Aricent and its Subsidiaries

Consolidated Financial Statements as of March 31, 2016 and 2015, and for each of the Three Years in the Period Ended March 31, 2016, and Independent Auditors' Report

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INDEPENDENT AUDITORS'S REPORT

To the Board of Directors and Shareholders of
Aricent

We have audited the accompanying consolidated financial statements of Aricent and its subsidiaries (the "Company"), which comprise the consolidated balance sheets as of March 31, 2016 and 2015, and the related consolidated statements of operations and comprehensive income/(loss), shareholders' (deficit)/ equity, and cash flows for each of the three years in the period ended March 31, 2016, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Aricent and its subsidiaries as of March 31, 2016 and 2015, and the results of their operations and their cash flows for each of the three years then ended in accordance with accounting principles generally accepted in the United States of America.

Deloitte Haskins & Sells

July 01, 2016

ARICENT AND ITS SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
AS OF MARCH 31, 2016 AND 2015
(In thousands, except share and per share amounts)

	2016	2015
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 88,857	$ 126,895
Restricted cash	-	78,684
Short-term investments	3,019	16,229
Accounts receivable — less allowance for doubtful accounts of	-	
$2,201 and $3,073 in 2016 and 2015, respectively	117,926	110,308
Unbilled revenue	38,158	23,991
Other current assets	21,594	27,453
Total current assets	269,554	383,560
PROPERTY AND EQUIPMENT — Net	55,471	56,082
GOODWILL	382,427	284,582
INTANGIBLE ASSETS — Net	89,507	73,299
OTHER ASSETS	32,080	32,014
TOTAL ASSETS	**$ 829,039**	**$ 829,537**
LIABILITIES AND SHAREHOLDERS' DEFICIT		
CURRENT LIABILITIES:		
Bank borrowings and current portion of long-term debt	$ 7,340	$ 6,590
Accounts payable	30,673	26,325
Accrued payroll and benefits	26,603	29,716
Deferred revenue	9,940	14,680
Distribution payable	142	78,533
Other current liabilities	36,513	23,866
Total current liabilities	111,211	179,710
LONG-TERM DEBT — net of current portion and unamortized discount and debt issuance cost	898,469	829,435
DEFERRED INCOME TAX LIABILITIES	68,058	53,244
OTHER LONG-TERM LIABILITIES	59,902	52,387
Total liabilities	1,137,640	1,114,776
COMMITMENTS AND CONTINGENCIES (NOTE 12)		
SHAREHOLDERS' DEFICIT:		
Ordinary shares, $0.001 par value - 550,000,000 shares authorized: 459,744,972 shares and 452,088,241 shares issued and outstanding as of March 31, 2016 and 2015, respectively	$ 460	$ 452
Additional paid-in capital	386,830	382,049
Accumulated other comprehensive loss	(165,635)	(138,309)
Accumulated deficit	(534,401)	(533,219)
Total Aricent shareholders' deficit	(312,746)	(289,027)
Non-controlling interest	4,145	3,788
Total shareholders' deficit	(308,601)	(285,239)
TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIT	**$ 829,039**	**$ 829,537**

See notes to consolidated financial statements.

ARICENT AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME/(LOSS) FOR THE YEARS ENDED MARCH 31, 2016, 2015, AND 2014

(In thousands)

