HCL Technologies Limited and Subsidiaries

Consolidated Financial Statements

Years Ended June 30, 2012, 2011 and 2010

With Report of Independent Auditors

HCL Technologies Limited and Subsidiaries

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Report of Independent Auditors

The Board of Directors
HCL Technologies Limited

We have audited the accompanying consolidated balance sheets of HCL Technologies Limited and Subsidiaries as of June 30, 2011 and 2012, and the related consolidated statements of income, equity and comprehensive income (loss), and cash flows for each of the three years in the period ended June 30, 2012. These financial statements are the responsibility of the Group's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with the auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Group's internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of HCL Technologies Limited and Subsidiaries at June 30, 2011 and 2012, and the consolidated results of their operations and their cash flows for the three years in the period ended June 30, 2012, in conformity with U.S. generally accepted accounting principles.

Ernst & Young Associates

Gurgaon, India
July 25, 2012

HCL Technologies Limited and Subsidiaries

Consolidated Balance Sheets

Amount in thousands, except share and per share data

	As of June 30,	
	2011	2012
ASSETS		
Current assets		
Cash and cash equivalents	$116,298	$119,933
Term deposits with banks	241,309	230,330
Deposit with corporation	-	8,987
Accounts receivable, net	579,643	689,438
Unbilled revenue	182,523	271,051
Investment securities, available for sale	143,767	98,172
Inventories	37,219	40,643
Deferred income taxes	38,915	54,327
Other current assets	204,566	178,452
Total current assets	1,544,240	1,691,333
Deferred income taxes	112,778	132,836
Investment securities, held to maturity	21,240	17,010
Term deposits with banks	24,615	19,774
Deposit with corporation	11,187	8,987
Investments in affiliates	5,172	7,128
Property and equipment, net	495,927	445,301
Intangible assets, net	60,832	50,023
Goodwill	876,131	837,942
Other assets	119,727	191,613
Total assets (a)	$3,271,849	$3,401,947

See accompanying notes.

HCL Technologies Limited and Subsidiaries

Consolidated Balance Sheets

Amount in thousands, except share and per share data

	As of June 30,	
	2011	2012
LIABILITIES AND EQUITY		
Current liabilities		
Current portion of capital lease obligations	$5,535	$11,742
Accounts payable	63,873	106,199
Short term borrowings	4,163	80,711
Current portion of long term debt	109,225	105,652
Accrued employee costs	169,458	198,485
Deferred revenue	115,154	120,679
Deferred income taxes	7,707	4,454
Income taxes payable	93,737	130,530
Other current liabilities	299,954	315,688
Total current liabilities	868,806	1,074,140
Long term debt	361,832	159,121
Capital lease obligations, net of current portion	8,627	34,482
Deferred income taxes	15,870	14,411
Accrued employee costs	50,158	71,376
Deferred revenue	65,205	63,861
Other liabilities	14,230	55,750
Total liabilities (a)	1,384,728	1,473,141
Commitments and Contingencies (Note 23)		
HCL Technologies Limited Shareholders' Equity		
Equity shares, ₹ 2 par value, authorized 750,000,000 shares		
Issued and outstanding 688,688,524 and 693,283,476 shares as of June 30, 2011 and 2012, respectively	34,146	34,329
Additional paid-in capital	654,253	679,865
Shares application money pending allotment	189	689
Retained earnings	1,222,179	1,546,062
Accumulated other comprehensive loss	(24,134)	(332,184)
HCL Technologies Limited Shareholders' Equity	1,886,633	1,928,761
Noncontrolling interest	488	45
Total equity	1,887,121	1,928,806
Total liabilities and equity	$3,271,849	$3,401,947

(a) Consolidated assets at June 30, 2012 include assets totaling $7,447 of certain variable interest entities (VIE's) that can only be used to settle the liabilities of those VIEs. Consolidated liabilities at June 30, 2012 include liabilities of certain VIEs for which the VIEs creditors do not have recourse to HCL Technologies Limited and Subsidiaries. See Note.8

See accompanying notes.

HCL Technologies Limited and Subsidiaries

Consolidated Statements of Income

Amount in thousands, except share and per share data

	Year ended June 30,		
	2010	2011	2012
Revenues	$2,704,583	$3,545,300	$4,151,531
Cost of revenues (exclusive of depreciation and amortization)	1,770,675	2,415,841	2,778,606
Gross profit	933,908	1,129,459	1,372,925
Selling, general and administrative expenses	400,745	542,998	599,519
Depreciation and amortization	107,588	109,982	111,558
Impairment of intangibles	-	26,692	-
Other (income) expenses, net	70,853	(50,129)	(4,899)
Finance cost	42,387	35,544	27,120
Income before income taxes	312,335	464,372	639,627
Provision for income taxes	50,608	105,827	158,228
Net income	261,727	358,545	481,399
Net income (loss) attributable to noncontrolling interest	(47)	29	13
Net income attributable to HCL Technologies Limited	$261,774	$358,516	$481,386
Earnings per equity share			
Basic	$0.39	$0.52	$0.70
Diluted	$0.38	$0.51	$0.69
Weighted average number of equity shares used in computing earnings per equity share			
Basic	673,741,835	683,508,571	691,023,929
Diluted	689,471,254	696,437,890	700,658,066

See accompanying notes.

HCL Technologies Limited and Subsidiaries

Consolidated Statements of Equity and Comprehensive Income (loss)
Year ended June 30, 2012, 2011 and 2010
Amount in thousands, except share and per share data

	Equity shares		Additional paid-in capital	Ordinary shares subscribed	Retained earnings	Accumulated other comprehensive income/ (loss)	HCL Technologies Limited Shareholder' Equity	Non Controlling Interest	Total Equity
	Shares	Par Value							
Balances as at June 30, 2009	670,256,600	$33,336	$568,589	$99	$784,345	($199,674)	$1,186,695	$343	$1,187,038
Shares issued for exercised options	8,527,212	369	21,883	(99)	-	-	22,153	-	22,153
Stock options exercised pending allotment of shares	-	-	-	324	-	-	324	-	324
Stock based compensation	-	-	19,988	-	-	-	19,988	-	19,988
Excess tax benefit from stock options	-	-	860	-	-	-	860	-	860
Cash dividend	-	-	-	-	(67,753)	-	(67,753)	-	(67,753)
Comprehensive income (loss):									
Net income	-	-	-	-	261,774	-	261,774	(47)	261,727
Unrealized loss on available for sale securities, net of taxes	-	-	-	-	-	(26)	(26)	-	(26)
Change in fair value of cash flow hedges, net of Taxes	-	-	-	-	-	114,286	114,286	-	114,286
Actuarial gain, net of taxes	-	-	-	-	-	527	527	-	527
Foreign currency translation	-	-	-	-	-	(23,876)	(23,876)	-	(23,876)
Total comprehensive income (loss)	-	-	-	-	-		352,685	(47)	352,638
Balances as at June 30, 2010	678,783,812	$33,705	$611,320	$324	$978,366	($108,763)	$1,514,952	$296	$1,515,248

See accompanying notes.

HCL Technologies Limited and Subsidiaries

Consolidated Statements of Equity and Comprehensive Income (loss)
Year ended June 30, 2012, 2011 and 2010
Amount in thousands, except share and per share data

	Equity shares		Additional paid-in capital	Ordinary shares subscribed	Retained earnings	Accumulated other comprehensive income/ (loss)	HCL Technologies Limited Shareholder' Equity	Non Controlling Interest	Total Equity
	Shares	Par Value							
Balances as at June 30, 2010	678,783,812	$33,705	$611,320	$324	$978,366	($108,763)	$1,514,952	$296	$1,515,248
Shares issued for exercised options	9,904,712	441	19,607	(324)	-	-	19,724	-	19,724
Stock options exercised pending allotment of shares	-	-	-	189	-	-	189	-	189
Stock based compensation	-	-	21,596	-	-	-	21,596	-	21,596
Excess tax benefit from stock options	-	-	1,730	-	-	-	1,730	-	1,730
Cash dividend	-	-	-	-	(114,703)	-	(114,703)	-	(114,703)
Change in noncontrolling interest	-	-	-	-	-	-	-	163	163
Comprehensive income (loss):									
Net income	-	-	-	-	358,516	-	358,516	29	358,545
Unrealized loss on available for sale securities, net of taxes	-	-	-	-	-	(513)	(513)	-	(513)
Change in fair value of cash flow hedges, net of Taxes	-	-	-	-	-	24,213	24,213	-	24,213
Actuarial gain, net of taxes	-	-	-	-	-	1,586	1,586	-	1,586
Foreign currency translation	-	-	-	-	-	59,343	59,343	-	59,343
Total comprehensive income	-	-	-	-	-		443,145	29	443,174
Balances as at June 30, 2011	688,688,524	$34,146	$654,253	$189	$1,222,179	($24,134)	$1,886,633	$488	$1,887,121

See accompanying notes.

HCL Technologies Limited and Subsidiaries

Consolidated Statements of Equity and Comprehensive Income (loss)
Year ended June 30, 2012, 2011 and 2010
Amount in thousands, except share and per share data

	Equity shares		Additional paid-in capital	Ordinary shares subscribed	Retained earnings	Accumulated other comprehensive income/ (loss)	HCL Technologies Limited Shareholder' Equity	Non Controlling Interest	Total Equity
	Shares	Par Value							
Balances as at June 30, 2011	688,688,524	$34,146	$654,253	$189	$1,222,179	($24,134)	$1,886,633	$488	$1,887,121
Shares issued for exercised options	4,594,952	183	7,168	(189)	-	-	7,162	-	7,162
Stock options exercised pending allotment of shares	-	-	-	689	-	-	689	-	689
Stock based compensation	-	-	16,766	-	-	-	16,766	-	16,766
Excess tax benefit from stock options	-	-	1,678	-	-	-	1,678	-	1,678
Cash dividend	-	-	-	-	(157,503)	-	(157,503)	-	(157,503)
Change in noncontrolling interest	-	-	-	-	-	-	-	(380)	(380)
Comprehensive income (loss):									
Net income	-	-	-	-	481,386	-	481,386	13	481,399
Unrealized loss on available for sale securities, net of taxes	-	-	-	-	-	-	-	-	-
Change in fair value of cash flow hedges, net of Taxes	-	-	-	-	-	(73,633)	(73,633)	-	(73,633)
Actuarial gain, net of taxes	-	-	-	-	-	(2,720)	(2,720)	-	(2,720)
Foreign currency translation	-	-	-	-	-	(231,697)	(231,697)	(76)	(231,773)
Total comprehensive income (loss)	-	-	-	-	-		173,336	(63)	173,273
Balances as at June 30, 2012	693,283,476	$34,329	$679,865	$689	$1,546,062	($332,184)	$1,928,761	$45	$1,928,806

See accompanying notes.

