98,339.87

6. Long-term financial assets in other entities

(All amounts are presented in PLN)

	31.03.2016	31.03.2015
Financial assets available for sale		
The investment in Vertex Venture	1,20,23,880.00	–
	1,20,23,880.00	–

Based on the agreement dated 21.08.2015, the Company incurred capital expenditures of Vertex Ventures in the amount of 12,023,880.00 zł.

Uncalled capital relating to investments in Vertex Ventures is USD 11,850,000 (44,544,150 zł translated at the exchange rate as of 31.03.2016).

7. Share capital

7.1 Share capital ownership

Shareholders	Number of shares held	Nominal value of shares	% held
Infosys BPO Limited	5,000	25,00,000	100%
	5,000	25,00,000	100%

7.2 Proposals for profit distribution or coverage of losses

The financial statements have been prepared before the resolution on distribution of profit for the current year. The Management Board proposes to allocate profit for the year to increase capital.

8. Provisions

8.1 Provision for pension and similar benefits

(All amounts are presented in PLN)

	Gratuity (pension) benefit	Other	Total
01.04.2015	4,10,545.00	1,27,24,693.95	1,31,35,238.95
Increases	–	98,25,056.81	98,25,056.81
Utilized	–	(86,40,345.84)	(86,40,345.84)
Release	–	(23,04,366.98)	(23,04,366.98)

	Gratuity (pension) benefit	Other	Total
31.03.2016	4,10,545.00	1,16,05,037.94	1,20,15,582.94
including:			
long-term part	4,10,545.00	–	4,10,545.00
short-term part	–	1,16,05,037.94	1,16,05,037.94

8.2 Other short-term provisions

(All amounts are presented in PLN)

	Provision for other cost	Total
01.04.2015	29,78,888.91	29,78,888.91
Increases	27,60,085.19	27,60,085.19
Utilized	(13,02,618.81)	(13,02,618.81)
Release	(31,94,996.29)	(31,94,996.29)
31.03.2016	12,41,359.00	12,41,359.00

9. Short-term liabilities

9.1. Short-term trade liabilities due to related parties of 164.836,32 PLN are due within 12 months from balance sheet date.

9.2 Short-term trade liabilities due to third parties of 1.494.734,83 PLN are due within 12 months from balance sheet date.

9.3 Short-term liabilities from taxes, customs duties, insurance and other benefits

(All amounts are presented in PLN)

	31.03.2016	31.03.2015
Settlements with the goverment under. PIT-4	16,85,741.80	7,98,601.00
Settlements with ZUS	67,18,637.72	34,38,519.18
CIT settlements with the goverment	–	66,85,368.77
Liabilities for VAT	–	2,62,301.08
	84,04,379.52	1,11,84,790.03

9.4 Short-term liabilities - other financial liabilities to other entities

(All amounts are presented in PLN)

	31.03.2016	31.03.2015
Valuation of financial instruments	15,74,155.12	4,05,360.00
	15,74,155.12	4,05,360.00

10. Other prepayments and accruals

10.1 Long-term accruals

(All amounts are presented in PLN)

	31.03.2016	31.03.2015
Accrued discount on tenancy agreement – long-term	1,08,33,265.21	1,19,45,508.00
	1,08,33,265.21	1,19,45,508.00

10.2 Short-term accruals

(All amounts are presented in PLN)

	31.03.2016	31.03.2015
Provision for business trips	3,90,243.77	3,22,359.62
Accrued discount on tenancy agreement – short-term	13,86,180.87	13,78,328.34
EU subsidy -other deffered income	80,09,903.81	72,99,089.68
Others	27,40,385.63	13,59,290.49
	1,25,26,714.08	1,03,59,068.13

11. Structure of revenues from sales

(All amounts are presented in PLN)

	01.04.2015 -31.03.2016	01.04.2014 -31.03.2015
By territory		
Revenues from the sale of finished products		
Domestic	3,20,46,849.14	3,97,17,556.15
Export	23,48,85,744.37	20,86,41,919.83
	26,69,32,593.51	24,83,59,475.98
Sale structure by activity		
Revenues from the sale of finished products		
Services	26,69,32,593.51	24,83,59,475.98
	26,69,32,593.51	24,83,59,475.98

12. Interest income

(including on debt financial instruments, loans granted and the receivables originated by the enterprise)

in the period from 1st of April 2015 to 31st of March 2016

Interest unrealised, allocated by period of payment term

(All amounts are presented in PLN)

	Interest realised	< 3 months	3-12 months	>12 months	Total
Loans and receivables originated by the enterprise	13,80,379.29	–	55,970.38	–	14,36,349.67
	13,80,379.29	–	55,970.38	–	14,36,349.67

in the period from 1st of April 2014 to 31st of March 2015

Interest unrealised, allocated by period of payment term

(All amounts are presented in PLN)

	Interest realised	< 3 months	3-12 months	>12 months	Total
Loans and receivables originated by the enterprise	12,56,151.55	2,99,439.45	1,78,918.57	–	17,34,509.57
	12,56,151.55	2,99,439.45	1,78,918.6	–	17,34,509.57

13. Corporate income tax

13.1 Structure of corporate income tax

(All amounts are presented in PLN)

	01.04.2015 -31.03.2016	01.04.2014 -31.03.2015
Current taxCurrent income tax	75,38,353.00	1,26,54,966.00
Additional tax liabilities brought forward	1,46,968.00	6,62,315.21
Movements in deferred income tax	(61,02,831.62)	(19,29,995.19)
	15,82,489.38	1,13,87,286.02

13.2 Calculation of corporate income tax

(All amounts are presented in PLN)

	01.04.2015 -31.03.2016	01.04.2014 -31.03.2015
Profit/(loss) before tax	5,94,95,690.99	5,10,39,511.58
Amounts increasing the tax base	2,39,58,569.60	4,84,73,957.96
Amounts decreasing the tax base	1,11,70,965.63	3,29,08,385.27
Taxable income	7,22,83,294.96	6,66,05,084.27
Tax base	7,22,83,294.96	6,66,05,084.27
Current tax	1,37,33,826.00	1,26,54,966.00
SEZ relief	(61,95,473.00)	–
Tax in Profit and Loss	75,38,353.00	1,26,54,966.00

13.3 Deferred tax assets and liabilities

(All amounts are presented in PLN)

	01.04.2015 -31.03.2016	01.04.2014 -31.03.2015
Negative temporary differences:		
Holiday provision	56,01,903.89	59,38,601.74
Bonus and retirement provision and other salary provisions	64,73,336.47	80,61,873.00
Recognized foreign exchange losses	14,64,981.28	10,15,453.23
Provisions for other costs and accrued expenses	2,92,41,658.11	2,27,71,018.78
Valuation of derivatives	15,74,155.12	4,05,360.00
Provision for tax relief SEZ	2,14,82,724.32	–
	6,58,38,759.19	3,81,92,306.75
The gross value of deferred income tax	1,25,09,364.25	72,56,538.28
Net value of deferred tax asset	1,25,09,364.25	72,56,538.28
Positive temporary differences:		
Recognized foreign exchange profit	1,52,691.32	36,83,449.97
Deposit interest accrued	1,73,605.48	6,97,654.52
Fixed assets	9,53,004.51	13,71,910.78
	12,79,301.31	57,53,015.27
Deferred income tax provision	2,43,067.25	10,93,072.90
Deferred income tax assets recognized in the balance sheet	1,25,09,364.25	72,56,538.28
Balance sheet movements in net deferred tax assets/ provision	2,43,067.25	10,93,072.90
Changing the balance sheet net assets / provision for deferred tax	61,02,831.62	19,29,995.19
Movements in deferred tax recognized in the profit and loss account	61,02,831.62	19,29,995.19

14. Outlays on non-financial fixed assets

(All amounts are presented in PLN)

	01.04.2015 -31.03.2016	01.04.2014 -31.03.2015
Outlays on non-financial fixed assets:		
- made during the year	59,75,023.38	47,52,532.03
- planned for the next year	39,99,576.00	45,59,000.00

15. Notes to the cash flow statement

15.1 Investment profits

(All amounts are presented in PLN)

	01.04.2015 -31.03.2016	01.04.2014 -31.03.2015
Profit/(loss) on sales of fixed assets	(3,252.03)	-
Other – profit from forward transactions completed	(2,11,602.83)	6,09,487.11
	(2,14,854.86)	6,09,487.11

15.2 Movements in short-term liabilities (excluding credits and loans)

(All amounts are presented in PLN)

	01.04.2015 -31.03.2016	01.04.2014 -31.03.2015
Movements in short-term liabilities	(38,12,099.10)	89,25,377.63
Withholding tax charged on dividends	15,00,000.00	(15,00,000.00)
Movements in liabilities as a result of purchase of tangible assets and investments	46,596.31	(5,88,735.23)
Movements in other financial liabilities as a result of valuation of forward contracts	(11,68,795.12)	(4,05,360.00)
	(34,34,297.91)	64,31,282.40

15.3 Acquisition of intangible assets and tangible assets

(All amounts are presented in PLN)

	01.04.2015 -31.03.2016	01.04.2014 -31.03.2015
Increase of fixed assets	(59,28,309.02)	(53,41,267.26)
Movements in fixed assets under construction	(118.05)	-
Movements in liabilities as a result of purchase of tangible assets	(46,596.31)	5,88,735.23
	(59,75,023.38)	(47,52,532.03)