	2016	2015	2014
TOTAL REVENUES	$ 590,011	$ 595,304	$ 588,653
COST OF REVENUES:			
Services and products	375,847	357,913	359,633
Total cost of revenues	375,847	357,913	359,633
GROSS PROFIT	214,164	237,391	229,020
OPERATING EXPENSES:			
Selling, general, and administrative	105,325	97,055	105,752
Research and development expenses	22,909	23,870	19,864
Amortization of intangible assets	11,869	10,036	10,200
Impairment charge	-	-	6,639
OPERATING INCOME	74,061	106,430	86,565
OTHER EXPENSE/(INCOME):			
Interest expense — net	60,110	52,800	66,747
Foreign exchange (gain)/loss	(879)	(20,306)	10,147
Other (income)/expense — net	(419)	1,942	1,646
Loss on extinguishment of debt	-	6,890	-
INCOME BEFORE INCOME TAXES	15,249	65,104	8,025
PROVISION FOR INCOME TAXES	15,851	22,321	14,447
NET (LOSS)/INCOME	(602)	42,783	(6,422)
LESS: NET INCOME ATTRIBUTABLE TO NON-CONTROLLING INTEREST	580	674	490
NET (LOSS)/INCOME ATTRIBUTABLE TO ARICENT	$ (1,182)	$ 42,109	$ (6,912)
COMPREHENSIVE (LOSS)/INCOME:			
Net (loss)/income	(602)	42,783	(6,422)
Other comprehensive loss, net of taxes:			
Actuarial gain/(loss) on pension plan, net of taxes	769	(2,366)	1,994
Unrealized (loss)/gain on derivative instruments, net of taxes	(6,901)	(5,637)	2,264
Unrealized (loss)/gain on available for sale investments, net of taxes	(172)	174	-
Foreign currency translation adjustment	(21,245)	(19,797)	(32,792)
Other comprehensive loss, total, net of taxes:	(27,549)	(27,626)	(28,534)
COMPREHENSIVE (LOSS)/INCOME	(28,151)	15,157	(34,956)
LESS: COMPREHENSIVE INCOME ATTRIBUTABLE TO NON-CONTROLLING INTEREST	357	524	227
COMPREHENSIVE (LOSS)/INCOME ATTRIBUTABLE TO ARICENT	$ (28,508)	$ 14,633	$ (35,183)

See notes to consolidated financial statements.

ARICENT AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' (DEFICIT)/EQUITY
FOR THE YEARS ENDED MARCH 31, 2016, 2015, AND 2014
(In thousands, except share and per share amounts)

	Ordinary Shares	Amount	Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Non-controlling Interest	Total
BALANCE — March 31, 2015	452,088,241	$ 452	$ 382,049	$ (533,219)	$ (138,309)	$ 3,788	$ (285,239)
Net (loss)/income				(1,182)		580	(602)
Net change in accumulated other comprehensive loss (Note 7)					(27,326)	(223)	(27,549)
Issuance of ordinary shares upon exercise of options/restricted stock units	9,543,527	10	7,071				7,081
Issuance of ordinary shares	175,000	-	305				305
Repurchase of ordinary shares	(2,061,796)	(2)	(3,692)				(3,694)
Reclassification adjustment related to modification of awards from equity to liability			(4,914)				(4,914)
Share-based compensation	-	-	6,011	-	-	-	6,011
BALANCE — March 31, 2016	459,744,972	$ 460	$ 386,830	$ (534,401)	$ (165,635)	$ 4,145	$ (308,601)

(Continued)

ARICENT AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' (DEFICIT)/EQUITY
FOR THE YEARS ENDED MARCH 31, 2016, 2015, AND 2014
(In thousands, except share and per share amounts)

	Ordinary Shares	Amount	Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Non-controlling Interest	Total
BALANCE — March 31, 2014	451,187,550	$ 451	$ 480,050	$ (575,328)	$ (110,833)	$ 3,264	$ (202,396)
Net income				42,109		674	42,783
Net change in accumulated other comprehensive loss (Note 7)					(27,476)	(150)	(27,626)
Issuance of ordinary shares upon exercise of options/restricted stock units	1,158,962	1					1
Issuance of ordinary shares	803,945	1	791				792
Repurchase of ordinary shares	(1,062,216)	(1)	(1,100)				(1,101)
Reclassification adjustment related to modification of awards from equity to liability			(4,630)				(4,630)
Share-based compensation			8,314				8,314
Excess tax benefit on share-based compensation plans			273				273
Distribution (Note 4)			(95,000)				(95,000)
Related-party debt transaction (Note 11)	-	-	(6,649)	-	-	-	(6,649)
BALANCE — March 31, 2015	452,088,241	$ 452	$ 382,049	$ (533,219)	$ (138,309)	$ 3,788	$ (285,239)

(Continued)

ARICENT AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' (DEFICIT)//EQUITY
FOR THE YEARS ENDED MARCH 31, 2016, 2015, AND 2014
(In thousands, except share and per share amounts)