HCL Technologies Limited and Subsidiaries

Consolidated Statements of Cash Flows

Amount in thousands

	Year ended June 30,		
	2010	2011	2012
Cash flows from operating activities			
Net income	$261,727	$358,545	$481,399
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation and amortization	107,588	109,982	111,558
Deferred income taxes	(36,423)	(22,191)	(44,397)
Gain on sale of property and equipment	(511)	(607)	(337)
Stock based compensation	19,944	21,577	16,843
Excess tax benefit from stock options	(860)	(1,740)	(1,669)
Impairment of intangibles	-	26,692	-
Other non cash charges	2,560	(9,224)	62,123
Gain on sale of investment securities	(886)	(1,184)	-
Equity in earnings of affiliates	(937)	(727)	(1,923)
Changes in assets and liabilities, net of effects of acquisitions			
Accounts receivable and unbilled revenue	(97,168)	(81,144)	(284,838)
Other assets	27,046	(86,433)	(71,115)
Accounts payable	(4,904)	12,735	53,842
Accrued employee costs	12,235	70,288	74,759
Other liabilities	94,043	(16,589)	112,842
Net cash provided by operating activities	383,454	379,980	509,087
Cash flows from investing activities			
Investment in term deposit with banks	(345,607)	(259,365)	(262,255)
Proceeds from term deposit with banks on maturity	423,961	237,806	222,355
Investment in term deposits with corporation	(21,495)	(11,073)	(9,806)
Proceeds from term deposits with corporation on maturity	-	22,146	-
Purchase of property and equipment	(137,054)	(173,415)	(179,440)
Proceeds from sale of property and equipment	5,332	1,271	643
Purchase of investment securities	(2,295,809)	(1,332,011)	(958,041)
Proceeds from sale of investment securities	2,126,909	1,353,583	976,761
Payment for deferred consideration on business acquisition	-	(2,222)	(19,803)
Proceeds from sale of business	-	3,237	-
Acquisition of business, net of cash acquired	(10,925)	(13,367)	-
Net cash used in investing activities	(254,688)	(173,410)	(229,586)
Cash flows from financing activities			
Payment of principal under capital lease obligations	(4,080)	(3,007)	(1,524)
Proceeds under capital leases	-	-	18,977
Proceeds from short term borrowings	125,443	170,030	134,794
Repayment of short term borrowings	(638,516)	(249,967)	(58,104)
Proceeds from issuance of long term debt	267,318	7,669	5,614
Repayment of long term debt	(44,827)	(35,327)	(138,716)
Proceeds (Repayment) from issuance of Redeemable Secured Non – convertible debentures	214,946	-	(33,340)
Proceeds from issuance of equity shares	22,021	19,735	7,120
Proceeds from subscription of shares pending allotment	331	191	554
Dividend paid	(67,760)	(114,700)	(157,506)
Excess tax benefits from employee stock based compensation	860	1,740	1,669
Net cash used in financing activities	(124,264)	(203,636)	(220,462)
Effect of exchange rate changes on cash and cash equivalents	8,658	12,463	(55,404)
Net increase in cash and cash equivalents	13,160	15,397	3,635
Cash and cash equivalents at the beginning of the year	87,741	100,901	116,298
Cash and cash equivalents at the end of the year	$100,901	$116,298	$119,933
Supplemental disclosures of cash flow			
Property and equipment acquired under capital lease obligation	$2,982	$5,725	$3,112
Cash payments for interest	$38,047	$31,510	$20,065
Cash payments for income taxes	$67,732	$82,159	$143,086

See accompanying notes.

1. ORGANIZATION AND NATURE OF OPERATIONS

HCL Technologies Limited (the "Company" or the "Parent Company") along with its subsidiaries (hereinafter collectively referred to as the "Group") is primarily engaged in providing a range of information technology (IT), business process outsourcing and IT infrastructure services. The Company was incorporated in India in November 1991. The Group leverages its offshore infrastructure and professionals to deliver solutions across select verticals including Financial Services, Manufacturing (Automotive, Aerospace, Hi-tech, Semi Conductor), Telecom, Retail and Consumer Product, Media Publishing and Entertainment, Public Services, Energy and Utility, Healthcare, and Travel, Transport and Logistics.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation and principles of consolidation

The accompanying consolidated financial statements include the accounts of HCL Technologies Limited and its subsidiaries and are prepared in conformity with U. S. generally accepted accounting principles ("U.S. GAAP").

The Group uses the United States Dollar ('$' or 'USD') as its reporting currency.

These consolidated financial statements include the accounts of all subsidiaries which are more than 50% owned and controlled by the Company. In addition, relationships with other entities are reviewed to assess if the Company is the primary beneficiary in any variable interest entity. If the determination is made that the Company is the primary beneficiary, then that entity is consolidated. All inter-company accounts and transactions are eliminated on consolidation. Non controlling interest represents the minority shareholders' proportionate share of the net assets and the results of operations of the Company's majority owned subsidiaries.

An issuance of shares by a subsidiary to third parties reduces the proportionate ownership interest of the Company in the subsidiary. A change in the carrying value of the investment in such subsidiary due to a direct sale of un-issued equity shares is accounted for as a capital transaction and is recognized in the equity when the transaction occurs.

The Group accounts for investments by the equity method where its investment in the voting stock gives it the ability to exercise significant influence over the affiliate. In the case of investments in Limited Liability Partnerships (LLPs), significant influence is presumed to exist where the Group has more than a 5% partnership interest. The excess of the cost over the underlying net equity of investments in affiliates is allocated to identifiable assets based on the fair value at the date of acquisition. The unassigned residual value of the excess of the cost over the underlying net equity is recognized as goodwill.

The Group's equity in the profits (losses) of affiliates is included in the consolidated statements of income unless the carrying amount of an investment is reduced to zero and the Group is under no guaranteed obligation or otherwise committed to provide further financial support. The Group's share of net assets of affiliates is included in the carrying amount of the investment in the consolidated balance sheet. A transaction of an affiliate of a capital nature, which affects the investor's share of stockholders' equity of the affiliate, is accounted for as if the affiliate was a consolidated subsidiary.

(b) Use of estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, costs, expenses and other comprehensive income that are reported and disclosed in the consolidated financial statements and accompanying notes. These estimates are based on management's best knowledge of current events, historical experience, actions that the Group may undertake in the future and on various other assumptions that are believed to be reasonable under the circumstances. Significant estimates and assumptions are used for, but not limited to accounting for costs expected to be incurred to complete performance under IT service arrangements, allowance for uncollectible accounts receivable and unbilled revenue, accrual of warranty costs, income taxes, valuation of share-based compensation, future obligations under employee benefit plans, the useful lives of property, equipment and intangible assets, impairment of property, equipment, intangibles and goodwill, valuation allowances for deferred tax assets, and other contingencies and commitments. Changes in estimates are reflected in the financial statements

in the period in which the changes are made. Actual results could differ from those estimates.

(c) Functional currency and translation

The functional currency of each entity in the Group is its respective local currency except for six subsidiaries outside India which use the Indian Rupee ('INR') as their functional currency. The functional currency of the Parent Company is INR. The translation from functional currency into USD (the reporting currency) for assets and liabilities is performed using the exchange rates in effect at the balance sheet date, and for revenue, expenses and cash flows it is performed using an appropriate monthly weighted average exchange rate for the respective periods. The gains or losses resulting from such translation are reported as a component of other comprehensive income (loss), within equity.

Foreign currency denominated assets and liabilities are re-measured into the functional currency at exchange rates in effect at the balance sheet date. Foreign currency transaction gains and losses are recorded in the consolidated statement of income within other income. Any difference in intercompany balance arises because of elimination of intercompany transaction are recorded in statement of shareholders equity as foreign currency translation reserves.

(d) Revenue recognition

The Group derives revenues primarily from

- Software development services;
- Business process outsourcing services; and
- IT Infrastructure services

Revenue is only recognized when persuasive evidence of an arrangement exists, services have been rendered, the fee is determinable and collectability is reasonably assured.

Software Development Services:

Revenues from software development services comprise income from time-and-material, fixed price and recurring fixed billing. Revenue with respect to time-and-material contracts typically bill at an agreed upon hourly or daily rate and is recognized as the related services are performed. Revenue related to fixed price and fixed time frame contracts include application maintenance and support services, on which revenue is recognized ratably over the term of maintenance. Revenue related to fixed price contracts that provide non-complex IT development services is recognized in accordance with the proportionate performance method. The input (efforts expended) method has been used to measure progress towards completion, as there is a direct relationship between input and productivity. Costs are recorded as incurred over the contract period. Provisions for estimated losses, if any, on contracts-in-progress are recorded in the period in which such losses become probable based on the current contract estimates. In arrangements involving sharing of customer revenues, revenue is recognized when the amounts are known and the right to receive is established. Incremental revenue from existing contracts arising on future sales to the customers is recognized when it is earned.

Business Process Outsourcing Services:

Revenues from business process outsourcing services are derived from both time-based and unit-priced contracts. Revenue is recognized as the related services are performed in accordance with the specific terms of the contracts with the customer.

IT Infrastructure Services:

The Group provides infrastructure services ranging from simple contracts involving sale of equipment and installation with subsequent maintenance to complex network building and outsourcing arrangements.

Revenue from infrastructure management services comprise of income from time-and-material and fixed price contracts. Revenue with respect to time-and-material contracts is recognized as the related services are performed.

Revenue from product sales are shown net of sales tax and applicable discounts and allowances. Revenue from bandwidth and other services is recognized upon actual usage of such services by customers based on either the time for which these services are provided or volume of data transferred or

both and excludes service tax. Revenue related to product with installation services that are critical to product is recognized when installation of networking equipment at customer site is completed and accepted by the customer. If the revenue for a delivered item is not recognized until accepted by the customer then the cost of the delivered item is also deferred, Revenue from maintenance services is recognized ratably over the period of the contract.

Revenue from fixed-price complex network building contracts is recognized in accordance with the percentage-of-completion (POC) method. Under the POC method, revenue is recognized based on costs incurred to date as a percentage of the total costs to fulfill the contract. If circumstances arise that change the original estimates of revenues, costs, or extent of progress toward completion, revisions to the estimates are made. These revisions may result in increases or decreases in estimated revenues or costs, and such revisions are reflected in income in the period in which the circumstances that gave rise to the revision become known to management. If at any time these estimates indicate that the contract will be unprofitable, the entire estimated loss for the remainder of the contract is recorded Immediately. The output measure based on milestone achieved is used for revenue recognition when reasonable and reliable cost estimate for a project cannot be made.

Multiple-element arrangements

When a sales arrangement contains multiple elements, such as hardware and software products, licenses and/or services, revenue to each element is based on a selling price hierarchy. The selling price for a deliverable is based on its vendor specific objective evidence ('VSOE') if available, third party evidence ('TPE') if VSOE is not available, or estimated selling price ('ESP') if neither VSOE nor TPE is available. The best estimate of selling price is established consisting internal factors such as margin objectives, pricing practices and customer segment pricing strategies. Consideration is also given to market conditions such as competitor pricing strategies. In multiple element arrangements, revenue is allocated to each separate unit of accounting using the relative selling price of each of the deliverables in the arrangement based on the aforementioned selling price hierarchy. If the arrangement contains more than one software deliverable, the arrangement consideration allocated to the software deliverables as a Group is then allocated to each software deliverable using the guidance for recognizing software revenue, as amended.

Revenue recognition for delivered elements is limited to the amount that is not contingent on the future delivery of products or services, future performance obligations or subject to customer-specified return or refund privileges.

Each deliverable in an arrangement is evaluated to determine whether they represent separate units of accounting. A deliverable constitutes a separate unit of accounting when it has standalone value and there is no customer-negotiated refund or return rights for the delivered elements. If the arrangement includes a customer-negotiated refund or return right relative to the delivered item and the delivery and performance of the undelivered item is considered probable and substantially in the Company's control, the delivered element constitutes a separate unit of accounting. In instances when the aforementioned criteria are not met, the deliverable is combined with the undelivered elements and the allocation of the arrangement consideration and revenue recognition is determined for the combined unit as a single unit. Allocation of the consideration is determined at arrangement inception on the basis of each unit's relative selling price.

General:

Revenue from transition services in outsourcing arrangements is deferred and recognized over the period of the arrangement upon completion of the transition; direct and incremental costs in relation to such an arrangement are also deferred to the extent of revenue. Certain upfront non-recurring contract acquisition costs incurred in the initial phases of outsourcing contracts are deferred and amortized usually on a straight line basis over the term of the contract. The undiscounted cash flows from the arrangement are periodically estimated and compared with the unamortized costs. If the unamortized costs exceed the undiscounted cash flow, a loss is recognized

Revenue is recognized net of discounts and allowances, value-added and service taxes, and includes reimbursement of out-of-pocket expenses, with the corresponding out-of-pocket expenses included in cost of revenues.

Volume discounts and pricing incentives to customers are accounted for as a reduction of revenue using the guidance in ASC - 605-50, Accounting for Consideration Given by a Vendor to a Customer (Including a Reseller of the Vendor's Products).

For services accounted for under the percentage of completion method, cost and earnings in excess of billings are classified as unbilled revenue, while billing in excess of cost and earnings are classified as deferred revenue.

(e) Inventories

Inventories represent items of finished goods that are specific to execute composite contracts of software services and IT infrastructure management services and also finished goods which are interchangeable and not specific to any project. Inventory is carried at the lower of cost or net realizable value. The net realizable value is determined with reference to selling price of goods less the estimated cost necessary to make the sale. Cost of goods that are procured for specific projects is assigned by specific identification of their individual costs. Cost of goods which are interchangeable and not specific to any project is determined using weighted average cost formula. Inventories also include goods held by customer care organization held at customer's site for which risk and rewards have not been transferred.