15.4 Other adjustments

(All amounts are presented in PLN)

	01.04.2015 -31.03.2016	01.04.2014 -31.03.2015
Other – profit/(loss) as a result of valuation of forward contracts	11,68,795.12	(17,27,715.00)
Other		(1,01,541.31)
	11,68,795.12	(18,29,256.31)

16. Transactions with related party

16.1 Settlement balance as at the balance sheet date

(All amounts are presented in PLN)

	Liabilities	Receivables
Infosys Ltd - India	-	43,614.78
Infosys BPO Limited - India	1,18,983.07	1,39,762.80
Infosys (Czech Republic) Limited s.r.o.	45,436.66	-
Infy Consulting B.V.	-	6,34,934.26
	1,64,419.73	8,18,311.84

16.2 Revenues from mutual transactions in the financial year

(All amounts are presented in PLN)

	Sales revenue	Other revenues
Infosys Ltd - India	2,17,168.12	-
Infosys BPO Limited - India	16,47,532.89	-
Infosys McCamish Systems LLC	-	55,970.38
Infy Consulting B.V.	6,34,934.26	-
	24,99,635.27	55,970.38

16.3 Costs of mutual transactions in the financial year

(All amounts are presented in PLN)

	Purchases of services
Infosys (Czech Republic) Limited s.r.o.	5,58,902.75
Infosys BPO Limited - India	2,64,604.69
Infosys Ltd - India	2,77,271.30
	11,00,778.74

17. Material transactions concluded by the Company with related parties on terms other than on an arms-length basis.

No material transactions have been concluded with related parties on terms other than on an arms-length basis

18. Employment

(All amounts are presented in PLN)

Average level of employment during the financial year :	
White-collar workers	2,351
	2,351

19. Remuneration and loans and similar benefits granted to persons from the company's governing, administrative and supervisory bodies

In the current and previous accounting period no loans or similar benefits were granted to persons from the company's governing, administrative and regulatory bodies. Moreover, these persons haven't collected their remunerations in the current year.

20. Remuneration for the body authorized to perform the audit, paid or due

(All amounts are presented in PLN)

	01.04.2015 -31.03.2016	01.04.2014 -31.03.2015
Remuneration for the performance of the audit of the annual financial statements	1,02,441.60	98,136.00

21. Events concerning previous years included in the financial statements of the financial year

No events occurred concerning the previous years included in the financial statements of the financial year.

22. Events after the balance sheet date not reported in the financial statements

No significant events took place after the balance sheet date, which events were not recognized in the financial statements.

23. Information about the consolidated financial statements

Infosys Limited with the registered office in India, Electronics City, Hosur Road, Bangalore draws up the consolidated financial statements with regard to the highest level of the capital group which comprises the Company as a subsidiary.

Infosys BPO Limited with the registered office in India, Electronics City, Hosur Road, Bangalore draws up the consolidated financial statements with regard to the lowest level of the capital group which comprises the Company as a subsidiary which is also a member of the above-mentioned capital group.

24. Contingent liabilities

"The Company issued a blank bill of exchange to secure the repayment of financing granted by the Ministry of Economy on the basis of the subsidy agreement for the project "Development of Accounting Services, IT and creation of the Research and Development Department" of 10 December 2012 in an amount of PLN 13 106 073.60.

The amount of the subsidy was PLN 7 299 089.68.

The amount of funding received as on the balance sheet date was equal to 8.009.903,81 PLN

The provisions concerning value added tax, corporate income tax or social insurance contributions are subject to frequent changes, which results in the lack of reference to firmly established regulations or legal precedents. Moreover, the applicable regulations are ambiguous, which results in different opinions regarding the interpretation of tax regulations between state authorities as well as between state authorities and entrepreneurs. Tax settlements and other (for example customs duties settlements or foreign currency settlements) can be subject to inspections of authorities which are authorized to impose severe punishments and the additional amounts of liabilities established as a result of such inspections must be paid allowing for accrued interest. Such situations contribute to the fact that tax risk in Poland is higher than in other countries, usually in those which have a better developed taxation system.

Tax settlements may be subject to inspections for 5 years. Consequently, the amounts specified in the financial statements may be changed at a later stage after the tax authorities finally determine what they should be.

25. Information on financial instruments

25.1 Goals and terms of financial risk management

The Company's activity is exposed to the following kinds of risk resulting from the possession of financial instruments :

- credit risk
- liquidity risk
- market risk

Basic rules for the risk management

The Management Board shall be liable for the establishment and control over the risk management of the Company, including identification and analysis of risks, to which the company is exposed, specifying the proper limits of, and supervision of, such risks, as well as risk monitoring and the extent to which such limits are observed. The risk management rules and procedures are subject to regular inspections in order to allow for changes in the market conditions and changes in the Company's activity.

Credit risk

Credit risk means a risk where the Company incurs a financial loss when a customer or a party to a financial instrument does not fulfil their contractual duties. Credit risk is connected especially with debt financial instruments. The goal of risk management is to maintain a stable and balanced loan receivables portfolio when it comes to quality and value, thanks to the policy of establishing credit limit facilities for the parties to an agreement.

Liquidity risk

Liquidity risk is when the Company is at risk of having difficulties in fulfilling its financial obligations which are settled through cash or other financial assets. The Company's management of liquidity consists in guaranteeing that the Company's liquidity is as much as possible sufficient to satisfy any amounts due, both in a normal as well as crisis, situation, without causing the Company to suffer unacceptable losses or undermining its reputation.

Market risk

Market risk consists in the fact that changes of market prices such as currency rates or interest rate will affect the Company's results or value of the financial instruments held. Market risk management aims at maintaining and monitoring the extent to which the Company is exposed to the market risk within the limits of established parameters and at the same time at seeking optimization of financial rate of return from investments. The company acquires and disposes of derivatives in order to manage market risk.

a) Foreign exchange risk

The Company is exposed to foreign exchange risk in connection with sales, purchases and loans which are expressed in foreign currency, mainly in USD and EUR. The Company minimizes foreign exchange risk through making forward contracts for purchase/sale of currencies.

b) interest rate risk

The Company is exposed to a risk of fair value changes resulting from fixed interest rate assets.

25.2 Classification of financial instruments

(All amounts are presented in PLN)

Portfolio	Description	Balance sheet amount	Terms and conditions affecting future cash flows
Cash and cash equivalents	: cash and bank	28,21,513.49	n/a
Cash and cash equivalents	: deposits	1,20,00,312.33	interests 0,95%; realisation 2016-04-05
Other short-term financial assets	: deposits	8,01,41,150.68	interests 1,4%;; realisation 2016-07-27
		1,00,17,643.84	interests 2,37%;; realisation 2016-08-29
		1,30,13,676.71	interests 1,6%;; realisation 2016-09-08
		2,00,00,821.92	interests 1,5%;; realisation 2016-07-07
Financial liabilities held for trading, including	:derivatives	15,74,155.12	contracts realisation from 04.2015 to 12.2015
Financial assets available for sale	Investment in Vertex Venture	1,20,23,880.00	

25.3 Carrying value of financial instruments valued at fair value

The carrying value of financial instruments valued at fair value amounts to 1.574.155,12 PLN (negative value). Whereas the income statement of the reporting period has been included in the amount of 957,192.29 zł (increasing other financial expenses).

25.4 Interest rate risk

(All amounts are presented in PLN)

	31.03.2014	31.03.2013
	Carrying value	Carrying value
Financial instruments:		
- fixed rate instruments		
Financial assets, including:	13,51,73,605.48	8,51,37,788.93
loans	-	1,17,81,344.00
deposits	13,51,73,605.48	7,33,56,444.93

25.5 Credit risk

The Company's maximum exposure to credit risk corresponds to the balance sheet value of the following financial assets:

(All amounts are presented in PLN)

	31.03.2014	31.03.2013
	Carrying value	Carrying value
Financial assets:		
Receivables and loans granted	-	1,17,81,344.00
Trade receivables	6,28,76,065.83	7,41,34,986.69
Other short-term financial assets - deposits	12,31,73,293.15	-
Cash – deposits	1,20,00,312.33	7,33,56,444.93
Cash – other	28,21,513.49	1,24,09,517.28
Financial assets available for sale	1,20,23,880.00	-
	21,28,95,064.80	17,16,82,292.90

As at the balance sheet date there is no significant credit risk concentration relative to the aforementioned financial assets excluding cash which is held mainly in a single financial institution. The Company considers the credit risk to be low because of the good reputation of the institution.

26. Fair value of financial assets and liabilities

Fair value of financial instruments not valuated at fair value is similar to their balance sheet (book) value.