	Ordinary Shares	Amount	Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Non-controlling Interest	Total
BALANCE — March 31, 2013	445,176,019	$ 445	$ 471,709	$ (568,416)	$ (82,562)	$ 3,037	$ (175,787)
Net (loss)/income				(6,912)		490	(6,422)
Net change in accumulated other comprehensive loss (Note 7)					(28,271)	(263)	(28,534)
Issuance of ordinary shares upon exercise of options/restricted stock units	1,645,802	2					2
Issuance of ordinary shares	5,769,482	5	4,438				4,443
Repurchase of ordinary shares	(1,403,753)	(1)	(1,542)				(1,543)
Share-based compensation	-	-	5,445	-	-	-	5,445
BALANCE — March 31, 2014	451,187,550	$ 451	$ 480,050	$ (575,328)	$ (110,833)	$ 3,264	$ (202,396)

(Concluded)

See notes to consolidated financial statements

ARICENT AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31, 2016, 2015 AND 2014
(In thousands)

	2016	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net (loss)/income	$ (602)	$ 42,783	$ (6,422)
Adjustments to reconcile net (loss)/income to net cash provided by operating activities:			
Depreciation and amortization charges	32,220	30,120	29,367
(Gain)/loss on sale of property and equipment	(253)	(127)	1,162
Gain on sale of short-term investments	(587)	-	-
Impairment charge	-	-	6,639
Bad debt/(write back of bad debt)	1,510	(776)	2,167
Share-based compensation	6,011	8,314	5,445
Deferred income taxes	5,587	2,401	(2,414)
Non-cash interest expense	3,631	8,191	56,594
Loss on extinguishment of debt	-	6,890	-
Unrealized loss/(gain) on derivatives	6,450	(4,079)	322
Excess tax benefit on share-based compensation plans	-	(273)	-
Changes in operating assets and liabilities:			
Accounts receivable	(1,844)	11,091	390
Unbilled revenue	(13,137)	(5,599)	6,197
Other assets	(831)	(6,762)	(3,222)
Accounts payable and other liabilities	16,011	7,927	11,221
Accrued payroll and benefits	(7,202)	(2,289)	3,423
Deferred revenue	(4,938)	(5,201)	(945)
Net cash provided by operating activities	42,026	92,611	109,924
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of property and equipment	(23,713)	(17,773)	(38,239)
Proceeds from sale of property and equipment	372	224	734
Proceeds from sale of short-term investments	27,039	-	-
Purchase of short-term investments	(13,948)	(15,965)	-
Payment for business acquisitions, net of cash acquired of $12 million	(128,029)	-	-
Net cash used in investing activities	(138,279)	(33,514)	(37,505)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Issuance of ordinary shares	305	792	4,443
Repurchase of ordinary shares	(3,694)	(1,101)	(1,543)
Issuance of ordinary shares upon exercise of options/restricted stock units	7,081	1	2
Payments of awards classified from equity to liability	(7,352)	(1,510)	-
Distribution to common shareholders and vested option holders (Note 4)	(78,391)	(16,467)	-
Changes in restricted cash	78,684	(78,684)	-
Excess tax benefit on share-based compensation plans	-	273	-
Payments of capital lease obligations	(1,296)	(1,169)	(501)
Payments of Paid-In-Kind note from debt issuance	-	(444,845)	-
Payments related to extinguishment of debt	-	(670)	-
Payments of deferred financing fees on debt	(365)	(1,823)	-
Proceeds from bank borrowings and long-term debt	138,931	839,493	44,500
Repayment of bank borrowings and long-term debt	(72,153)	(300,522)	(81,075)
Net cash provided by/(used in) financing activities	61,750	(6,232)	(34,174)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(3,535)	(5,260)	(5,699)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(38,038)	47,605	32,546
CASH AND CASH EQUIVALENTS — Beginning of period	126,895	79,290	46,744
CASH AND CASH EQUIVALENTS — End of period	$ 88,857	$ 126,895	$ 79,290

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ARICENT AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31, 2016, 2015, AND 2014
(In thousands)

	2016	2015	2014
SUPPLEMENTAL CASH FLOW DISCLOSURES:			
Net cash paid for:			
Interest	$ 48,272	$ 46,634	$ 11,449
Income taxes	$ 17,892	$ 18,739	$ 11,771
Non-cash investing and financing activities:			
Purchases of property and equipment not yet paid at year-end	$ 3,635	$ 5,515	$ 3,960

(Concluded)

See notes to consolidated financial statements.