(f) Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation which is computed using the straight-line method over the estimated useful lives of the assets, which are as follows:

Asset description	Asset life (in years)
Buildings	20
Computer and Networking Equipment	2 to 4
Software	3
Furniture ,fixtures and office equipment	4
Plant and Equipment	4
Vehicles	5

Assets acquired under capital leases are capitalized as assets by the Group at the lower of the fair value of the leased property or the present value of the related lease payments. Assets under capital leases are depreciated over the shorter of the lease term or the estimated useful life of the assets. Leasehold improvements are amortized on a straight-line basis over the shorter of the lease period or the estimated useful life of the asset. The cost of software obtained for internal use is capitalized and amortized over the estimated useful life of the software.

Advances paid towards the acquisition of property and equipment and cost of property and equipment not put to use before balance sheet date are classified as capital work-in-progress (See Note 5).

(g) Leases

Property and equipment taken on lease are evaluated to determine whether they are capital or operating leases in accordance with Financial Accounting Standard Board's (FASB) guidance on ASC 840, 'Accounting For Leases'.

When substantially all of the risks and benefits of property ownership have been transferred to the Company, as determined by the test criteria in FASB's guidance on ASC 840, the lease then qualifies as a capital lease. Capital leases are capitalized at the lower of the net present value of the total amount of rent payable under the leasing agreement (excluding finance charges) or the fair market value of the leased asset. Capital lease assets are depreciated on a straight-line basis, over a period consistent with the Group's normal depreciation policy for tangible fixed assets, but not exceeding the lease term. Interest charges are expensed over the period of the lease in relation to the carrying value of the capital lease obligation.

Operating lease income and expense is recognized on a straight-line basis over the term of the lease.

The Group also provides networking equipment to its customers in certain infrastructure arrangements. Such arrangements are evaluated under ASC 840-10-15, "Determine Whether an Arrangement Contains a Lease", to determine whether they contain embedded leases and upon the satisfaction of the test, FASB guidance given in ASC 840-10 on Leases is applied for determining the classification of the lease.

Revenue from sales-type leases is recognized when risk of loss has transferred to the client and there are no unfulfilled obligations that affect the client's final acceptance of the arrangement. Financing income attributable to sales-type leases and direct financing leases is recognized on the accrual basis using the effective interest method.

(h) Impairment of long-lived assets and long-lived assets to be disposed off

In accordance with the provisions of Accounting Standards Codification Topic 360, "Accounting for Impairment or Disposal of Long Lived Assets", long-lived assets, other than goodwill, are tested for impairment based on undiscounted cash flows and, if impaired, written down to fair value based on either discounted cash flows or appraised values. Goodwill is tested annually, in the fourth quarter, for impairment, or sooner when circumstances indicate impairment may exist, using a fair-value approach at the reporting unit level. A reporting unit is the operating segment, or a business, which is one level below that operating segment (the "component" level) if discrete financial information is prepared and regularly reviewed by management at that level. Components are aggregated as a single reporting unit if they have similar economic characteristics.

(i) Investment securities

Investment securities consist of available-for-sale debt and equity securities and held-to-maturity debt securities.

Available-for-sale securities having a readily determinable fair value are carried at fair value based on quoted market prices. Temporary unrealized gains and losses, net of the related tax effect are excluded from income and are reported as a separate component of other comprehensive income (loss), until realized. Realized gains and losses from the sale of available-for-sale securities are determined on a first-in-first-out method and are included in earnings.

Held-to-maturity securities are carried at amortized cost adjusted for the amortization or accretion of premiums or discounts. Dividend and interest income are recognized when earned.

For individual securities classified as either available-for-sale or held-to-maturity, the Group determines whether a decline in fair value below the carrying value basis is other than temporary. If it is probable that the Group will be unable to collect all amounts due according to the contractual terms of a debt security, an other-than-temporary impairment is considered to have occurred. If the decline in fair value is judged to be other than temporary, the cost basis of the individual security is written down to its fair value representing the new cost basis and the amount of the write-down is included in earnings (that is, accounted for as a realized loss).

(j) Research and development

Expenditure incurred on equipment and facilities acquired or constructed for research and development activities and having alternative future uses is capitalized as property and equipment. All other expenses incurred on research and development is expensed as incurred.

(k) Software product development

The Group expense software development costs, including costs to develop software products or the software component of products to be marketed to external users, before technological feasibility of such products is reached. The Group determines that technological feasibility was reached shortly before the release of those products and as a result, the development costs incurred after the establishment of technological feasibility and before the release of those products were not material, and accordingly, were expensed as incurred. Software development costs also include costs to develop software programs to be used solely to meet internal needs. The costs incurred during the application development stage for these software programs were not material in the years presented.

(l) Cash equivalents, deposits with banks and restricted cash

The Group considers all highly liquid investments with an original maturity, at the date of purchase/investment, of three months or less to be cash equivalents. Restricted cash represents margin money deposits against guarantees, letters of credit and bank balance earmarked towards unclaimed dividend. Restrictions on margin money deposits are released on the expiry of the terms of guarantees and letters of credit.

Term deposits with banks and corporation represent term deposits earning fixed rate of interest with maturities ranging from more than three months to thirty six months at the date of purchases/investment. Interest on investments in bank deposits is recognized on an accrual basis.

(m) Income taxes

Income taxes are accounted for using the asset and liability method. Under this method, deferred tax assets and liabilities are recognized for future tax consequences attributable to differences between the financial statements carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carry forwards. Deferred tax assets and liabilities are recorded for the estimated tax impact of temporary differences, and are recognized based on the enacted statutory tax rates for the year in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Valuation allowances are recognized to reduce the deferred tax assets to an amount that is more likely than not to be realized. In assessing the likelihood of realization, management considers estimates of future taxable income and the effect of temporary differences.

FASB's ASC Topic 740 guidance on Accounting for Uncertainty in Income Taxes clarified the accounting and reporting for uncertainties in income tax by prescribing a minimum recognition threshold for a tax position taken or expected to be taken in a tax return that is required to be met before being recognized in the financial statements. Upon adoption of this guidance, the Group continued the policy to include interest and penalties within income taxes.

(n) Earnings per share

Basic earnings per share are computed using the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the period, using the treasury stock method for options and warrants except where results would be anti-dilutive.

(o) Stock based compensation

Stock-based compensation represents the cost related to stock-based awards granted to employees. The Company measures stock-based compensation cost at grant date, based on the estimated fair value of the award and recognizes the cost on a straight-line basis (net of estimated forfeitures) over the employee requisite service period. The Company estimates the fair value of stock options using the Black-Scholes valuation model. The cost is recorded in cost of revenue and selling, general and administrative expenses in the consolidated statement of income based on the employees' respective function.

The Company has elected to use the "with and without" method in determining the order in which tax attributes are utilized. As a result, the Company only recognizes tax benefit from share-based awards in additional paid-in capital if an incremental tax benefit is realized after all other tax attributes currently available to the Company have been utilized.

(p) Employee benefits

Defined contribution plan

Eligible employees of the Group in the United States participate in a savings plan (the "Plan") under Section 401(k) of the United States Internal Revenue Code (the "Code"). The Plan allows for employees to defer a portion of their annual earnings on a pre-tax basis through voluntary contributions to the Plan. The Plan provides that the Group can make optional contributions up to the maximum allowable limit under the Code.

Eligible employees of the Group in India participate in a defined contribution fund in accordance with the regulatory requirements. Both the employee and the Group contribute on equal amount to the fund.

The Group has no further obligation under defined contribution plans beyond the contributions made under these plans. Contributions are charged to income in the year in which they accrue and are included in the consolidated statement of income (See Note 21).

Defined benefit plan

Gratuity:

Employees in India are entitled to benefits under the Gratuity Act, a defined benefit retirement plan covering eligible employees of the Group. This plan provides for a lump-sum payment to eligible employees at retirement, death, incapacitation or on termination of employment, of an amount based on the respective employee's salary and tenure of employment (subject to a maximum of approximately $18 per employee in India). The Group have unfunded gratuity obligations.

Compensated absences

The employees of the Group are entitled to compensated absences. The employees can carry forward up to the specified portion of the unutilized accumulating compensated absences and utilize it in future periods or receive cash at retirement or termination of employment. Compensated absences over and above the specified carry forward limit are paid to employees annually. The Company records an obligation for compensated absences in the period in which the employee renders the services that increases this entitlement. The Company measures the expected cost of compensated absences as the additional amount that the Company expects to pay as a result of the unused entitlement that has accumulated at the end of the reporting period. The Company recognizes accumulated compensated absences based on actuarial valuation. Non-accumulating compensated absences are recognized in the period in which the absences occur. The Company recognizes actuarial gains and losses immediately in the statement of income

(q) Dividend

Final dividends proposed by the Board of Directors are recognized upon approval by the shareholders who have the right to decrease but not increase the amount of dividend recommended by the Board of Directors. Interim dividends are recognized on declaration by the Board of Directors.

(r) Derivative and hedge accounting

Foreign exchange forward contracts and options are purchased to mitigate the risk of changes in foreign exchange rates associated with forecast transactions denominated in certain foreign currencies. In accordance with FASB guidance ASC 815, "Accounting for Derivative Instruments and Hedging Activities", the Group recognizes all derivatives as assets or liabilities measured at their fair value, regardless of the purpose or intent of holding them. Changes in fair value for derivatives not designated in a hedge accounting relationship are marked to market at each reporting date and the related gains/losses are recognized in the consolidated statement of income as foreign exchange gains/ (losses).

The foreign exchange forward contracts and options in respect of forecasted transactions which meet the hedging criteria are designated as cash flow hedges. Changes in the derivative fair values that are designated as effective cash flow hedges are deferred and recorded as component of accumulated other comprehensive income/(loss) until the hedged transaction occurs and are then recognized as other income in the consolidated statement of income. The ineffective portion of hedging derivatives is immediately recognized in the consolidated statement of income as part of other income.

In respect of derivatives designated as hedges, the Group formally documents all relationships between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also formally assesses both at the inception of the hedge and on an ongoing basis, whether each derivative is highly effective in offsetting changes in fair values or cash flows of the hedged item.

Hedge accounting is discontinued prospectively from the last testing date when (1) it is determined that the derivative financial instrument is no longer effective in offsetting changes in the fair value or cash flows

of the underlying exposure being hedged; (2) the derivative financial instrument matures or is sold, terminated or exercised; or (3) it is determined that designating the derivative financial instrument as a hedge is no longer appropriate. When hedge accounting is discontinued, and the derivative financial instrument remains outstanding, the deferred gains or losses on the cash flow hedge remain in other comprehensive income (loss) until the forecast transaction occurs. Any further change in the fair value of the derivative financial instrument is recognized in current period earnings.

See Note 10 for additional information.

(s) Goodwill and intangibles

Goodwill represents the excess of the purchase price in a business combination over the fair value of net tangible and intangible assets acquired. Goodwill is not amortized but is reviewed for impairment annually or more frequently if indicators arise. In accordance with ASC topic 350, *"Intangibles - Goodwill and Other"* (ASC No. 350), all assets and liabilities of the acquired businesses including goodwill are assigned to reporting units. The evaluation is based upon a comparison of the estimated fair value of the reporting unit to which the goodwill has been assigned to the sum of the carrying value of the assets and liabilities for that reporting unit. The fair value used in this evaluation is estimated based upon discounted future cash flow projections for the reporting unit. These cash flow projections are based upon a number of estimates and assumptions.

Intangible assets are initially valued at fair market value using generally accepted valuation methods appropriate for the type of intangible asset. Intangible assets with definite lives are amortized over the estimated useful lives and are reviewed for impairment, if indicators of impairment arise. The evaluation of impairment is based upon a comparison of the carrying amount of the intangible asset to the estimated future undiscounted net cash flows expected to be generated by the asset.