Anup Uppadhayay
President of the Management Board

Deepak Bhalla
Member of the Management Board

Rajesh Krishanmurthy
Member of the Management Board

Anantha Radhakrishnan
Member of the Management Board

Infosys McCamish Systems, LLC,

Financial statements March 31, 2016 and 2015

Independent Auditors' Report

The Board of Directors of Infosys BPO Limited:

Report on the Financial Statements

We have audited the accompanying financial statements of Infosys McCamish Systems, LLC, which comprise the balance sheets as of March 31, 2016 and 2015, and the related statements of income, changes in members' equity and comprehensive income, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we 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 the auditors' 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, 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 referred to above present fairly in all material respects, the financial position of Infosys McCamish Systems, LLC as of March 31, 2016 and 2015, and the results of its operations and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

KPMG
Bangalore, India
May 17, 2016

Balance Sheet

(In United States Dollars)

	Notes	March 31, 2016	March 31, 2015
ASSETS			
Current assets			
Cash and cash equivalents	5	49,95,182	1,24,04,716
Accounts receivables, net of doubtful balances	6	58,42,221	94,33,511
Unbilled revenue		12,49,544	15,18,859
Income tax assets		1,17,034	–
Prepayments and other assets	7	6,18,415	6,24,693
		1,28,22,396	2,39,81,779
Non-current assets			
Deferred tax asset, net	17	38,27,830	–
Property, plant and equipment	8	18,85,743	17,83,137
Goodwill	9	3,05,94,094	3,05,94,094
Intangible assets	9	33,36,484	46,72,040
Total non-current assets		3,96,44,151	3,70,49,271
Total assets		5,24,66,547	6,10,31,050
LIABILITIES AND EQUITY			
Current liabilities			
Trade payables	11	9,64,029	16,92,950
Unearned revenue		6,18,138	18,28,816
Income tax liabilities		–	8,054
Provisions	12	10,06,276	7,61,346
Other liabilities	13	55,02,894	1,47,77,788
Total current liabilities		80,91,337	1,90,68,954
Non-current liabilities			
Deferred tax liability, net	17	–	59,90,879
Loan from related parties	18	–	40,00,000
Total non-current liabilities		–	99,90,879
Total liabilities		80,91,337	2,90,59,833
MEMBER'S EQUITY			
Member's equity		3,60,70,038	3,60,70,038
Additional paid-in-capital		1,64,24,108	1,64,24,108
Accumulated deficit		(81,18,936)	(2,05,22,929)
Total member's equity		4,43,75,210	3,19,71,217
Total liabilities and member's equity		5,24,66,547	6,10,31,050

The accompanying notes form an integral part of the financial statements

Statement of Income

(In United States Dollars)

	Notes	Year ended March 31,	
		2016	2015
Revenues		5,44,14,906	5,22,15,944
Cost of revenues	14	4,07,10,905	4,18,65,555
Gross profit		1,37,04,001	1,03,50,389
EXPENSES			
Selling and marketing expenses	14	12,26,927	6,32,118
Administrative expenses	14	84,85,477	78,25,715
Amortization of intangible assets	9	13,35,556	13,35,556
Total operating expenses		1,10,47,960	97,93,389
Operating profit		26,56,041	5,57,000
Finance expenses	15	22,583	49,136
Other expense	16	22,965	48,849
Profit before income taxes		26,10,493	4,59,015
Income taxes	17	(97,93,500)	5,61,889
Net Profit/ (loss) for the year		1,24,03,993	(1,02,874)

The accompanying notes form an integral part of the financial statements

Statement of changes in member's equity and comprehensive income

(In United States Dollars)

	Member's equity	Additional paid in capital	Comprehensive income	Accumulated deficit	Total Member's equity
Balance as of April 1, 2014	3,60,70,038	1,64,24,108	–	(2,04,20,055)	3,20,74,091
Changes in members equity for the year ended March 31, 2015					
Net loss for the year	–	–	–	(1,02,874)	(1,02,874)
Comprehensive income			(1,02,874)		
Balance as of March 31, 2015	3,60,70,038	1,64,24,108	(1,02,874)	(2,05,22,929)	3,19,71,217
Changes in members equity for the year ended March 31, 2016					
Net profit for the year	–	–	–	1,24,03,993	1,24,03,993
Comprehensive income			1,24,03,993		
Balance as of March 31, 2016	3,60,70,038	1,64,24,108	1,24,03,993	(81,18,936)	4,43,75,210

The accompanying notes form an integral part of the financial statements.

Statement of Cash Flows

(In United States Dollars)

	Year ended March 31,	
	2016	2015
Cash flows from operating activities		
Net profit/ (loss) for the year	1,24,03,993	(1,02,874)
Adjustments to reconcile net profit to net cash provided by operating activities:		
Income tax (income)/ expense	(97,93,500)	5,51,894
Provision for SLA	2,44,930	33,510
Loss on sale of plant and equipment	6,276	–
Allowance for doubtful accounts	1,20,415	64,322
Depreciation	7,66,203	5,60,109
Amortization of intangible assets	13,35,556	13,35,556
Cash Operating Profit	50,83,873	24,42,517
Changes in assets and liabilities		
Accounts receivable	34,70,875	(30,63,211)
Prepayments and other assets	6,278	4,10,303
Unbilled revenues	2,69,315	(76,670)
Trade payables	(7,28,921)	8,31,877
Unearned revenue	(12,10,678)	11,36,611
Other liabilities and provisions	(33,12,050)	12,67,032
Income taxes paid	(1,50,297)	–
Net cash provided/ (used) in operating activities	34,28,395	29,48,459
Cash flows from investing activities		
Expenditure on plant and equipment	(8,75,085)	(10,14,882)
Net cash used in investing activities	(8,75,085)	(10,14,882)
Cash flows from financing activities		
Loan from related parties repaid	(40,00,000)	–
Net cash used in financing activities	(40,00,000)	–
Net changes in cash and cash equivalents	(14,46,690)	19,33,577
Cash and cash equivalents at the beginning of the year	62,76,663	43,43,086
Cash and cash equivalents at the end of the year	48,29,973	62,76,663
Supplementary information:		
Interest paid during the year	1,64,357	–
Interest expense, not paid at balance sheet date	–	1,41,774

The accompanying notes form an integral part of the financial statements.

Restricted Deposits with Wells Fargo Bank amounting to $165,209 and $6,128,053 as at the years ended March 31, 2016 and 2015 have not been considered as cash and cash equivalents in the Statement of Cash Flows.

Notes to the financial statements

(In United States Dollars, except where otherwise stated)

1. Company overview and significant accounting policies

1.1 Company overview

Infosys McCamish Systems, LLC, (the Company) is a platform based business process outsourcer (BPO) that provides end to end administrative services to the financial services industry in support of life insurance and annuity products, non qualified retirement plans and the distribution organizations that sell these products. The Company leverages its suite of proprietary intellectual property and deep domain expertise to provide services through a myriad of deployment options including comprehensive BPO, SaaS (Software as a Service), license and other hybrid service models. The Company's clients, which include many of the largest financial services companies in the United States of America ('United States' / 'USA' / 'US') and a growing number outside of the United States, hire the Company to support single products, a single line of business or the client's entire product portfolio.

The Company was formed in December 1994 as a limited liability company under the provisions of the Georgia Limited Liability Company Act (the Act). The Company was acquired by Infosys BPO Limited, a subsidiary of Infosys Limited, an SEC registrant, on December 4, 2009. The terms of formation were specified by the operating agreement of the Company. The Company will continue until December 31, 2060, unless terminated earlier pursuant to the terms of the operating agreement. On September 1, 2012, the Company acquired the revenue contracts and employees of Marsh Inc.'s BPO division – Seabury & Smith Inc. ('Marsh BPO').

In May 2013, the name of the company was changed from "McCamish Systems LLC" to "Infosys McCamish Systems LLC" following approval of the name change by the Company's member.

1.2 Basis of preparation of financial statements

The accompanying financial statements have been prepared in conformity with U.S. Generally Accepted Accounting Principles to reflect the financial position and results of operations of the Company. The financial statements have been presented in United States Dollars.

As explained in note 7, these separate financial statements of the Company have been prepared in accordance with Staff Accounting Bulletin on "Push-down basis of accounting required in certain limited circumstances". Accordingly, in applying push-down accounting, the carrying of the assets and liabilities in these financial statements have been adjusted to reflect the purchase price adjustments recorded in the consolidated financial statements of Infosys Limited.

1.3 Use of estimates

The preparation of financial statements is in conformity with U.S. Generally Accepted Accounting Principles (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses and disclosure of contingent assets and liabilities. Significant estimates and assumptions are used for, but not limited to, accounting for costs and efforts expected to be incurred to complete performance under software development arrangements, allowance for uncollectible accounts receivable, future obligations under employee benefit plans, the useful lives of plant and equipment and intangible assets and income tax provisions. Actual results could differ from these estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

1.4 Revenue recognition

Revenue from consulting services, which principally relates to implementation, enhancement, training and support services associated with the Company's products, is derived under both time-and-material and fixed-price agreements. Revenue on time-and-material contracts is recognized as the related services are rendered. Revenue related to fixed-price agreements is recognized on a percentage of completion basis over the term of the agreement. In measuring progress towards completion, the input (efforts expended) method has been used. Provision for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the current estimates. Costs and earnings in excess of billings are classified as unbilled revenue while billings in excess of costs and earnings are classified as unearned revenue. Maintenance revenue is recognized ratably over the term of the underlying maintenance agreement.

The Company also derives revenues from consultancy services, software subscription, software license and maintenance services. Arrangements with customers for the Company's services are either on a time and material or on a fixed price, fixed timeframe basis.

The Company also derives revenues from business process management services through third-party administration of the Company's products outsourced to its customers and data center hosting. Business process outsourcing services are provided as a fixed-price per measure of output contract or as a fixed-price contract. Revenue is recognized in the period the services are provided using an objective measure of output over the term of the contract; the amount of revenue recognized is based on the services delivered in the period. Revenue from the data center hosting contracts is recognized ratably over the term of the contract.

The Company provides its clients with a fixed-period warranty for corrections of errors and telephone support on all its fixed-price, fixed-timeframe contracts. Costs associated with such support services are accrued at the time related revenues are recorded and included in cost of revenues. The Company estimates such costs based on historical experience and estimates are reviewed on a periodic basis for any material changes in assumptions and likelihood of occurrence.

Reimbursements for out-of-pocket expenses are included in revenue in the accompanying statements of operations in accordance with FASB ASC Topic 605-45 (Emerging Issues Task Force Issue No. 01-14 (EITF 01-14)), *Revenue Recognition – Principal Agent Considerations.*

When the Company receives advances for services and products, such amounts are reported as client deposits until all conditions for revenue recognition are met. The Company accounts for volume discounts and pricing incentives to customers using the guidance in FASB ASC Topic 605-50 (EITF Issue 01-09), *Customer Payments and Incentives.*

Consistent with the guidance in FASB ASC Topic 605-0-3 (EITF Issue 06-03), *Taxes Collected from Customers and Remitted to Governmental Authorities,* which became applicable to the Company on April 1, 2007, the Company continues to present revenues net of sales and value-added taxes in its statement of operations.

1.5 Plant and equipment

Property and equipment are stated at cost, less accumulated depreciation. The Company depreciates property and equipment over their estimated useful lives using the straight-line method. The estimated useful lives of assets are as follows:

Computer equipment	3-5 years
Office furniture and equipment	5 years

Leasehold improvements are amortized on a straight line basis over the lesser of the remaining lease term or the estimated useful life of the asset.

For computer equipment, based on internal assessment and independent technical evaluation carried out by external valuers the management believes that the useful lives as given above best represent the period over which management expects to use these assets.

The cost of software purchased for internal use is accounted under FASB ASC Topic 350-40 (SOP 98-1), *Accounting for the Costs of Computer Software Developed or Obtained for Internal Use.* Deposits paid towards the acquisition of these long lived assets outstanding at each balance sheet date and the cost of assets not put to use before such date are disclosed under "Capital work-in-progress". Costs of improvements that substantially extend the useful life of particular assets are capitalized. Repairs and maintenance cost are charged to earnings when incurred. The cost and related accumulated depreciation are removed from the financial statements upon sale or disposition of the asset.

The Company evaluates the recoverability of these assets whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying value of the assets exceeds the fair value. Assets to be disposed are reported at the lower of the carrying value or the fair value less the cost to sell.

1.6 Cash and cash equivalents

The Company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents. Cash and cash equivalents comprise cash and cash on deposit with banks.

1.7 Accounts receivable

Accounts receivable are recorded at the invoiced amount. The Company's accounts receivable relate principally to revenue earned from customers located in the United States.

The Company maintains an allowance for doubtful accounts to provide coverage for losses from client receivables. In establishing the required allowance, management considers historical losses adjusted to take into account current market conditions and customers' financial condition, the amount of receivables in dispute, the current receivables aging and current payment patterns. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote.

1.8 Employee benefit obligations

The employees of the Company are entitled to compensated absences which is non-accumulating in nature. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

1.9 Income taxes

Income taxes are accounted using the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities, and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred tax assets and liabilities is recognized as income or expense in the period that includes the enactment date. The measurement of deferred tax assets is reduced, if necessary, by a valuation allowance if it is more likely than not that some portion or all of the assets will not be realized. Changes in valuation allowance from period to period are reflected in the income statement of the period of change.

Effective April 1, 2009, the Group adopted the provisions of FASB ASC 740 (Formerly FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes — an interpretation of FASB Statement No. 109). FASB ASC 740 clarifies the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. It prescribes a comprehensive model for the financial statement recognition, measurement, presentation and disclosure of income tax uncertainties with respect to positions taken or expected to be taken in income tax. For the year ended March 31, 2016, the Board of Directors identified no material uncertain income tax positions relevant to the jurisdictions where the Company is required to file income tax returns.

1.10 Fair value of financial instruments and concentration of credit risk

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each balance sheet date. The methods used to determine fair value include discounted cash flow analysis and dealer quotes. All methods of assessing fair value result in general approximation of value, and such value may never actually be realized. For all financial instruments including cash and cash equivalents, trade accounts receivables, prepaid expenses and other current assets, accounts payable and other current liabilities, the carrying amounts approximate fair value due to the short maturity of those instruments. The fair value of securities, which do not have an active market, is not reasonably estimable. Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash equivalents, and trade accounts receivable. By nature, all such financial instruments involve risk, including the credit risk of non-performance by counterparties. In management's opinion, as of March 31, 2016 and 2015 there was no significant risk of loss in the event of non-performance of the counterparties to these financial instruments, other than the amounts already provided for in the financial statements, if any. Exposure to credit risk is managed through credit approvals, establishing credit limits and monitoring procedures. The factors which affect the fluctuations in the Company's provisions for bad debts and write offs of uncollectible accounts include the financial health and economic environment of the clients. The Company specifically identifies the credit loss and then makes the provision.

1.11 Research and development

Research and development costs are expensed as incurred. Development costs are expensed as incurred until technological feasibility is achieved. Research and development costs incurred under contractual arrangements with customers are accounted as cost of revenues.

1.12 Business combinations, goodwill and intangible assets

The Company accounts for its business combinations by recognizing the identifiable tangible and intangible assets and liabilities assumed, and any non-controlling interest in the acquired business, measured at their acquisition date fair values. All assets and liabilities of the acquired businesses, including goodwill, are assigned to reporting units. Contingent consideration arrangements are fair valued at the acquisition date and included on that basis in the purchase price consideration and transaction costs are expensed as incurred.

All assets and liabilities of an acquired business including goodwill are assigned to reporting units. The Company does not amortize goodwill but instead tests goodwill for impairment at least annually, using a two-step impairment process.

In September 2011, the FASB issued ASU 2011-08, Testing Goodwill for Impairment, which provides an entity the option to perform a qualitative assessment to determine whether it is more-likely-than-not that the fair value of a reporting unit is less than its carrying amount prior to performing the two-step goodwill impairment test. If this is the case, the two-step goodwill impairment test is required. If it is more-likely-than-not that the fair value of a reporting is greater than its carrying amount, the two-step goodwill impairment test is not required. The Company adopted this guidance in 2012.

If the two-step goodwill impairment test is required, first, the fair value of the reporting unit is compared with its carrying amount (including goodwill). If the fair value of the reporting unit is less than its carrying amount, an indication of goodwill impairment exists for the reporting unit and the entity must perform step two of the impairment test (measurement). Under step two, an impairment loss is recognized for any excess of the carrying amount of the reporting unit's goodwill over the implied fair value of that goodwill. The implied fair value of goodwill is determined by allocating the fair value of the reporting unit in a manner similar to a purchase price allocation and the residual fair value after this allocation is the implied fair value of the reporting unit goodwill. Fair value of the reporting unit is determined using a discounted cash flow analysis. If the fair value of the reporting unit exceeds its carrying amount, step two does not need to be performed.

Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis. The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition, and other economic factors (such as the stability of the industry, and known technological advances), and the level of maintenance expenditures required to obtain the expected future cash flows from the asset. Intangible assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying value of the assets exceeds the fair value of the assets.

2. Recent accounting pronouncements

The FASB issued ASU No. 2014-09, Revenue from Contracts with Customers, in May 2014. ASU 2014-09 requires an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity should also disclose sufficient quantitative and qualitative information to enable users of financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The new standard is effective for annual reporting periods beginning after December 15, 2017. The Company will implement the provisions of ASU 2014-09 as of January 1, 2018. The Company has not yet determined the impact of the new standard on its current policies for revenue recognition.

The FASB issued ASU 2016-02, Leases (Topic 842), in February 2016, which supersedes FASB ASC Topic 840, Leases, and makes other conforming amendments to U.S. GAAP. ASU 2016-02 requires, among other changes to the lease accounting guidance, lessees to recognize most leases on-balance sheet via a right of use asset and lease liability, and additional qualitative and quantitative disclosures. ASU 2016-02 is effective for the Company for annual periods in fiscal years beginning after December 15, 2019, permits early adoption, and mandates a modified retrospective transition method. The Company is required to adopt ASU 2016-02 on January 1, 2020, but is evaluating whether to early adopt the new standard. While the Company expects ASU 2016-02 to add significant right-of-use assets and lease liabilities to the consolidated balance sheets, it is evaluating other effects that the new standard will have on the financial statements.

3. Member's equity

At March, 2016, the Company had one member, Infosys BPO Limited (the "Member"). The Member owns 100% of the interests of the Company. Upon liquidation, dissolution or winding-up of the Company, the Member is entitled to receive 100% of the available net assets of the Company. No contribution was made during the year ended March 31, 2016.

4. Business acquisitions

On September 1, 2012, the Company acquired the revenue contracts and employees of Marsh Inc.'s BPO division – Seabury & Smith Inc. ('Marsh BPO') by paying a purchase consideration of USD 2 million and goodwill of USD 696,400 is recorded in the books, which represents the excess of the purchase price over the net assets.