If estimated future undiscounted cash flows are less than the carrying amount of the asset, the asset is considered impaired. The impairment expense is determined by comparing the estimated fair value of the intangible asset to its carrying value, with any shortfall from fair value recognized as an expense in the current period. The definite lived intangible assets are amortized over the estimated useful life of the assets:

Asset description	Asset life (in years)
Customer relationships	1 to 10
Customer contracts	0.5 to 10
Technology	2.5 to 10
Non-compete agreements	3 to 5
Intellectual property rights	4
Brand and contractors database and others	2 to 5

(t) Recently issued accounting pronouncements

In May 2011, the FASB issued Accounting Standard Update ("ASU") No. 2011-04-*Fair Value Measurement*, which amends the fair value measurement guidance and includes some enhanced disclosure requirements. The most significant change in disclosures is an expansion of the information required for Level 3 measurements based on unobservable inputs. The ASU is effective for fiscal years beginning after December 15, 2011. The Company will adopt this ASU beginning with the September 30, 2012 quarter and is currently evaluating its impact on the financial statements and disclosures.

In June 2011, the FASB issued ASU No. 2011-05–*Comprehensive Income*, which eliminates the current option to report other comprehensive income and its components in the statement of stockholders' equity. Instead, an entity will be required to present items of net income and other comprehensive income in one continuous statement or in two separate, but consecutive, statements. The ASU is effective for fiscal years beginning after December 15, 2011. In December 2011, the FASB also issued an amendment to defer the presentation on the face of the financial statements the effects of reclassifications out of accumulated other comprehensive income on the components of net income and other comprehensive income for annual and interim financial statements. The Company will adopt this ASU beginning with the September 30, 2012 quarter.

In September 2011, the FASB issued ASU No. 2011-08 *Intangibles–Goodwill and Others*, which is intended to reduce the cost and complexity of the annual goodwill impairment test by providing entities an option to perform a "qualitative" assessment to determine whether further impairment testing is necessary. The ASU is effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011. Early adoption is permitted. An entity can choose to early adopt if its annual test date is before the issuance of the final standard, provided that the entity has not yet performed its 2011 annual impairment test or issued its financial statements. An entity has the option to first assess qualitative factors to determine whether it is necessary to perform the current two-step test. If an entity believes, as a result of its qualitative assessment, that it is more-likely-than-not that the fair value of a reporting unit is less than its carrying amount, the quantitative impairment test is required. Otherwise, no further testing is required. The Company is currently evaluating whether or not to take the option available in the ASU.

In December 2011, the FASB issued an ASU No. 2011-11–*Disclosure about Offsetting Assets and Liabilities*, which requires entities to disclose both gross information and net information about both instruments and transactions eligible for offset in the statement of financial position and instruments and transactions subject to an agreement similar to a master netting arrangement. The scope would include derivatives, sale and repurchase agreements and reverse sale and repurchase agreements, and securities borrowing and securities lending arrangements. The objective of this disclosure is to facilitate comparison between those entities that prepare their financial statements on the basis of U.S. GAAP and those entities that prepare their financial statements on the basis of IFRS. In addition, the standard requires disclosure of collateral received and posted in connection with master netting agreements or similar arrangements. The ASU is effective for annual and interim period for fiscal years beginning on or after January 1, 2013.The Company is currently evaluating this ASU.

3. FINANCIAL INSTRUMENTS AND CONCENTRATION OF RISK

Financial instruments that potentially subject the Group to concentrations of credit risk consist principally of cash equivalents, short tem deposits with banks and corporation, accounts receivables, unbilled revenue, investment securities, and derivative instruments. The cash resources of the Group are invested with mutual funds, banks, financial institutions and corporations after an evaluation of the credit risk. By their nature, all such financial instruments involve risk including the credit risk of non-performance by counter parties. In management's opinion, as of June 30, 2012 and 2011, there was no significant risk of loss in the event of non-performance of the counter parties to these financial instruments, other than the amounts already provided for in the financial statements.

The customers of the Group are primarily corporations based in the United States and Europe and accordingly, trade receivables are concentrated in the respective countries. To reduce the risk, the Group performs ongoing credit evaluation of customers.

4. BUSINESS COMBINATIONS

Acquisitions in previous year

In January, 2011, the Group through a subsidiary acquired certain software assets and employees of Citi Securities and Fund Services.

The total purchase price for the acquisition was $24,954, which is allocated as intangible assets of $7,780 with the residual $17,174 allocated to goodwill. The resultant goodwill has been allocated to the software segment.

5. PROPERTY AND EQUIPMENT

As of June 30, 2011 and 2012, property and equipment comprises the following:

	June 30, 2011	June 30, 2012
Freehold land	$19,073	$15,560
Leasehold land*	28,308	-
Buildings	162,145	170,839
Computer and networking equipment	260,648	267,660
Software	132,142	122,667
Furniture, fixtures and office equipment	110,850	105,816
Plant and equipment	161,581	160,009
Vehicles	15,075	13,569
Capital work-in-progress*	136,345	102,284
	1,026,167	958,404
Accumulated depreciation and amortization*	(530,240)	(513,103)
Property and equipment, net	$495,927	$445,301

Depreciation expense was $83,791, $94,909 and $102,276 for the years ended June 30, 2010, 2011 and 2012, respectively.

* During the year ended June 30,2012, Leasehold land and Capital work-in-progress of $26,296 (net of accumulated amortization $2,012) and $19,187 respectively, reclassified to other current assets $342 and other noncurrent assets $ 45,141 respectively.

6. GOODWILL AND INTANGIBLES

The changes in the carrying value of goodwill balances by reportable segment, for the year ended June 30, 2011, are as follows:

	Software Services	Infrastructure services	Business process outsourcing services	Total
Opening balance as at July 1, 2010	$812,817	$1,306	$23,746	$837,869
Acquisition during the year				
- Citibank International Plc.	17,174			17,174
Deletion during the year				
- Expenses Management Services			(260)	(260)
Purchase price adjustments				
- RKV technologies	(800)			(800)
Effect of exchange rate changes	21,643	50	455	22,148
Closing balance as on June 30, 2011	$850,834	$1,356	$23,941	$876,131

The changes in the carrying value goodwill balances by reportable segment, for the year ended June 30, 2012, are as follows:

	Software Services	Infrastructure services	Business process outsourcing services	Total
Opening balance as at July 1, 2011	$850,834	$1,356	$23,941	$876,131
Effect of exchange rate changes	(37,706)	(266)	(217)	(38,189)
Closing balance as on June 30, 2012	$813,128	$1,090	$23,724	$837,942

Purchase price adjustments recorded in 2011 were related to acquisitions that were completed prior to June 30, 2010 and were still subject to the measurement period that ends at the earlier of 12 month from the acquisition date or when information becomes available.

The components of intangibles assets are as follows:

	June 30, 2011			June 30, 2012		
	Gross carrying amount	Accumulated amortization/ Impairment	Net	Gross carrying amount	Accumulated amortization/ Impairment	Net
Intellectual property rights	$718	($491)	$227	$654	($527)	$127
Software	13,062	(7,532)	5,530	12,935	(9,730)	3,205
Customer related intangibles	138,699	(89,541)	49,158	132,353	(90,616)	41,737
Non-compete agreements	7,662	(1,745)	5,917	7,456	(2,502)	4,954
Brand and contractors database and others	3,388	(3,388)	-	3,146	(3,146)	-
	$163,529	($102,697)	$60,832	$156,544	($106,521)	$50,023

Amortization expense for the years ended June 30, 2010, 2011 and 2012 is $24,470, $15,196 and $9,282, respectively. Amortization expense is included in depreciation and amortization other than $673, $123 and $nil which is reported as a reduction of revenue during the years ended June 30, 2010, 2011 and 2012, respectively, in accordance with the EITF 01-09, *Accounting for Consideration Given by a Vendor to a Customer (Including a Reseller of the Vendor's Products)*.

During the year ended June 30, 2011, the Company evaluated certain customer related intangibles which were being amortized over their useful life. The evaluation was done with reference to specific customers acquired through acquisition by re-estimating the cost of capital, revenues, profits and the likely period of relationship. Accordingly, the company recorded a one time impairment charge of $26,692.

The estimated annual amortization expense schedule for intangible assets based on current balance is as follows:

Year ending June 30,	
2013	$8,250
2014	7,699
2015	7,370
2016	7,305
2017	7,305
Thereafter	12,094
	$50,023

7. INVESTMENTS IN AFFILIATES

Equity Method Investments

Equity Method Investments as of June 30, 2011 and 2012 are as follows:

	June 30, 2011		June 30, 2012	
Name of the Affiliates	Carrying Value	Ownership Percentage	Carrying Value	Ownership Percentage
Axon Puerto Rico Inc	956	49%	1,382	49%
NEC HCL System Technologies Ltd.	4,216	49%	5,746	49%
	$5,172		$7,128	

The Company accounts for its interest in affiliates under the equity method and the equity in the gain/(loss) for the years ended June 30, 2010, 2011 and 2012 are shown below:

Name of the Affiliates	Year ended June 30, 2010	2011	2012
Axon Puerto Rico Inc	160	-12	426
NEC HCL System Technologies Limited	777	739	1,497
	$937	$727	$1,923

8. VARIABLE INTEREST ENTITIES

In evaluating whether the Company has the power to direct the activities of a VIE that most significantly impact its economic performance, the Company consider the purpose for which the VIE was created, the importance of each of the activities in which it is engaged and decision-making role, if any, in those activities that significantly determine the entity's economic performance as compared to other economic interest holders. This evaluation requires consideration of all facts and circumstances relevant to decision-making that affects the entity's future performance and the exercise of professional judgment in deciding which decision-making rights are most important.

The Company is the primary beneficiary holding 100% dividend rights in VIEs. The Company consolidates VIEs because it has the authority to manage and control the activities that significantly affect the VIEs economic performance.

The table below summarizes the assets and liabilities of consolidated VIEs described above.

	June 30, 2012
Cash and cash equivalents	$7
Short term deposits with bank	4,493
Other current assets	297
Total Current Assets	$4,797
Property and Equipment, net	$2,108
Other noncurrent assets	542
Total Assets	$7,447
Other current liabilities	$297
Total Liabilities	$297

a) Assets and liabilities exclude all intercompany accounts and transactions, which are eliminated in consolidation.

b) For the year ended June 30, 2012, total revenues from VIE's was $Nil, expenses primarily consisting of rental expenses was $231 and interest income was $197.

9. INVESTMENT SECURITIES

Available for sale investment securities consist of the following:

As of June 30, 2011:

	Carrying value	Gross unrealized holding gains	Gross unrealized holding losses	Fair value
Mutual fund units	$143,767	$-	$-	$143,767
Total	$143,767	$-	$-	$143,767

As of June 30, 2012:

	Carrying value	Gross unrealized holding gains	Gross unrealized holding losses	Fair value
Mutual fund units	$98,172	$-	$-	$98,172
Total	$98,172	$-	$-	$98,172

The gross unrealized holding gains/losses have been recorded as part of other comprehensive income.

The maturity profile of the investments classified as available for sale as of June 30, 2012 is set out below:

	Carrying value
Less than one year	$98,172
One to five years	-
	$98,172

Proceeds from the sale of available for sale securities during the years ended June 30, 2010, 2011 and 2012 were $2,126,909, $1,353,583 and $976,761, respectively. Dividend income earned from these investments during the years ended June 30, 2010, 2011 and 2012 was $5,943, $5,719 and $6,798, respectively.

The cost of a security sold or the amount reclassified out of accumulated other comprehensive income (loss) into earnings was determined on basis of FIFO.

The table summarizes the transactions for available for sale securities:

	Year ended June 30,		
	2010	2011	2012
Gross realized gains	$936	$1,184	$-
Gross realized loss	($50)	$-	$-
The amount of the net unrealized holding gain on available-for-sale securities for the period that has been included in accumulated other comprehensive income (including effect of exchange rate changes)	$563	$-	$-
The amount of gains reclassified out of accumulated other comprehensive income into earnings for the period	$545	$470	$-

Investments in held-to-maturity consist of the following:

As of June 30, 2011:

	Carrying value	Gross unrealized holding gains	Gross unrealized holding losses	Fair value
Bonds	$21,240	$-	$-	$21,240
Total	$21,240	$-	$-	$21,240

As of June 30, 2012:

	Carrying value	Gross unrealized holding gains	Gross unrealized holding losses	Fair value
Bonds	$17,010	$-	$-	$17,010
Total	$17,010	$-	$-	$17,010

The maturity profile of the investments held-to-maturity as of June 30, 2012 is set out below:

	Carrying value
Less than one year	$-
One to five years	17,010
	$17,010

Interest income earned from these investments during the years ended June 30, 2010, 2011 and 2012 was $506, $1,307 and $1,182, respectively.