5. Cash and cash equivalents

Cash and cash equivalents as on March 31 are as follows:

	Amount in USD	
	2016	2015
Cash and bank balances*	4,995,182	12,404,716
	4,995,182	12,404,716

* The Company is acting as the Third Party Administrator ('TPA') on behalf of a customer, Continental Casualty Company, by collecting insurance premium from the policyholders and remitting the same to the carriers / insurance companies. Cash and bank balances includes the insurance premium collected from policyholders on behalf of the customer, amounting to USD 165,209 as at March 31, 2016 (USD 6,128,053 as at March 31, 2015). Accordingly, the Company has recognized a liability towards payment of insurance premium in its balance sheet as at March 31, 2016 and 2015, respectively for the same amount.

6. Accounts receivable, net

Accounts receivable, net as on March 31, 2016 and 2015 is USD 5,842,221 and USD 9,433,511 respectively. The Company maintains an allowance for doubtful accounts based on financial condition of the customer and ageing of the accounts receivable. Accounts receivables are not collateralized. During the year ended 31 March 2016 and 31 March 2015, the Company has made allowance amounting to USD 191,647 and 71,658, respectively, towards doubtful accounts receivable.

The age profile of accounts receivable, net as on March 31 is given below:

	Amount in USD	
	2016	2015
Period (in days)		
0-30	44,44,930	44,99,113
31-60	13,96,673	41,46,083
61-90	618	5,34,664
More than 90	–	2,53,651
	58,42,221	94,33,511

7. Prepayment and other assets

Prepayment and other assets as on March 31 consist of the following:

	Amount in USD	
	2016	2015
Prepaid expenses	18,183	74,640
Rental and maintenance deposits	89,760	33,860
Other current assets	5,10,472	514,572
Due from service provider*	–	1,621
Current total	6,18,415	6,24,693

* As per the terms of the revenue contracts acquired, Marsh BPO was acting as the Third Party Administrator ('TPA') on behalf of the insurance companies i.e. its customers by collecting insurance premium from the policyholders and remitting the same to the carriers / insurance companies Post-acquisition, the Company is performing

this role, however the amounts collected are still being transferred to Marsh's bank account since the transfer of bank account to the Company has not yet taken place.

However, the contracts have been assigned to Company, and in case of any issues/ disputes with the customer, the Company is liable for repaying the insurance premium collected on behalf of the insurance companies. Accordingly, the Company has recognized a liability towards payment of insurance premium in its balance sheet as at March 31, 2016 and 2015, respectively, with a corresponding debit to amount recoverable / receivable from Marsh of the same amount, since the money has been transferred to Marsh's bank account and the Company has the right to recover the same from Marsh. The Company has also received a confirmation from Marsh for the amount collected on behalf of the Company in Marsh's bank account.

8. Plant and equipment, net

Plant and equipment as on March 31 consist of the following:

	Amount in USD	
	2016	2015
Computer equipment	6,476,608	5,793,979
Office furniture and equipment and leasehold improvements	997,092	962,280
	7,473,700	6,756,259
Accumulated depreciation	(5,701,331)	(4,973,122)
	1,772,369	1,783,137
Capital work-in-progress	113,374	-
	1,885,743	1,783,137

Depreciation expense amounted to USD 766,203 and USD 560,109 for the year ended March 31, 2016 and March 31, 2015 respectively which has been allocated to cost of revenue.

9. Goodwill and intangible assets

The following table presents the reconciliation of changes in carrying values of goodwill as on March 31:

	Amount in USD	
	2016	2015
Balance at the beginning and end of the year	30,594,094	30,594,094

On December 4, 2009, 100% of the voting interests in the Company were acquired by Infosys BPO Limited ('Infosys BPO'), a business process management services provider based out of India which is a majority owned subsidiary of Infosys Limited ('Infosys'), a leading global technology services firm based out of India. The business acquisition was conducted by entering into Membership Interest Purchase Agreement for a cash consideration of USD 37 million and a contingent consideration of up to USD 20 million. The fair value of the contingent consideration and its undiscounted value on the date of acquisition were USD 8.6 million and USD 14.6 million, respectively.

This business acquisition is expected to enable Infosys BPO to deliver growth in platform-based services in the insurance and financial services industry and is also expected to enable the Company to service larger portfolios of transactions for clients and expand into global markets. Consequently, the excess of the purchase consideration paid over the fair value of assets acquired has been accounted for as goodwill. Goodwill is tested for impairment on an annual basis and whenever there is an indication that the recoverable amount of a cash generating unit is less than its carrying amount based on a number of factors including operating results, business plans, future cash flows and economic conditions.

The purchase price has been allocated in Infosys's consolidated financial statements, based on management's estimates and an independent appraisal of fair values as follows, on the date of acquisition:

Component	Amount in USD Purchase price allocated
Property and equipment	1,162,076
Net current assets	1,734,380
Intangible assets – customer contracts and relationships	10,400,000
Intangible assets – computer software platform	2,700,000
	15,996,456
Goodwill	29,897,694
Total purchase price	45,894,150

The entire goodwill is deductible for tax purposes.

The identified intangible customer contracts and relationships are being amortized over a period of nine years whereas the identified intangible computer software platform was amortized over a period of four months ended March 31, 2010, based on management's estimate of the useful life of these assets.

Intangible assets as on March 31, 2016 consist of the following:

	Customer contracts and relationships	Computer software platform
Gross carrying value	11,300,000	2,950,000
Less: Accumulated amortization	7,963,516	2,950,000
Net carrying value	3,336,484	–

Intangible assets as on March 31, 2015 consist of the following:

	Customer contracts and relationships	Computer software platform
Gross carrying value	11,300,000	2,950,000
Less: Accumulated amortization	6,627,960	2,950,000
Net carrying value	4,672,040	–

The aggregate amortization expense for the year ended March 31, 2016 and March 31, 2015 amounted to USD 1,335,556 and USD 1,335,556 respectively.

The estimated amortization expense for intangible assets for each of the two succeeding annual years is the USD 1,335,556.

As required by Staff Accounting Bulletin on "Push-down basis of accounting required in certain limited circumstances", in applying push-down accounting, the goodwill and intangible assets recognized by acquiring entity were recognized in these separate financial statements of the Company and the retained earnings of the Company on the date of acquisition was eliminated with an offsetting adjustment to the additional paid-in capital. The impact on the carrying amounts of the assets, liabilities and equity in applying push down accounting is as follows:

(Amount in USD)

Component	Before push-down	After push-down
Goodwill	–	29,897,694
Intangible assets	–	13,100,000
Retained earnings	17,973,582	–
Contingent consideration payable*	–	(8,600,000)
Additional paid–in capital	–	(16,424,112)
	17,973,582	17,973,582

10. Leases

Minimum rent payments under operating leases are recognized on a straight line basis over the lease term. Additionally, the Company is obligated under non-cancelable operating lease for office and residential space that are renewable on a periodic basis at the option of both the lessor and the lessee. The current lease for office space expires on June 30, 2018. Future minimum lease payments below only include lease payments through that date. Future minimum lease payments associated with the lease renewal will be disclosed in these financial statements as a subsequent event. Total rental expenditure under the operating leases, cancelable and non-cancelable was USD 810,395 and USD 920,380 during the year ended March 31, 2016 and 2015, respectively.

Future minimum lease payments under non-cancelable operating leases as on March 31 are:

	Amount in USD	
	2016	2015
FY 2016	–	769,709
FY 2017	808,194	808,194
FY 2018	808,194	808,194
FY 2019	212,151	212,151

11. Trade payables

Trade payables as on March 31 are as follows:

	Amount in USD	
	2016	2015
Dues to related parties (refer Note 18)	950,232	625,332
Other trade payables	13,797	1,067,618
	964,029	1,692,950

12. Provisions

Provisions as on March 31 are as follows:

	Amount in USD	
	2016	2015
Provision for service level risk on revenue contracts	1,006,276	761,346

13. Other liabilities

Other liabilities as on March 31 consist of the following:

	Amount in USD	
	2016	2015
Accrued compensation to staff	1,357,679	2,777,130
Withholding taxes payable	505,612	368,766
Provision for expenses*	3,043,788	4,781,348
Rent holiday accrual	430,607	579,012
Interest payable	–	141,774
Due to carrier/insurance provider**	165,209	6,129,674
	5,502,895	14,777,788

*Provision for expenses at March 31, 2016 primarily consists of computer and software costs USD 722,991, postage and other communication costs USD 744,432, contract labor USD 577,243, professional charges and audit fees USD 495,450 and others USD 503,672.

*Provision for expenses at March 31, 2015 primarily consists of cost of technical sub-contractor USD 1,876,695, postage and other communication costs USD 995,008, cost of software packages USD 986,719, professional charges and audit fees USD 429,618 and others USD 493,308.