10. DERIVATIVE FINANCIAL INSTRUMENTS

In the normal course of business, the Group uses derivative financial instruments to manage foreign currency exchange rate risk. Derivative transactions are governed by a uniform set of policies and procedures covering areas such as authorization, counterparty exposure and hedging practices. The Group does not enter into derivative transactions for trading or speculative purposes.

As a result of the use of derivative instruments, the Group is exposed to the risk that counterparties to derivative contracts will fail to meet their contractual obligations. To mitigate the counterparty credit risk, the Group has a policy of only entering into contracts with carefully selected nationally recognized financial institutions based upon their credit ratings and other factors.

The following table presents the aggregate notional principal amounts of the Group's outstanding derivative forward covers together with the related balance sheet exposure:

	Notional principal amounts		Balance sheet exposure Asset (Liability)	
	June 30, 2011	June 30, 2012	June 30,2011	June 30, 2012
Foreign exchange forward denominated in:				
USD /INR	$46,500 (Sell)	$857,800 (Sell)	$1,161	($72,087)
GBP/ INR	£4,500 (Sell)	£ 7,000 (Sell)	150	(411)
EUR / USD	€ 7,000 (Sell)	€ 7,000 (Sell)	(37)	(51)
EUR/ INR	€ 16,500 (Sell)	€ 8,000 (Sell)	384	169
AUD/ INR	AUD 12,000 (Sell)	-	93	-
AUD/USD	AUD 2,000 (Sell)	AUD 22,000 (Sell)	6	(605)
ZAR/USD	ZAR 66,860 (Sell)	ZAR 76,860 (Sell)	(178)	188
JPY/USD	-	JPY 375,000 (Sell)	-	(15)
MYR/USD	-	MYR 21,000 (Sell)	-	(12)
SEK/USD	-	SEK 25,500 (Sell)	-	51
SGD/USD	-	SGD 4,500 (Buy)	-	(1)
CAD/ USD	CAD 14,000 (Sell)	CAD 12,000 (Sell)	(171)	(82)
			$1,408	($72,856)

The following table presents the aggregate notional principal amounts of the Group's outstanding forward options together with the related balance sheet exposure:

	Notional principal amounts		Balance sheet exposure Asset (Liability)	
	June 30, 2011	June 30, 2012	June 30, 2011	June 30, 2012
Put				
USD/INR	$20,000	$-	$740	$-
Range Forward				
USD/INR	$192,600	$ 274,850	3,362	(11,724)
EUR/INR	€ 5,700	€ 6,800	72	51
GBP/INR	£6,000	£11,400	331	(580)
EUR/USD	€ 2,000	-	(7)	-

	Notional principal amounts		Balance sheet exposure Asset (Liability)	
	June 30, 2011	June 30, 2012	June 30, 2011	June 30, 2012
Seagull				
EUR/USD	€ 14,500	€ 33,500	11	(288)
USD/INR	-	$ 71,000	-	466
GBP/USD	-	£ 2,500	-	(19)
EUR/INR	€ 4,000	€ 16,600	(103)	145
			$4,406	($11,949)

The notional amount is a key element of derivative financial instrument agreements. However, notional amounts do not represent the amount exchanged by counter parties and do not measure the Group's exposure to credit risk as these contracts are settled at their fair values at the maturity date.

The balance sheet exposure denotes the fair value of these contracts at the reporting date and is presented in United States Dollars.

The following tables set forth the fair value of derivative instruments included in the consolidated balance sheets as on June 30, 2011 and 2012:

Derivatives designated as hedging instruments:

	June 30, 2011	June 30, 2012
Unrealized (loss)/gain on financial instruments classified under current assets	$5,260	$-
Unrealized (loss)/gain on financial instruments classified under current liabilities	-	(37,711)
Unrealized (loss)/gain on financial instruments classified under non-current liabilities	-	(48,116)
	$5,260	($85,827)

Derivatives not designated as hedging instruments:

	June 30, 2011	June 30, 2012
Unrealized (loss)/gain on financial instruments classified under current liabilities	($460)	($1,047)
Unrealized (loss)/gain on financial instruments classified under current assets	1,014	1,069
	$554	$22

The following tables summarizes activities in the consolidated statement of income during the year ended June 30, 2011

Derivatives in Cash flow Hedging Relationships	Amount of Gain or (Loss) Recognized in AOCI on Derivatives (Effective Portion)	Location of Gain or (Loss) Reclassified from AOCI into Income (Effective Portion)	Amount of Gain or (Loss) Reclassified from AOCI into Income (Effective Portion)	Location of Gain or (Loss) Recognized in Income on Derivatives (Ineffective Portion) and Amount Excluded from Effectiveness Testing)	Amount of Gain or (Loss) Recognized in Income on Derivatives (Ineffective Portion and Amount Excluded from Effectiveness Testing)
Foreign Exchange Contracts	$10,476	Other Income (Expense),net	($15,471)	Other Income (Expense),net	Nil
	$10,476		($15,471)		Nil

Derivatives not Designated as Hedging	Location of Gain or (Loss) recognized in Income on Derivatives	Amount of Gain or (Loss) recognized In Income on Derivatives
Foreign exchange contracts	Other Income (Expense),net	$2,529

The following tables summarizes activities in the consolidated statement of income during the year ended June 30, 2012

Derivatives in Cash flow Hedging Relationships	Amount of Gain or (Loss) Recognized in AOCI on Derivatives (Effective Portion)	Location of Gain or (Loss) Reclassified from AOCI into Income (Effective Portion)	Amount of Gain or (Loss) Reclassified from AOCI into Income (Effective Portion)	Location of Gain or (Loss) Recognized in Income on Derivatives (Ineffective Portion) and Amount Excluded from Effectiveness Testing)	Amount of Gain or (Loss) Recognized in Income on Derivatives (Ineffective Portion and Amount Excluded from Effectiveness Testing)
Foreign Exchange Contracts	($120,506)	Other Income (Expense),net	($27,998)	Other Income (Expense),net	Nil
	($120,506)		($27,998)		Nil

Derivatives not Designated as Hedging	Location of Gain or (Loss) recognized in Income on Derivatives	Amount of Gain or (Loss) recognized In Income on Derivatives
Foreign exchange contracts	Other Income (Expense),net	($4,681)

The following table summarizes activity in the accumulated other comprehensive (loss)/ gain within equity related to all derivatives classified as cash flow hedges during the years ended June 30, 2010, 2011 and 2012:

	Year ended June 30,		
	2010	2011	2012
Balance as at the beginning of the year	($161,814)	($21,525)	$5,260
Unrealized gain (losses) on cash flow hedging derivatives during the year	42,614	10,476	(120,506)
Net loss reclassified into net income on occurrence of hedged transactions	102,760	15,471	27,998
Effect of exchange rate fluctuations	(5,085)	838	1,036
Balance as at the end of the year	(21,525)	5,260	(86,212)
Deferred tax	1,617	(955)	16,884
	($19,908)	$4,305	($69,328)

As at June 30, 2012, the estimated net amount of existing gain(loss) that is expected to be reclassified into the income statement from AOCI with in the next twelve months is ($38,106)

11. OTHER CURRENT ASSETS

As of June 30, 2011 and 2012, other current assets comprise of the following:

	June 30, 2011	June 30, 2012
Prepaid expenses *	$38,786	$35,659
Interest receivable	10,569	2,074
Prepaid/advance taxes	6,007	8,357
Deposits	2,957	2,912
Restricted cash	1,431	1,212
Deferred cost	69,114	48,995
Employee receivables	10,043	7,913
Derivative financial instruments	6,274	1,069
Advance to suppliers	14,006	12,809
Finance lease receivable**	14,163	29,630
Others	31,216	27,822
	$204,566	$178,452

*Includes prepayment of leasehold land of $274 as on June 30, 2012.
**Includes unearned finance income of $198 and $198 as on June 30, 2011 and 2012, respectively

12. OTHER ASSETS

As of June 30, 2011 and 2012, other assets comprise the following:

	June 30, 2011	June 30, 2012
Deposits	$38,655	$34,337
Deferred cost	42,741	50,968
Employee receivables	30	197
Prepaid Expenses*	10,918	32,756
Restricted cash	1,607	1,561
Advance to suppliers	-	15,413
Finance lease receivable**	23,215	52,331
Others	2,561	4,050
	$119,727	$191,613

*Includes prepayment of leasehold land of $20,591 as on June 30, 2012.

**Includes unearned finance income of $254 and $56 as on June 30, 2011 and 2012, respectively

13. ALLOWANCES FOR ACCOUNTS RECEIVABLE

The Group maintains an allowance for uncollectible receivables based on the trade receivables at the end of the year. Factors considered by management in determining the adequacy of the allowance include the present and prospective financial condition of the debtor and the ageing of the trade receivables.

The movement in allowance for accounts receivable is given below:

	June 30 ,2011	June 30, 2012
Balance at the beginning of the year	$29,087	$27,640
Additional provision during the year	1,985	29,756
Deductions on account of write offs and collections	(6,140)	(15,748)
Effect of exchange rates changes	2,708	(3,163)
Balance at the end of the year	$27,640	$38,485

14. DEBTS

SHORT TERM LOANS

During the year ended June 30, 2012, the Group has availed short term loans from a bank of $75,000 at an effective interest rates ranging from 1.18% to 2.0%.

The Group has obtained bank line of credit from its bankers amounting to $4,163 and $5,711 as of June 30, 2011 and 2012, respectively.

LONG TERM DEBT

Term Loans

The Group availed a term loan of $300,000 from a bank in December 2009 at effective interest rates ranging from 2% to 3% and repaid $39,000, $32,625 and $127,750 during the years ended June 30, 2010, 2011, 2012, respectively. The balance outstanding of $100,625 is repayable in 5 equal half yearly installments. The loan is secured by a pledge of the Group's investment in Axon Group Plc and a corporate guarantee from the Company.

Other long term debts include:

(a) $10,747 and $5,669 at June 30, 2011 and 2012, respectively represents credit received from a vendor at an effective rate of 6.79% for purchases of fixed assets that is secured against hypothecation of such assets,

(b) Unsecured long term loans of $5,650 and $3,766 as of June 30, 2011 and 2012, respectively, at an effective interest rate of 6.79%, and

(c) A term loan of $2,545 and $5,533, as of June 30, 2011 and 2012, respectively, at interest rate ranging from 8% to 11% and secured by hypothecation of vehicles with a net book value of $3,466 and $8,186 as of June 30, 2011 and 2012, respectively.

Secured Redeemable Non Convertible Debentures

The Company allotted 10,000 secured redeemable non convertible debentures of face value of ₹ 1million ($17,973) each aggregating to $179,735, carrying a quarterly coupon rate varying from 7.55% to 8.80% per annum. The debentures have a maturity period ranging from two years to five years and are secured against specified movable assets, receivables from subsidiaries and specified land and building of the Company. During the year ended June 30, 2012, $30,555 (7.55% Redeemable non convertible debentures) has been repaid.

The scheduled principal repayments are as follows:

Debenture Series	Maturity Date	June 30, 2012
8.20% Redeemable non convertible debentures*	August 25, 2012	59,313
8.80% Redeemable non convertible debentures	September 10, 2014	89,867
		$149,180

* Included in current liabilities under current portion of long term debts.

	June 30, 2011	June 30, 2012
From banks	$230,920	$ 106,158
Secured redeemable nonconvertible debentures	223,740	149,180
Other	16,397	9,435
Less: Current portion	(109,225)	(105,652)
	$361,832	$159,121

The scheduled principal repayments are as follows:

	June 30, 2012
Within one year	$105,652
One to two years	44,913
Two to three years	112,310
Three to five years	1,898
	$264,773

The Group's borrowings are subject to certain financial and non finanacial covenants. At June 30, 2012, the Group was in compliance with all such convenants.