**Refer note 5 and 7

14. Operating expenses

Operating expense for the year ended March 31 consists of the following:

	Amount in USD	
	2016	2015
Employee benefit expenses	26,802,628	26,652,967
Cost of technical sub-contractors	12,053,891	10,012,466
Office expenses	673,212	565,513
Depreciation and amortization expense	2,101,760	1,895,665
Cost of software packages	1,730,303	2,799,284
Rent (refer note 10)	810,395	920,380
Travel expenses	403,494	465,117
Communication expenses	1,160,560	996,302
Professional charges	1,190,684	2,949,233
Insurance charges	198,566	78,243
Postage and couriers	3,856,888	3,052,562
Other expenses	776,484	1,271,212
	51,758,865	51,658,944

Function wise classification of operating expenses for the year ended March 31, 2016 and 2015 are as follows:

(Amount in USD)

Year ended March 31, 2016	Cost of revenues	General and administration expenses	Selling and marketing expenses	Total
Employee benefit expense	23,835,628	1,933,045	1,033,955	26,802,628
Cost of technical subcontractors	12,053,891	–	–	12,053,891
Office expenses	316,149	356,789	274	673,212
Depreciation	766,204	–	–	766,204
Cost of software packages	1,239,860	476,443	14,000	1,730,303
Rent	810,395	–	–	810,395
Travel expenses	289,423	31,045	83,026	403,494
Communication expenses	70,239	1,081,484	8,837	1,160,560
Professional charges	1,119,879	69,805	1,000	1,190,684
Insurance	183,088	15,478	–	198,566
Postage and courier	–	3,856,888	–	3,856,888
Other expenses	26,149	664,500	85,835	776,484
	40,710,905	8,485,477	1,226,927	50,423,309

(Amount in USD)

Year ended March 31, 2015	Cost of revenues	General and administration expenses	Selling and marketing expenses	Total
Employee benefit expense	24,010,091	2,079,630	563,246	26,652,967
Cost of technical subcontractors	10,012,466	–	–	10,012,466
Office expenses	419,139	145,717	657	565,513
Depreciation	560,109	–	–	560,109
Cost of software packages	1,605,917	1,193,367	–	2,799,284
Rent	920,380	–	–	920,380
Travel expenses	417,005	18,412	29,700	465,117
Communication expenses	277,504	719,837	(1,039)	996,302
Professional charges	3,019,645	(70,412)	–	2,949,233
Insurance	74,096	4,147	–	78,243
Postage and courier	–	3,052,562	–	3,052,562
Other expenses	549,203	682,455	39,556	1,271,212
	41,865,555	7,825,716	632,118	50,323,388

15. Finance expenses

Interest expenses for the year ended March 31 consists of the following:

	Amount in USD	
	2016	2015
Interest expense on loans from related parties	22,583	49,136
	22,583	49,136

16. Other expenses

Other expenses for the year ended March 31 consists of the following:

	Amount in USD	
	2016	2015
Exchange differences	16,689	48,849
Loss on sale of plant and equipment	6,276	–
	22,965	48,849

17. Income taxes

The Company has elected to be taxable as a corporation as of the date of acquisition by Infosys BPO Limited. The income tax expense during the year ended March 31 consists of the following:

	Amount in USD	
	2016	2015
Current taxes	25,209	10,245
	25,209	10,245
Deferred taxes	(9,818,709)	551,644
	(9,818,709)	551,644
Income tax expense	(9,793,500)	561,889

The types of temporary differences that give rise to significant portions of the Company's deferred tax assets and liability as of March 31 are set forth below:

	Amount in USD	
	2016	2015
Deferred tax assets:		
Carry forward business losses	8,102,309	8,354,207
Intangibles	1,624,450	1,454,976
Accrued bonus	261,131	573,298
Deferred rent	155,881	202,310
Accruals	364,274	262,524
Others	84,245	75,926
Total deferred tax assets	10,592,290	10,756,275
Deferred tax liability:		
Goodwill	(3,243,829)	(2,636,589)
Prepaid expenses	(6,582)	(26,079)
Intangible assets	(3,475,222)	(3,354,290)
Depreciation	(38,827)	(14,337)
Total deferred tax liability	(6,764,460)	(6,016,958)
Less: Valuation allowance	–	(10,897,162)
Deferred tax asset / (liability), net	3,827,830	(5,990,879)

Management establishes a valuation allowance for deductible temporary differences when it is more likely than not that the benefit of such deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon management's assessment of the Company's ability to generate taxable income during the periods in which the temporary differences become deductible. Management's assessment in the near term is subject to change if estimates of future taxable income during the carry forward period are reduced. The Company has net operating loss carry forwards of USD 21,704,190 and USD 24,314,683 available to offset future taxable income as on 31, 2016 and 2015, respectively. The 2016 carry forward losses will expire by 2034.

In assessing the realisability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. Management considers the scheduled reversals of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. Based on the level of historical taxable income and projections for future taxable income over the periods in which the deferred tax assets are deductible, Management believes that it is more likely than not that the Company will realize the benefit of any deductible differences at March 31, 2016.

18. Related party transactions

(a) The Company has identified the following to be related parties:

Key Management personnel	Designation
Mr. Anup Uppadhayay	Chairman and Director
Mr. Deepak Bhalla	Director
Mr. Ravi Kumar S	Director
Mr. Kapil Jain	Director
Mr. Gordon Beckham	Chief Executive Officer and Director
Mr. Rishi Kumar Jain	Chief Operating Officer and Director
Mr. Richard Magner	Sales Head and Director

Other companies within the Group with which the Company has transactions during the year

- Infosys Limited , Ultimate holding company (IL)
- Infosys BPO Limited, the holding company (IBPO)
- Infosys Poland sp.z.o.o *
- Infosys (Czech Republic) Limited s.r.o *

** wholly owned subsidiaries of Infosys BPO Limited.*

(b) The following is a summary of significant transaction with related parties:

	Amount in USD	
	Year ended March 31, 2016	
	Key Management personnel	Other companies within the Group
Revenue transactions:		
Purchase of services from IL	–	413,815
Purchase of services from IBPO	–	8,040,238
Purchase of shared services from IBPO	–	8,445,263
Sale of shared services to IBPO	–	22,581
Remuneration to key managerial personnel	833,160	–
Interest expense on loan from IBPO SRO Czech	–	5,892
Interest expense on loan from IBPO Poland	–	16,692
Capital transactions:		
Financing		
Repayment of loan taken from related parties		
- Infosys Poland Sp.z.o.o	–	(3,000,000)
- Infosys (Czech Republic) Limited S.r.o	–	(1,000,000)

	Amount in USD	
	Year ended March 31, 2015	
	Key Management personnel	Other companies within the Group
Revenue transactions:		
Purchase of services from IL	–	978,310
Purchase of services from IBPO	–	4,753,763
Remuneration to key managerial personnel	1,212,923	–
Interest expense on loan from IBPO SRO Czech	–	12,765
Interest expense on loan from IBPO Poland	–	36,371

As on March 31, 2016, the balance payable to IBPO and IL was USD 936,700 and USD 13,532 respectively.

As on March 31, 2015, the balance payable to IBPO and IL was USD 625,332 and Nil respectively.

On January 10, 2011 and March 21, 2011, Company entered into loan agreements with IBPO SRO Czech to finance the Company's operations, in the amounts of USD 1,970,000 and USD 2,000,000, respectively. These loans are subject to a market rate of interest set at 1.28% p.a. for the period of loan inception date to March 31, 2016. The company repaid loan amount of USD 970,000 to Czech during the calendar year 2014 and USD 1,000,000 during the current year.

As of March 31, 2016, the principal balance on the loan was USD Nil (March 31, 2015: USD 1,000,000) and the balance of interest due to IBPO S.r.o Czech was USD Nil (March 31, 2015: USD 51,586).

On April 15, 2013, Company entered into a loan agreement with IBPO Poland to finance the Company's operations, in the amount of USD 1,000,000. This loan is subject to a market rate of interest set at 1.26% p.a. for the period of loan inception date to March 31, 2016. On July 15, 2013, Company entered into another loan agreement with IBPO Poland to finance the Company's operations, for an amount of USD 2,000,000. This loan is subject to a market rate of interest set at 1.88% p.a. for the period of loan inception date to March 31, 2016. The company had repaid loan amount of USD Nil to IBPO Poland during the financial year ended 2015 and USD 3,000,000 during the current financial year.

As of March 31, 2016, the principal balance on the loan was USD Nil (March 31, 2015: USD 3,000,000) and the balance of interest due to IBPO Poland was USD Nil (March 31, 2015: USD 90,188).

19. Commitments and contingencies

The Company has not executed any bank guarantees as on March 31, 2016 and 2015.

Contingencies and lawsuits

The Company is currently not involved in any significant lawsuits, claims, investigations and proceedings, including patent and commercial matters, which arises in the ordinary course of business. There are no such pending matters that are expected to have material effect on these financial statements.

20. Subsequent events

The Company has evaluated all events or transactions that occurred after March 31, 2016 up through May 17, 2016, the date the financial statements were issued. Based on this evaluation, the Company is not aware of any other events or transactions that would require recognition or disclosure in the financial statements.

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Portland Group Pty Ltd

ABN: 48 086 842 597

Special purpose Financial Report

Statement of financial position

In Australian dollars

Particulars		31 March	
	Note	2016	2015
Assets			
Cash and cash equivalents	10a	19,243,067	14,741,252
Trade and other receivables	8	6,147,001	9,295,428
Prepayments	9	64,824	31,175
Total current assets		25,454,892	24,067,855
Deferred tax assets	14a	1,129,470	622,509
Property, plant and equipment	11	137,029	169,833
Other non-current assets	10c	500,000	–
Total non-current assets		1,766,499	792,342
Total assets		27,221,391	24,860,197
Liabilities			
Trade and other payables	12	80,889	101,963
Other current liabilities	13	1,123,250	1,100,684
Current tax liabilities		738,607	2,085,732
Provisions	15	166,396	392,539
Employee benefit obligations	16	4,466,312	3,612,350
Total current liabilities		6,575,454	7,293,268
Employee benefit obligations	16	443,221	332,941
Total non-current liabilities		443,221	332,941
Total liabilities		7,018,675	7,626,209
Net assets		20,202,716	17,233,988
Equity			
Share capital	17a	3,389,049	3,389,049
Retained earnings		16,813,667	13,844,939
Total equity		20,202,716	17,233,988

The notes are an integral part of these financial statements.