15. OTHER CURRENT LIABILITIES

As of June 30, 2011 and 2012, other current liabilities comprise of the following:

	June 30, 2011	June 30, 2012
Advances from customers	$18,778	$11,128
Sales tax and other taxes payable	40,414	40,958
Unclaimed dividend	533	426
Accrued liabilities and expenses	157,680	179,320
Warranty obligations / provision	1,401	293
Due to related parties	2,593	2,856
Derivative financial instruments	460	38,759
Others	78,095	41,948
	$299,954	$315,688

16. EQUITY SHARES

The Company has only one class of capital stock referred to herein as equity shares. Par value of each equity share outstanding as of June 30, 2012 is $0.04(Rs.2).

Voting

Each holder of equity shares is entitled to one vote per share.

Dividends

Dividends declared and paid by the Company are in Indian Rupees. Dividends payable to equity stockholders are based on the net income available for distribution as reported in the stand alone financial statements of the Company prepared in accordance with Indian GAAP. Indian law mandates that any dividend, exceeding 10% of the common stock, can be declared out of distributable profits only after the transfer of up to 10% of net income computed in accordance with current regulations, to a general reserve. Further, Indian law on foreign exchange governs the remittance of dividends outside India. Such dividend payments are also subject to applicable taxes.

Liquidation

In the event of liquidation of the Company, the holders of equity shares shall be entitled to receive all of the remaining assets of the Company, after distribution of all preferential amounts, if any. Such amounts will be in proportion to the number of equity shares held by the stockholders.

Stock options

There are no voting, dividends or liquidation rights to the option holders under the Company's stock option plans.

17. OTHER INCOME (EXPENSES), NET

For the years ended June 30, 2010, 2011 and 2012, other income/ (expenses), net consist of:

	Year ended June 30,		
	2010	2011	2012
Interest income	$21,260	$31,629	$27,687
Dividend income from investments	5,943	5,719	6,798
Gain on sale of investment securities and other investments, net	886	1,595	-
Foreign exchange losses , net	(101,728)	(17,804)	(36,408)
Settlement of pre-acquisition claims	-	22,548	-
Equity in earning of affiliates	937	727	1,923
Miscellaneous income	1,849	5,715	4,899
Other income (expense), net	**($70,853)**	**$50,129**	**$4,899**

18. INCOME TAXES

Entities in the Group file tax returns in their respective tax jurisdictions.

The Group's provisions (benefit) for income taxes consist of the followings:

	Year ended June 30,		
	2010	2011	2012
Current taxes			
Indian taxes	$40,238	$57,979	$116,404
Foreign taxes	46,793	70,039	86,220
	87,031	128,018	$202,624
Deferred taxes			
Indian taxes	(33,018)	(21,797)	(14,052)
Foreign taxes	(3,405)	(394)	(30,344)
	(36,423)	(22,191)	(44,396)
Total taxes	**$50,608**	**$105,827**	**$158,228**

The reconciliation between the Group's provision for income tax and amount computed by applying the India statutory income tax rate is as follows:

	Year ended June 30,		
	2010	2011	2012
Income before taxes, equity in earnings of affiliates and noncontrolling interest	$312,335	$464,372	$639,627
Average enacted tax rate in India	33.22%	33.22%	32.45%
Expected tax expense	103,750	154,253	207,527
Non-taxable export income	(79,561)	(88,727)	(81,370)
Non-taxable other income	(1,399)	(20,234)	(5,593)
Income taxed at a lower / higher rate	(1,067)	21,466	1,664
Differences between Indian and Foreign tax rates	4,358	11,032	37,211
Employee stock compensation cost	5,621	4,951	2,411
Increase (decrease) in valuation allowance including losses of subsidiaries	(439)	5,225	(5,225)
Provision for deemed branch taxes	22,747	3,177	1,751
Other	(3,402)	14,684	(148)
Total taxes	$50,608	$105,827	$158,228

Profits from the Group's operations in India attributable to the export operations from units situated in Software Technology Parks ("STP") were exempt from income tax for a period of any ten consecutive years (tax holiday period) beginning from the financial year of the unit commencing operations. The tax holiday for all of the units expired on the earlier of March 2011 or ten years after the commencement of a tax holiday for an individual unit. As of June 30, 2012, the tax holiday period for all STP units has expired. In respect of units situated in Special Economic Zones (SEZs) under the Special Economic Zone Act, 2005, units in designated special economic zones which began providing services on or after April 1, 2005 are eligible for a deduction of 100 percent of profits or gains derived from the export of services for the first five years from commencement of provision of services and 50 percent of such profits and gains for a further five years. Certain tax benefits are also available for a further five years subject to the unit meeting defined conditions.

Income taxes charged/(credited) to equity for the years ended June 30, 2010, 2011 and 2012 are as follows:

	Year ended June 30,		
	2010	2011	2012
Income tax from continuing operations	$50,608	$105,827	$158,228
Stockholder's equity for:-			
Tax benefits received on exercise of employee stock options reflected as part of additional paid in capital	(860)	(1,730)	(1,678)
Unrealized (loss) /gain on cash flow hedge	26,347	2,574	(17,851)
Unrealized actuarial (loss)/ gain	718	4,142	(466)
Effect of exchange rate fluctuations	(4,394)	($3,122)	24,211
	$72,419	$107,691	$162,444

Effective April 2007, the Finance Act 2007 has introduced Minimum Alternate Tax (MAT) on the exempt income attributable to export operations of units situated in STPs. Effective April, 2011, Finance Act, 2011 has extended MAT on export operation of units situated in Special Economic Zones (SEZ). Any MAT paid for a year is available for set-off against the normal tax liability within ten subsequent years.

The tax returns are subject to examination by the tax authorities in the jurisdictions where the Group conducts business. The examination may result in assessments of additional taxes that are resolved with the authorities or through legal proceedings. Resolution of these matters involves some degree of uncertainty; accordingly, the Group recognizes income tax liability that it believes will ultimately result from the proceedings.

A reconciliation of the beginning and ending balance of unrecognized tax benefits is as follows:

	June 30, 2011	June 30, 2012
Balance at the beginning of the year	$92,996	$93,289
Increase (decrease) due to tax position taken	(3,277)	12,082
Effect of exchange rate fluctuations	3,570	(17,482)
Balance at the end of the year	$93,289	$87,889

The unrecognized tax benefits, if recognized, would affect the Group's effective tax rate. Significant changes in the amount of unrecognized tax benefits within the next 12 months cannot be reasonably estimated as the changes would depend upon the progress of tax proceedings with various tax authorities.

Income tax expense includes penalties and interest related to income tax. For the years ended June 30, 2010, 2011 and 2012, the Group recognized $16,441, $20,024 and $24,214, respectively, on account of accrued interest and penalties related to uncertain tax positions which are included in income taxes payables.

The Group's two major tax jurisdictions are India and the U.S. In India, tax examination is open for fiscal year beginning from April 01, 2008 onwards.

The components of the deferred tax balances as of June 30, 2011 and 2012 are as follows:

	June 30, 2011	June 30, 2012
Deferred tax assets:		
Business losses	$29,646	$32,986
Allowance for accounts receivable	8,009	12,098
Accrued employee costs	31,218	40,500
Property and equipment	21,802	15,860
Minimum Alternate Tax	59,810	59,495
Employee stock compensation	6,274	6,729
Unrealized loss on derivative financial instruments	-	16,895
Other temporary differences	14,251	27,645
	171,010	212,208
Less: valuation allowance	(19,317)	(25,045)
Total deferred tax assets	$151,693	$187,163
Deferred tax liabilities:		
Intangibles	16,099	11,327
Unrealized gain on derivative financial instruments	956	-
Others	6,522	7,538
Total deferred tax liabilities	$23,577	$18,865
Net deferred tax assets	$128,116	$168,298

The components of valuation allowance as of June 30, 2011 and 2012 are as follows:

	June 30, 2011	June 30, 2012
Business losses	($19,317)	($25,045)

In assessing the realizability 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. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. Management considers the projected future taxable income and tax planning strategies in making this assessment. Based on the level of historical taxable income and its tax planning strategies including 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 benefits of those deductible differences, net of existing valuation allowances. The amount of the deferred tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced.

Business loss carry forwards of certain subsidiaries of the Group for tax purposes amount to approximately $53,916 and $105,206 as of June 30, 2011 and 2012, respectively, and are available as an offset against future taxable income expiring at various dates through 2021.

Management is of the opinion that it is less likely that all of these subsidiaries would be in a position to realize the tax benefit associated with business loss carry forward. Given the uncertainties, a valuation allowance has been created against such business losses.

During the years ended June 30, 2010, 2011 and 2012, the US based subsidiary of the Group received excess tax benefit aggregating to $860, $1,730 and $1,678, respectively, upon exercise of employee stock options which was recognized in equity. As of June 30, 2012, the Company recognized a deferred tax asset amounting to $6,729 on the stock compensation expense expected to be realized on exercise of stock options in future periods.

Undistributed earnings of the subsidiaries aggregate approximately $1,308,995 and $1,560,318 as of June 30, 2011 and 2012, respectively. The Group has the intent and the ability to receive dividends and/or to liquidate investments in a tax-free manner, and consequently did not record a deferred tax liability on the undistributed earnings.

19. EARNINGS PER EQUITY SHARE

The following is the reconciliation of the weighted average number of equity shares used in the computation of basic and diluted EPS:

	Year ended June 30,		
	2010	2011	2012
Weighted average number of equity shares outstanding used in computing basic EPS	673,741,835	683,508,571	691,023,929
Dilutive effect of stock options	15,729,419	12,929,319	9,634,137
Weighted average number of equity and equity equivalent shares outstanding used in computing diluted EPS	689,471,254	696,437,890	700,658,066

Options to purchase 153,977, Nil and 284 equity shares during the years ended June 30, 2010, 2011 and 2012, respectively, were not included in the computation of diluted EPS as these options were anti-dilutive.

20. STOCK BASED COMPENSATION

STOCK OPTION PLANS

ESOP 1999 (the "1999 Plan"): In September 1999, the Company instituted the 1999 Stock Option Plan to provide equity-based incentives to all eligible employees of the Company and its subsidiaries. The 1999 Plan is administered by a Committee with a majority of independent directors of the Company (Compensation Committee) and provides for the issuance of a maximum of 40,000,000 underlying shares at the option price determined by the Compensation Committee on the date the option is granted.

ESOP 2000 (the "2000 Plan"): In October 2000, the Company instituted the 2000 Stock Option Plan to provide equity-based incentives to all eligible employees of the Company and its subsidiaries. The 2000 Plan is administered by the Compensation Committee of the Company. The 2000 Plan provides for the issuance of a maximum of 30,000,000 underlying shares at the option price determined by the Compensation Committee on the date the option is granted.

ESOP 2004 (the "2004 Plan"): In December 2004, the Company instituted the 2004 Stock Option Plan to provide equity-based incentives to all eligible employees and directors of the Company and its subsidiaries. The 2004 plan is administered by the Compensation Committee of the Company. The 2004 Plan provides for the issuance of a maximum of 40,000,000 underlying shares.

Each option granted under the 1999 Plan, the 2000 Plan and the 2004 Plan, entitles the holder to four equity shares of the Company. The equity shares covered by the 1999 Plan , the 2000 Plan and the 2004 Plan vest over a maximum period of 110 months, 104 months and 96 months, respectively. The options are to be exercised within a maximum period of five years from their date of vesting or expiry of the respective plans whichever is earlier.

Changes in number of shares representing the outstanding stock options during the years ended June 30, 2012 are given below:

	Shares arising out of option			Weighted average exercise price			Weighted average remaining contractual term (in year)			Aggregate Intrinsic Value		
	Plan			Plan			Plan			Plan		
	1999	2000	2004	1999	2000	2004	1999	2000	2004	1999	2000	2004
Outstanding at beginning of the year	2,983,788	5,938,636	15,714,700	$3.64	$3.48	$0.10	-	-	-	-	-	-
Granted	-	-	1,938,960	$-	$-	$0.04	-	-	-	-	-	-
Forfeited	-	-	(921,920)	$-	$-	$0.04	-	-	-	-	-	-
Expired	(65,196)	(314,180)	(15,244)	$3.13	$2.89	$3.18	-	-	-	-	-	-
Exercised	(772,072)	(1,528,336)	(2,294,544)	$3.18	$3.01	$0.16	-	-	-	-	-	-
Outstanding at the end of the year	2,146,520	4,096,120	14,421,952	$2.95	$2.84	$0.06	$1.46	$1.29	$6.43	$12,059	$23,441	$122,620
Exercisable at the end of the year	2,146,520	4,096,120	1,859,312	$2.95	$2.84	$0.23	-	-	-	$12,059	$23,441	$15,492
Weighted-average grant date fair value of grants during the year	-	-	$14,369	-	-	-	-	-	-	-	-	-
Estimated fair value of option vested during the year	-	-	$8,278	-	-	-	-	-	-	-	-	-
Vested and exercisable as of June 30, 2012	2,146,520	4,096,120	1,859,312	$2.95	$2.84	$0.23	$1.46	$1.29	$2.61	$12,059	$23,441	$15,492
Vested and exercisable as of June 30, 2012 and expected to vest thereafter	2,146,520	4,096,120	12,997,288	$2.95	$2.84	$0.06	$1.46	$1.29	$6.43	$12,059	$23,441	$110,472

Total number of outstanding options for the 2004 plan includes 1,732,660 performance based options as on June 30, 2012 (18,74,400 as on June 30, 2011). These options will vest to the employees of the Company based on the achievement of certain targets by the Company.