Statement of profit or loss and other comprehensive income

In Australian dollars

Particulars	Note	Year ended March 31	
		2016	2015
Revenue		30,617,566	37,708,492
Cost of sales		(24,389,932)	(28,679,221)
Gross profit		6,227,634	9,029,271
Other income – distribution received from subsidiary prior to wind up of the subsidiary		–	815,898
Selling and distribution expenses		(166,656)	(196,043)
Administrative expenses		(1,911,391)	(3,466,901)
Operating profit		4,149,587	6,182,225
Finance income	5	330,373	324,251
Finance costs		–	–
Net finance income		330,373	324,251
Profit before tax		4,479,960	6,506,476
Income tax expense	14b	(1,511,232)	(1,428,864)
Profit after tax		2,968,728	5,077,612
Other comprehensive income			
Items that will never be reclassified to profit or loss:		–	–
Items that are or may be reclassified subsequently to profit or loss:		–	–
Other comprehensive income, net of tax		–	–
Total comprehensive income		2,968,728	5,077,612

The notes are an integral part of these financial statements.

Statement of changes in equity for the year ended March 31, 2016

In Australian dollars

Particulars	Share capital	Retained earnings	Total equity
Balance at April 1, 2014	3,389,049	8,767,327	12,156,376
Total other comprehensive income	–	–	–
Profit for the year	–	5,077,612	5,077,612
Total comprehensive income	–	5,077,612	5,077,612
Transactions with owners of the Company			
Issue of ordinary shares	–	–	–
Dividends	–	–	–
Total transactions with owners of the Company	–	–	–
Balance at March 31, 2015	3,389,049	13,844,939	17,233,988
Balance at April 1, 2015	3,389,049	13,844,939	17,233,988
Total other comprehensive income	–	–	–
Profit for the year	–	2,968,728	2,968,728
Total comprehensive income	–	2,968,728	2,968,728
Transactions with owners of the Company			
Issue of ordinary shares	–	–	–
Dividends	–	–	–
Total transactions with owners of the Company	–	–	–
Balance at March 31, 2016	3,389,049	16,813,667	20,202,716

The amounts recognised directly in equity are disclosed net of tax.

The notes are an integral part of these financial statements.

Statement of cash flows

In Australian dollars

	Note	Year ended 31 March 2016	Year ended 31 March 2015
Cash flows from operating activities			
Cash receipts from customers		36,827,750	41,368,000
Cash paid to suppliers and employees		(28,656,759)	(36,642,416)
Cash generated from operations		8,170,991	4,725,584
Interest received		295,981	332,717
Income tax paid		(3,365,318)	(938,868)
Net cash from operating activities		5,101,654	4,119,433
Cash flows from investing activities			
Investment in security deposit		(500,000)	–
Purchase of plant and equipment	11	(99,839)	(70,729)
Net cash used in investing activities		(599,839)	(70,729)
Cash flows from financing activities			
Proceeds from issue of share capital		–	–
Dividends paid		–	–
Net cash used in financing activities		–	–
Net increase in cash and cash equivalents		4,501,815	4,048,704
Cash and cash equivalents at April 1		14,741,252	10,692,548
Cash and cash equivalents as at March 31	10a	19,243,067	14,741,252

The notes are an integral part of these financial statements.

Notes to the financial statements

1. Reporting entity

Portland Group Pty Ltd (the "Company") is a Company domiciled in Australia. The Company's registered office is Level 8, 68 Pitt Street, Sydney NSW 2000, Australia. The parent of the Company is Infosys BPO Ltd. India and the ultimate parent is Infosys Ltd., India. The Company is a for–profit entity and primarily is involved in provision of project based consultancy support and ongoing management services to improve the Company's profitability in the long term.

2. Basis of preparation

In the opinion of the directors, the Company is not publicly accountable nor a reporting entity. The financial statements of the Company have been drawn up as special purpose financial statements for distribution to the members and for the purpose of fulfilling the requirements of the Corporations Act 2001.

(a) Basis of accounting

The special purpose financial statements have been prepared in accordance with the requirements of the Corporations Act 2001 and the recognition, measurement and classification aspects of all applicable Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB).

The special purpose financial statements do not include the disclosure requirements of all AASBs except for the following

AASB 101 Presentation of Financial Statements
AASB 107 Statement of Cash Flows
AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors
AASB 1031 Materiality
AASB 1048 Interpretation and Application of Standards
AASB 1054 Australian Additional Disclosure

The financial statements were approved by the Board of Directors on the 12th day of May 2016.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis, unless otherwise stated.

(c) Functional and presentation currency

These financial statements are presented in Australian dollars, which is the Company's functional currency.

(d) Use of judgements and estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

(i) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the year ending 31 March 2016 are :

- Recognition of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.
- Recognition of deferred tax assets: availability of future taxable profit against which carry forward tax losses can be used.

3. Significant accounting policies

The Company has consistently applied the following accounting policies to all periods presented in these financial statements.

(a) Revenue

The Company recognises revenue from rendering services in portion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed based on surveys of work performed.

Client contracts are billed based on time and material and are invoiced monthly based on the rendered hours and expenses for the individual project/client. If not invoiced, an accrual (work in progress) is calculated and recognised with reference to the stage of completion of the project based on hours/ costs incurred.

(b) Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated to the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are generally recognised in profit or loss. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

(c) Employee benefits

(i) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short term cash bonus or profit sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(ii) Defined contribution plans

Obligations for contributions to defined contribution plans are recognised as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(iii) Other long term employee benefits

The Company's net obligation in respect of long term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. The discount rate is the yield at the repay date on government bonds that have maturity dates approximately the term of the Company's obligations. Remeasurements are recognised in profit or loss in the period in which they arise.

(iv) Termination benefits

Termination benefits are expensed at the earlier of when the company can no longer withdraw the offer of those benefits and when the Company recognises costs for a restructuring. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

(d) Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

(i) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date.

(ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit nor loss.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities

Deferred tax assets and liabilities are offset only if certain criteria are met.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(iii) Tax exposures

In determining the amount of current and deferred tax the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

(e) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain and loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Company and its cost can be measured reliably. The costs of the day to day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is calculated to write off the cost of property, plant and equipment less their estimated residual values using the straight-line basis over their estimated useful lives, and is generally recognised in profit or loss. The estimated useful lives of property, plant and equipment are as follows:

Plant and machinery	5 years
Computer equipment	3-5 years
Furniture and fixtures	5 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(f) Financial instruments

The Company classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables and available-for-sale financial assets.

The Company classifies non-derivative financial liabilities into the other financial liabilities category

(i) Non derivative financial assets and liabilities - Recognition and derecognition

The Company initially recognises loans and receivables issued on the date that they are originated. All other financial assets and financial liabilities are recognised initially on the trade date.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire. Any interest in such transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(ii) Non derivative financial assets - Measurement

Financial assets at fair value through profit or loss:

A financial asset is classified as at fair value through profit or loss if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein, which take into account any dividend income, are recognised in profit or loss.

Held to maturity financial assets:

These are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

Loans and receivables:

These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

Cash and cash equivalents:

In the statement of cash flows, cash and cash equivalents includes bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

Available-for-sale financial assets:

These assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on debt instruments (see Note 3(b)), are recognised in OCI and accumulated in the fair value reserve. When these assets are derecognised, the gain or loss in equity is reclassified to profit or loss.

(iii) Non-derivative financial liabilities – measurement

Non-derivative financial liabilities are initially recognised at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest rate method.

(iv) Share capital

Ordinary shares:

Incremental costs directly attributable to the issue of ordinary shares, net of any tax effects, are recognised as a deduction from equity.

(g) Impairment

(i) Non-derivative financial assets

Financial assets not classified as at fair value through profit or loss, including an interest in an equity-accounted investee, are assessed at each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets are impaired includes:

- Default or delinquency by a debtor;
- Restructuring of an amount due to the Company on terms that the Company would not consider otherwise;
- Indications that a debtor or issuer will enter bankruptcy;
- Adverse changes in the payment status of borrowers or issuers;

The disappearance of an active market for a security.

Financial assets measured at amortised cost.

The Company considers evidence of impairment for these assets measured at both a specific asset and collective level. All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment the Company uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account. When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

(ii) Non financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss. They are allocated to reduce the carrying amount of assets in the CGU on a pro rata basis. 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.

(h) Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

(i). Post sales client support

A provision for post sales client support is recognised when the underlying services are sold, based on historical post sales client support data and a weighting of all possible outcomes against their associated probabilities.

(i) Capital Management

The Directors' policy is to maintain strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. There were no changes to the Company's capital management during the year.

(j) Goods and service tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities, which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(k) Leases

(i) Determining whether an arrangement contains a lease

At inception of an arrangement, the Company determines whether such an arrangement is or contains a lease.

At inception or on reassessment of an arrangement that contains a lease, the Company separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Company concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Company's incremental borrowing rate.

(ii) Leased assets

Assets held by the Company under leases, which transfer to the Company substantially all the risks and rewards of ownership are classified as finance leases. The leased asset is measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases are classified as operating leases and are not recognised in the Company's statement of financial position.

(iii) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

4. New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 April 2015, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Company, except for AASB 9 Financial Instruments, which could change the classification and measurement of financial assets, and AASB 15 Revenue from Contracts with Customers, which replaces revenue recognition guidance included in AASB 118 Revenue and AASB 111 Construction Contracts, which could change the measurement and recognition of revenue. These standards become mandatory for the Company's 2019 financial statements. The Company does not plan to adopt these standards early and the extent of the impact has not been determined.

5. Finance Income

In Australian dollars

	For the year ended March 31	
	2016	2015
Interest income from deposits with banks	330,373	324,251
	330,373	324,251

6. Auditors' remuneration

In Australian dollars

	For the year ended March 31	
	2016	2015
Fees paid to auditors of the Company		
Audit of financial statements		
Audit of financial statements – KPMG Australia	15,000	15,000
Audit of financial statements – B S R & Co. LLP	21,577	23,135
	36,577	38,135

7. Expenses by nature

In Australian dollars

	For the year ended March 31	
	2016	2015
Depreciation	132,643	107,264
Employee benefits	19,339,047	23,527,658

8. Trade and other receivables

In Australian dollars

	For the year ended March 31	
	2016	2015
Current		
Trade receivables	4,814,966	6,748,351
Unbilled revenue	511,825	2,022,012
	5,326,791	8,770,363
Amounts due from related parties	820,210	525,065
	6,147,001	9,295,428

9. Prepayments

In Australian dollars

	For the year ended March 31	
	2016	2015
Prepaid expenses	30,087	17,267
Loans and advances to employees	124	5,904
Advances paid for suppliers	221	8,004
Interest accrued but not received	34,392	–
	64,824	31,175

10. Cash and cash equivalents

a. Cash and cash equivalents

In Australian dollars

	For the year ended March 31	
	2016	2015
Cash at Bank	19,243,067	14,741,252
	19,243,067	14,741,252

b. Cash flows from operating activities

In Australian dollars

	For the year ended March 31	
	2016	2015
Reconciliation of Cash flow from Operations with Profit after Income Tax		
Profit after income tax	2,968,728	5,077,612
Adjustments for:		
– Depreciation	132,643	107,264
– Profit on liquidation of subsidiary	–	(815,898)
	3,101,371	4,368,978
Changes in:		
– Trade and other receivables	3,148,427	(111,341)
– Prepayments	(33,649)	83,914
– Trade and other payables	(21,074)	28,587
– Other liabilities	22,566	(1,194,117)
– Current tax liabilities	(1,347,125)	1,670,952
– Deferred tax assets	(506,961)	–
– Provisions	(226,143)	1,015
– Deferred tax liabilities	–	(1,180,956)
– Employee benefits obligation	964,242	452,401
Net cash from operating activities	5,101,654	4,119,433

c. Other non-current assets

In Australian dollars

	For the year ended March 31	
	2016	2015
Bank deposits	500,000	–
	500,000	–

11. Property, plant and equipment

In Australian dollars

	Plant and machinery	Furniture and fixtures	Computer equipment	Total
Cost				
Balance at 1 Apr 2014	45,613	310,701	275,107	631,421
Additions	–	–	70,729	70,729
Disposals	–	–	–	–
Balance at 31 March 2015	45,613	310,701	345,836	702,150
Balance at 1 Apr 2015	45,613	310,701	345,836	702,150
Additions	18,835	15,300	65,704	99,839
Disposals	–	(546)	(8,428)	(8,974)
Balance at 31 March 2016	64,448	325,455	403,112	793,015
Accumulated Depreciation				
Balance at 1 Apr 2014	25,668	171,334	228,051	425,053
Depreciation	8,585	60,584	38,095	107,264
Disposals	–	–	–	–
Balance at 31 March 2015	34,253	231,918	266,146	532,317
Balance at 1 Apr 2015	34,253	231,918	266,146	532,317
Depreciation	11,577	61,169	59,897	132,643
Disposals	–	(546)	(8,428)	(8,974)
Balance at 31 March 2016	45,830	292,541	317,615	655,986
Carrying Amounts				
At 1 April 2014	19,945	139,367	47,056	206,368
At 31 March 2015	11,360	78,783	79,690	169,833
At 1 April 2015	11,360	78,783	79,690	169,833
At 31 March 2016	18,618	32,914	85,497	137,029

12. Trade and other payables

In Australian dollars

	For year ended March 31	
	2016	2015
Trade payables	4,292	68,362
Amounts due to related party	76,597	33,601
	80,889	101,963

13. Other current liabilities

In Australian dollars

	For year ended March 31	
	2016	2015
Accrued expenses	896,828	519,081
Advance received from customers	–	248,849
Deferred revenue	48,123	–
Withholding taxes payable	178,299	332,754
	1,123,250	1,100,684

14. Tax assets and liabilities

(a) Deferred tax assets

In Australian dollars

	For year ended March 31	
	2016	2015
Deferred tax assets	1,129,470	622,509
Deferred tax liabilities	–	–
Net tax assets(liabilities)	1,129,470	622,509

(b) Reconciliation of effective tax rate

In Australian dollars

	For year ended March 31	
	2016	2015
Profit before tax	4,479,960	6,506,476
Tax using the Company's domestic tax rate of 30% (2015: 30%)	1,343,988	1,951,943
Non-deductible expenses	50,000	53,537
Non-assessable distribution from subsidiary	–	(244,770)
Over/ (under) provision of income tax	117,244	(331,846)
Income tax expense for the period	1,511,232	1,428,864

15. Provisions

In Australian dollars

	For year ended March 31	
	2016	2015
Provision for post service client support	166,396	392,539
	166,396	392,539

16. Employee Benefit Obligations

In Australian dollars

	Year ended March 31	
	2016	2015
Current		
Provision for employee bonuses	3,181,717	2,470,524
Annual leave	720,343	632,654
Long service leave	564,252	509,172
	4,466,312	3,612,350
Non-Current		
Long service leave	443,221	332,941
	443,221	332,941

17. Capital and reserves

(a) Share capital

In Australian dollars

	Ordinary shares	
	Year ended March 31	
	2016	2015
On issue at 1 April (17,450,000 number of shares)	3,389,049	3,389,049
Issued for cash	–	–
On issue at 31 March (17,450,000 number of shares)	3,389,049	3,389,049

All shares rank equally with regard to the Company's residual assets.

Ordinary shares

The Company does not have authorised capital or par value in respect of its issued shares. Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

(b) Dividends

In Australian dollars

	Year ended March 31	
	2016	2015
Dividend Paid	–	–
	–	–

Dividend franking account

In Australian dollars

	Year ended March 31	
	2016	2015
30 per cent franking credits available to shareholders of Portland Group Pty Ltd for subsequent financial years	7,080,464	5,062,271
	7,080,464	5,062,271

The above available amounts are based on the balance of the dividend franking account at year-end adjusted for:

a. franking credits/ debits that will arise from the payment/ receipts of the current tax liabilities/ assets;
b. franking debits that will arise from the payment of dividends recognized as a liability at the year-end;
c. franking credits that will arise from the receipt of dividends recognized as receivables by the Company at the year-end; and
d. franking credits that the entity may be prevented from distributing in subsequent years.

The ability to utilize the franking credits is dependent upon there being sufficient available profits to declare dividends.

18. Events subsequent to reporting date

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company, in future financial years, other than above.

Independent audit report to the members of Portland Group Pty Ltd

We have audited the accompanying financial report, being a special purpose financial report, of Portland Group Pty Ltd (the Company), which comprises the statement of financial position as at March 31, 2016, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, notes 1 to 18 comprising a summary of significant accounting policies and other explanatory information, and the director's declaration.

Directors' responsibility for the financial report

The directors of the Company are responsible for the preparation and fair presentation of the special purpose financial report and have determined that the basis of preparation described in Notes 1 to 4 to the special purpose financial report is appropriate to meet the requirements of the applicable legislation and are appropriate to meet the needs of the members. The directors' responsibility also includes such internal control as the directors determine necessary to enable the preparation of a financial report that is free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, 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 report 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 the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with the basis of accounting described in Notes 1 to 4 to the financial statements so as to present a view which is consistent with our understanding of the Company's financial position, and of its performance and cash flows.

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

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

Auditor's Opinion

In our opinion the financial report of Portland Group Pty Ltd is in accordance with the Corporations Act 2001, including:

(a) giving a true and fair view of the Company's financial position as at 31 March 2016 and of its performance for the year ended on that date; and

(b) complying with Australian Accounting Standards to the extent described in Note 2 and the Corporations Regulations 2001.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 2 to the financial report, which describes the basis of accounting. The financial report has been prepared to assist Portland Group Pty Ltd to meet the requirements of its members. As a result, the financial report may not be suitable for another purpose.

KPMG

Dana Bentley
Partner

Melbourne

May 12, 2016