As of June 30, 2011 and 2012, options for 33,360 shares and 47,608 shares, respectively, under the 1999 Plan, options for 28,900 shares and 127,644 shares, respectively, under the 2000 Plan and options for 54,324 shares and 36,080 shares, respectively, under the 2004 Plan, were pending allotment.

The following table summarizes information about stock options outstanding and exercisable as of June 30, 2011:

	Outstanding			Exercisable	
Range of exercise price	Number of shares arising out of options	Weighted average remaining contractual life(years)	Weighted average exercise price	Number of shares arising out of Options	Weighted average exercise price
1999 Plan					
($1.34-$4.20)	2,983,788	2.39	$3.64	2,983,788	$3.64
2000 Plan					
($1.45-$2.63)	242,224	0.73	$2.27	242,224	$2.27
($2.70-$4.60)	5,696,412	2.13	$3.54	5,696,412	$3.54
2004 Plan					
($0.04-$0.04)	15,503,052	6.99	$0.04	2,986,452	$0.04
($3.59-$4.14)	211,648	2.22	$3.87	211,648	$3.87

The following table summarizes information about stock options outstanding and exercisable as of June 30, 2012:

	Outstanding			Exercisable	
Range of exercise price	Number of shares arising out of options	Weighted average remaining contractual life(years)	Weighted average exercise price	Number of shares arising out of Options	Weighted average exercise price
1999 Plan					
($1.08-$3.37)	2,146,520	1.46	$2.95	2,146,520	$2.95
2000 Plan					
($1.17-$2.11)	83,140	0.26	$1.77	83,140	$1.77
($2.17-$3.70)	4,012,980	1.31	$2.86	4,012,980	$2.86
2004 Plan					
($0.04-$0.04)	14,303,744	6.47	$0.04	1,741,104	$0.04
($2.88-$3.33)	118,208	1.45	$3.11	118,208	$3.11

The following table summarizes information concerning stock options issued that are vested or are expected to vest and stock options exercisable as of June 30, 2012:

	Option vested or expected to vest		
Range of exercise price	**Number of shares arising out of options**	**Weighted average remaining contractual life (years)**	**Weighted average exercise price**
1999 Plan			
($1.08-$3.37)	2,146,520	1.46	$2.95
2000 Plan			
($1.17-$2.11)	83,140	0.26	$1.77
($2.17-$3.70)	4,012,980	1.31	$2.86
2004 Plan			
($0.04-$0.04)	12,879,080	6.47	$0.04
($2.88-$3.33)	118,208	1.45	$3.11

The aggregate intrinsic value of shares for the 1999 Plan, the 2000 Plan and the 2004 Plan is $12,059, $23,441 and $110,472, respectively. These values represent the total pre-tax intrinsic value calculated as the difference between the Company's closing stock price on the last trading day of the year ended June 30, 2012 and the exercise price.

The fair value of each option is estimated on the date of grant using the Black-Scholes model with the following assumptions:

	June 30, 2011	June 30, 2012
Dividend yield %	1.52%	1.90%
Expected term	up to 46 months	up to 47 months
Risk free interest rates	7.78%	7.78%
Volatility	40.93%	39.38%

As of June 30, 2012, $56,592 of total unrecognized compensation cost related to stock options is expected to be recognized over a weighted-average period of 2.55 years.

Cash received from option exercises under the stock option plan for the years ended June 30, 2010, 2011 and 2012 was $22,021, $19,735 and $7,326, respectively.

The tax benefit on account of compensation cost of stock options exercised in United States of America, Great Britain, Netherlands and Germany aggregated to $1,158, $2,567 and $2,596 for the years ended June 30, 2010, 2011 and 2012, respectively.

For the year ended June 30, 2010, 2011 and 2012, stock-based compensation expense related to the stock option plans was allocated as follows:

	Year ended June 30,		
	2010	2011	2012
Cost of sales	$5,845	$2,736	$709
Selling, general and administrative	14,099	18,841	16,134
Stock compensation cost before income tax benefit	19,944	21,577	16,843
Deferred tax benefit	(1,158)	(1,716)	(2,794)
Stock compensation cost (net)	$18,786	$19,861	$14,049

21. EMPLOYEE BENEFIT PLANS

India operations

The Group has employee benefit plans in the form of certain statutory and welfare schemes covering substantially all of its employees.

Defined benefit Plan

Gratuity

In accordance with Indian law, the Group provides for gratuity, a defined benefit retirement plan (the "Gratuity Plan") covering all employees in India. The Gratuity Plan provides a lump sum payment to vested employees at retirement or termination of employment of an amount based on the respective employee's salary and the years of employment with the Group.

The reconciliation of the beginning and ending balance of the projected benefit obligation and the paid value of plan assets for the years ended June 30, 2011 and 2012, and the accumulated benefit obligation at June 30, 2011 and 2012 is as follows:

	June 30, 2011	June 30, 2012
Change in benefit obligation		
Obligation at the beginning of the year	$19,463	$23,289
Service cost	4,863	5,256
Interest cost	1,807	2,197
Benefits paid	(2,049)	(2,595)
Actuarial (gain) loss	(1,439)	3,436
Foreign currency translation	644	(5,247)
Obligation at the end of the year	$23,289	$26,336

	June 30, 2011	June 30, 2012
Accumulated benefit obligation	$23,289	$26,336
Changes in plan assets		
Fair value of plan assets at the beginning of the year	$-	$-
Employer contributions	2,049	2,595
Benefits paid	(2,049)	(2,595)
Plan assets at the end of the year	$-	$-
Funded status	$-	$-
Net amount recognized	(23,289)	($26,336)
Amounts recognized in the statement of financial position consist of:		
Accrued benefit cost	(23,289)	($26,336)

	2011	2012
Net actuarial (gain) loss	($70)	$3,504
Net prior service cost	-	171
Total accumulated other comprehensive (gain) loss	($70)	$3,675

Net gratuity cost for the years ended June 30, 2010, 2011 and 2012 comprise the following components:

	Year ended June 30,		
	2010	2011	2012
Service cost	$3,835	$4,863	$5,256
Interest cost	1,380	1,807	2,197
Amortization of unrecognized actuarial loss	621	287	17
Net gratuity cost	$5,836	$6,957	$7,470

The weighted average actuarial assumptions used in accounting for the benefit obligations and net gratuity cost under the Gratuity Plan as of June 30, 2010, 2011 and 2012 are given below:

	Year ended June 30,		
	2010	2011	2012
Discount rate	7.90%	10.0%	9.3%
Expected rate of increase in salaries			
-for next year	6.0%	6.0%	7.0%
-thereafter	6.0%	6.0%	7.0%

Discount rates are based on the current market yield on government securities adjusted for a suitable risk premium to reflect the additional risk for high quality bonds. The Group assesses these assumptions with its projected long-term plans of growth and prevalent industry standards. The mortality rates used are as published by one of the leading life insurance companies in India.

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid during:

Year ending June 30,	
- 2013	$5,177
- 2014	5,333
- 2015	6,325
- 2016	7,826
- 2017	8,902
Thereafter	41,455
Total	**$75,018**

The expected benefits are based on the same assumptions as are used to measure the Group's benefit obligations as of June 30, 2012.

Superannuation

The superannuation plan is a defined contribution pension plan for senior employees of the Group. The Group contributes to an employees' superannuation fund with an insurance company at 15% of the employee's base compensation The Group has no further obligations to the superannuation plan beyond its monthly contributions. The contributions made are recorded in the statement of income on an accrual basis. Total contributions made in respect of this plan for years ended June 30, 2010, 2011 and 2012 are $454, $543 and $471, respectively.

Provident fund

In accordance with Indian law, all employees receive benefits from a provident fund, which is a defined contribution retirement plan. Under this plan, the employer and employee make monthly contributions to a fund managed by certain employees of the Group ("Trust"). The employees contribute 12% of their base compensation, which is matched by an equal contribution by the employer. The Group contributes two-third of the contribution to the Trust. The remaining portion is contributed to the Government administered pension fund. The rate at which the annual interest is payable to the beneficiaries by the Trust is being administered by the government. The Group has an obligation to fund any shortfall on the yield of the Trust's investments over the administered interest rates.

The funds contributed to the Trust are invested in specific securities as mandated by law and generally consist of federal and state government bonds, debt instruments of government-owned corporations and other eligible market securities.

Total contributions made by the Group in respect of this plan for the years ended June 30, 2010, 2011 and 2012 are $15,515, $16,143 and $16,225, respectively.

Subsidiaries in the US

The Group has a Savings and Investment Plan under Section 401 (k) of the Internal Revenue Code. This is a defined contribution plan where employees above the age of 21 years, having completed one year of service may choose to contribute up to 100% of their compensation. The Group makes a matching contribution for employee contribution up to 4%.

Total contributions made by the Group in respect of this plan for the years ended June 30, 2010, 2011 and 2012 are $3,540, $5,205 and $7,371, respectively.

Subsidiary in Australia

As per local laws of Australia, employers must provide either a minimum level of superannuation for most employees or incur a non-tax deductible superannuation guarantee charge including interest and penalties. The required level of employer superannuation contribution is a percentage of the employee's earnings base. The Group contributes to a fund approved by the Government of Australia. Total

contributions made by the Group in respect of this plan for the years ended June 30, 2010, 2011 and 2012 are $2,869, $3,749 and $4,258, respectively.

Subsidiaries in Europe

The Group has pension plans for the employees of its subsidiaries in Europe. The plans operating in Europe provide for contributions of up to 5% of the basic salary by the employer and the employee. Total contributions made by the Group in respect of this plan for the years ended June 30, 2010, 2011 and 2012 are $5,547, $7,499 and $7,272, respectively.

Subsidiaries in Asia

As per local laws of Malaysia, Singapore and Japan, employers are required to contribute notified percentage of the basic salary for the eligible employee to the fund set up by the Government of the respective Country. Total contributions made by the Group in respect of these plans for the years ended June 30, 2010, 2011 and 2012 are $4,443, $6,740 and $7,459, respectively.

22. RELATED PARTY TRANSACTIONS

The Company has entered into transactions with the following related parties:

a. Companies in which Mr. Shiv Nadar, the principal shareholder, has controlling interest over which he exercises significant influence (significant interest entities);
b. Affiliates of the Company and their subsidiaries (affiliates); and
c. Employees of the Group.

The related party transactions are categorized as follows:

Revenues

The Group provides software development and other services to related parties. The related parties to whom these services were provided and the corresponding amounts of revenue earned are as follows:

	Year ended June 30,		
	2010	**2011**	**2012**
Significant interest entities	$4,162	$2,797	$1,245
Affiliates	3,430	3,710	5,648
Total	**$7,592**	**$6,507**	**$6,893**

Cost of revenues and Selling, General and Administrative expenses

The Group outsources certain contracts to related parties and also procures personnel from them for software development. These costs are recorded as consulting charges and included as part of cost of revenues, selling, general and administrative expenses.

The related parties to whom such charges were paid and the corresponding amounts are as follows:

	Year ended June 30,		
	2010	**2011**	**2012**
Significant interest entities	$14,659	$16,395	$19,708
Affiliates	1,287	3,577	1,700
Total	**$15,946**	**$19,972**	**$21,408**

Computer equipment, software purchases and others

The Group purchases computer equipment, software and other items from certain significant interest entities. These purchases during the years ended June 30, 2011 and 2012 amounted to $14,721 and $16,986, respectively.

Subleasing of facilities

Significant interest entities have subleased a portion of their facilities to the Group. The total amount charged for the year ended June 30, 2010, 2011 and 2012 were $394, $328 and $410, respectively.

Loans to employees

The Group has advanced general purpose and housing loans to its employees at rates of interest not more that 11% per annum. The repayment periods for these loans are fixed with the tenure of these loans extending up to five years. Employee loan balances outstanding as of June 30, 2011 and 2012 are $638 and $860, respectively.

The balances receivable from and payable to related parties other than employees are summarized as follows:

As of June 30, 2011	**Significant interest entities**	**Affiliates**	**Total**
Due from related parties			
Accounts receivable	$1,467	$649	$2,116
Unbilled receivable	3,204	266	3,470
Other receivables	186	-	186
	$4,857	**$915**	**$5,772**
Dues to related parties			
Accounts payable	$443	$554	$997
Deferred revenue	1	146	147
Other payables	2,593	-	2,593
	$3,037	**$700**	**$3,737**

As of June 30, 2012	**Significant interest entities**	**Affiliates**	**Total**
Due from related parties			
Accounts receivable	$591	$1,238	$1,828
Unbilled receivable	2,590	224	2,815
Other receivables	126	-	126
	$3,307	**$1,462**	**$4,769**
Dues to related parties			
Accounts payable	$543	$-	$543
Deferred revenue	-	123	123
Other payables	2,856	-	2,856
	$3,399	**$123**	**$3,522**

23. COMMITMENTS AND CONTIGENCIES

Capital commitments

As of June 30, 2012, the Group had committed to spend $101,177 under agreements to purchase property and equipment. This amount is net of capital advances paid in respect of these purchases.

Other commitments

Certain of the Group's software development centers in India are 100% Export Oriented Unit (EOU)/STP/SEZ units under the STP guidelines issued by the Government of India. These units are exempted from customs and central excise duties and levies on imported and indigenous capital goods

and stores and spares. The Group has executed legal undertakings to pay customs duty, central excise duty, levies and liquidated damages payable, if any, in respect of imported and indigenous capital goods and stores and spares consumed duty free, in the event that certain terms and conditions are not fulfilled.

Guarantees

The Group generally provides guarantees to the Excise and Custom authorities as security for compliance with local regulation and to various parties on behalf of its subsidiaries. The aggregate amount of these guarantees as of June 30, 2012 is $5,443.

Letter of Credit

As of June 30, 2012, unused letters of credit is $10,923.

Other Contingencies

As of June 30, 2012, other contingencies have arisen in the normal course of business. Management believes that the ultimate outcome of these matters will not have a material adverse effect on its financial position, results of operations and cash flows.

24. LEASES

The Group has taken on lease office facilities under non-cancellable operating lease agreements. Future minimum lease payments as of June 30, 2012 for such non-cancelable operating leases are as follows:

Year ending June 30,	
2013	$ 49,264
2014	36,759
2015	29,827
2016	26,670
2017	22,840
Thereafter	122,221
Total minimum payments	**$287,581**

Additionally, the Group has taken on lease office facilities under cancellable operating lease agreements that are renewable on a periodic basis at the option of both the lessor and the lessee.

Rental expenses under operating leases are amortized on the straight line method. The expense for the years ended June 30, 2010, 2011 and 2012 amounts to $48,742, $50,943 and $59,792, respectively.

The Group has given networking equipment to its customers on sales type and direct finance leases. The future lease receivables in respect of assets given on such leases are as follows:

Year ending June 30,	Total minimum lease payments receivables	Interest included in minimum lease payments receivables	Present value of minimum lease payments receivables
2013	$32,196	$2,566	$29,630
2014	21,615	1,107	20,508
2015	15,101	159	14,942
2016	12,114	42	12,072
2017	4,815	6	4,809
Thereafter	-	-	-
	$85,841	$3,880	$81,961

The amounts recoverable on account of such leases within one year have been included under other current assets and the balance under other assets.

25. SEGMENT REPORTING

The Group's operations predominantly relate to providing a range of software services targeted at technology vendors, software product companies and medium to large end user organizations. The Group is also engaged in the business of providing infrastructure management services and business process outsourcing services. Infrastructure management services involve the sale of networking equipment and software, installations and provision of access and maintenance services. Business process outsourcing services involve the provision of customer contact center and technical help desk services.

The Chairman of the Group has been identified as the Chief Operating Decision Maker ("CODM") as defined by FASB guidance (ASC 280-10) on, "Segment Reporting" .The CODM evaluates the Group's performance by business segment, comprising Software services, Infrastructure management services and Business process outsourcing services. Accordingly, the above stated business segments have been identified as reportable segments for the purpose of segment reporting. Corporate activities such as treasury, legal and accounting, are not considered as operating segments, and have been considered as reconciling items. Segment information for prior periods is provided on a comparative basis.

Information on reportable segments for the year ended June 30, 2010 is as follows:

	Software Services	Infrastructure management services	Business process outsourcing services	Total
Revenue	$1,918,973	$571,702	$213,908	$2,704,583
Depreciation and amortization	76,994	20,587	10,007	107,588
Segment earnings	**$364,085**	**$85,945**	**($4,511)**	**$445,519**

Information on reportable segments for the year ended June 30, 2011 is as follows:

	Software Services	Infrastructure management services	Business process outsourcing services	Total
Revenue	$2,523,349	$826,829	$195,122	$3,545,300
Depreciation and amortization	70,150	27,984	11,848	109,982
Segment earnings	**$392,410**	**$126,610**	**($20,964)**	**$498,056**

Information on reportable segments for the year ended June 30, 2012 is as follows:

	Software Services	Infrastructure management services	Business process outsourcing services	Total
Revenue	$2,956,857	$1,004,761	$189,913	$4,151,531
Depreciation and amortization	69,421	32,038	10,099	111,558
Segment earnings	**$525,180**	**$159,333**	**($5,822)**	**$678,691**

The CODM assesses the performance of the operating segments based on a measure of segment earnings. This measurement basis adjusts income before income taxes to exclude the effects of stock based compensation, cash flow hedge accounting gains/losses, foreign exchange gains/losses, finance costs and other income.

A reconciliation of segment earnings to income before income taxes is provided as follows:

	Year ended June 30,		
	2010	2011	2012
Segment earnings	$445,519	$498,056	$678,691
Stock compensation cost	(19,944)	(21,577)	(16,843)
Foreign exchange gain (loss)	(101,728)	(17,804)	(36,408)
Impairment of intangibles	-	(26,692)	-
Finance cost	(42,387)	(35,544)	(27,120)
Other income, net	30,875	67,933	41,307
Income before income taxes	$312,335	$464,372	$639,627

The Group operates from four geographies: America, Europe, India and Others. Europe comprises business operations conducted in United Kingdom, Sweden, Germany, Italy, Belgium, Netherlands, Northern Ireland, Finland, Poland and Switzerland. All other customers, mainly in Japan, Australia, New Zealand, Hong Kong, Singapore, Israel, South Korea, China, Czech Republic and Malaysia are included in others.

Revenues from the geographic segments, based on domicile of the customers, are as follows:

	Year ended June 30,		
	2010	2011	2012
America	$1,591,462	$1,946,734	$2,252,748
Europe	741,759	951,850	1,098,431
India	116,214	187,192	189,611
Others	255,148	459,524	610,741
	$2,704,583	$3,545,300	$4,151,531

Long-lived assets located in geographic segments are as follows:

	Year ended June 30,		
	2010	2011	2012
America	$26,386	$33,564	$36,480
Europe	22,490	23,549	25,062
India	343,026	431,867	378,462
Others	6,152	6,947	5,297
	$398,054	$495,927	$445,301

26. FAIR VALUE MEASUREMENT

The Group records certain financial assets and liabilities at fair value on a recurring basis. The Group determines fair values based on the price it would receive to sell an asset or pay transfer a liability in an orderly transaction between market participants at the measurement date and in the principal or most advantageous market for that asset or liability.

The Group holds certain fixed income securities, equity securities and derivatives, which must be measured using the FASB's guidance for fair value hierarchy and related valuation methodologies. The guidance specifies a hierarchy of valuation techniques based on whether the inputs to each measurement are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Group's assumptions about current market conditions. The

fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The prescribed fair value hierarchy and related valuation methodologies are as follows:

Level 1 —Quoted inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 —Quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model-derived valuations, in which all significant inputs are directly or indirectly observable in active markets.

Level 3 —Valuations derived from valuation techniques, in which one or more significant inputs are unobservable inputs which are supported by little or no market activity.

In accordance with ASC 820, assets and liabilities are to be measured based on the following valuation techniques:

Market approach – Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.

Income approach – Converting the future amounts based on the market expectations to its present value using the discounting methodology.

Cost approach – Replacement cost method.

The following table discloses the assets and liabilities measured at fair value on a recurring basis as of June 30, 2011 and the basis for that measurement:

	Fair value	Level 1 inputs	Level 2 inputs	Level 3 inputs
Assets				
Cash and cash equivalents	$116,298	$116,298	-	-
Term deposits with banks	$265,924	-	$265,924	-
Deposits with corporation	$11,187	-	$11,187	-
Investment securities, held to maturity	$20,539	$20,539	-	-
Investment securities, available for sale	$143,767	$143,767	-	-
Derivative contracts	$6,274	-	$6,274	-
Liabilities				
Derivative contracts	($460)	-	($460)	-

The following table discloses the assets and liabilities measured at fair value on a recurring basis as of June 30, 2012 and the basis for that measurement:

	Fair value	Level 1 inputs	Level 2 inputs	Level 3 inputs
Assets				
Cash and cash equivalents	$119,933	$119,933	-	-
Term deposits with banks	$252,402	-	252,402	-
Deposits with corporation	$18,074	-	18,074	-
Investment securities, held to maturity	$16,452	$16,452	-	-
Investment securities, available for sale	$98,172	$98,172	-	-
Derivative contracts	$1,069	-	$1,069	-
Liabilities				
Derivative contracts	($86,874)	-	($86,874)	-

Valuation Methodologies

Quoted market prices in active markets are available for investments in securities and, as such, these investments are classified within Level 1.

Investments

The Company's investments consist primarily of investment in debt linked mutual funds and certificates of deposit with banks. Fair value of debt linked mutual funds are based on prices as stated by the issuers of

mutual funds and are classified as Level 1 or 2 after considering whether the fair value is readily determinable. Fair values of investments in certificate of deposits, classified as available for sale, is determined using observable market inputs and are classified as Level 2.

Derivative Financial Instrument: The Group's derivative financial instruments consist of foreign currency forward exchange contracts. Fair values for derivative financial instruments are based on broker quotations and are classified as Level 2. See note 10 for further details on Derivative Financial Instruments.

The fair value of the Group's current assets and current liabilities including short term deposits with Banks, Mutual Funds and Short term loans approximate their carrying values because of their short-term maturity. The fair value of held to maturity investment securities is based on the quoted prices and approximates its fair value.

Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis - certain assets are measured at fair value on a nonrecurring basis and therefore are not included in the recurring fair value table above. The assets and liabilities consist primarily of long term debt and other nonfinancial assets such as goodwill and intangible assets. Goodwill and intangible assets are measured at fair value initially and subsequently when there is an indicator of impairment and the impairment is recognized.

27. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

The classification of accumulated other comprehensive income for the years ended June 30, 2010, 2011 and 2012 :

	Year ended June 30,		
	2010	2011	2012
Unrealized gain on securities available for sale	$513	$-	$-
Unrealized loss on cash flow hedges	(19,908)	4,305	(69,328)
Unrealized loss on gratuity	(1,656)	(70)	(2,790)
Cumulative translation adjustment	(87,712)	(28,369)	(260,066)
	($108,763)	**($24,134)**	**($332,184)**

28. SUBSEQUENT EVENT

On July 25, 2012 the Group announced an interim dividend of ₹4.00 per share amounting to ₹2,773 million ($49,843).

The Group has evaluated all the subsequent events through July 25, 2012, which is the date on which these financial statements were issued, and no events have occurred from the balance sheet date through that date that would impact the consolidated financial statements.