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1. OVERVIEW

Aricent and its subsidiaries (the "Company") is a global innovation company that provides consulting, design and software engineering services and solutions to help its clients create, commercialize and evolve their products and services in the connected world. The Company provides a unique and comprehensive portfolio of innovation capabilities that combine customer insights, strategy, design, software engineering and systems integration that enables its clients to develop highly differentiated user experiences while at the same time accelerating time-to-market and optimizing service operations. The Company's principal line of business has been, and its focus and core capability continue to be, software engineering services and solutions for the communications industry. The Company also has a long history in design, branded globally as frog that focuses on the user interface with a product. Over the past several years, the Company has combined and expanded its core capabilities to include innovative strategy, consulting and project management services to create a seamless, end-to-end service offering addressing the communications industry and the connected world. During the year the Company acquired SmartPlay Global PCC, Mauritius a company having presence in India, US, Singapore and Canada. Please see Note 3 below for details.

The Company provides its services via an integrated global sourcing model that combines design, consulting and engineering technical and account management teams located on-site at the customer location and at near-shore and off-shore design studios and development centers located in the United States ("US"), Europe, Asia and elsewhere around the globe. The Company employs consultants, designers and engineers at 37 locations worldwide.

Aricent was incorporated in the Cayman Islands on April 6, 2006.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Principles of Consolidation — The consolidated financial statements are presented in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP"), and reflect the consolidated financial position, results of operations and cash flows of consolidated subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation. For consolidated majority-owned subsidiaries in which the Company owns less than 100%, the Company recognizes a non-controlling interest for the ownership of the minority owners.

Cash and Cash Equivalents — Cash and cash equivalents are highly liquid investments with maturities of three months or less from original dates of purchase and consist of cash deposited in checking accounts, money market accounts and certificates of deposit.

Cash and cash equivalents as of March 31, 2016 and 2015, consisted of the following:

	2016	2015
Cash and bank balances	$ 88,857	$ 71,659
Certificates of deposit	-	55,236
Total	$ 88,857	$ 126,895

Restricted Cash — Restricted cash represents cash balances held by banks as collateral for certain guarantees and performance bonds of overseas subsidiaries. The Company has restricted cash of $0.3 million and $0.8 million recorded in other assets as of March 31, 2016 and March 31, 2015 respectively. As at March 31, 2015 restricted cash classified as current corresponds to funds held in escrow account that was used by the Company to make payments related to the distribution to the common stock holders and vested option holders (See Note 4).

Short- term investments — All liquid investments with an original maturity greater than 90 days but less than one year are considered to be short-term investments. Marketable short-term investments are classified and accounted for as available-for-sale investments. Available-for-sale investments are reported at fair value with changes in unrealized gains and losses recorded as a separate component of other comprehensive income/ (loss) until realized. Realized gains and losses on investments are determined based on the specific identification method and are included in "Other (income)/expense – net." The Company does not hold these investments for speculative or trading purposes.

Allowance for Doubtful Accounts — The Company maintains an allowance for doubtful accounts to reserve for potentially uncollectable receivables. The allowance for doubtful accounts is based on the Company's analysis of trends in overall receivables aging, historical collection experience, and specific identification of certain receivables that are at risk of not being paid. Recoveries of losses from accounts receivable written off in prior years are presented within income from operations on the consolidated statements of operations and comprehensive income/ (loss).

Property and Equipment — Property and equipment are stated at cost, net of accumulated depreciation. Depreciation is calculated on a straight-line basis over the estimated useful lives of the related assets. Leasehold improvements made by the Company, are recorded as leasehold improvement assets and are amortized over the shorter of the economic life or the lease term. Repairs and maintenance costs are expensed as incurred. See Note 6.

Intangible Assets — Intangible assets acquired through business combinations are recognized as assets separate from goodwill if they represent either a contractual legal right or have separable value. Intangible assets arising from the acquisition of subsidiaries are recognized and measured at fair value upon acquisition. Intangible assets are amortized on a straight-line or accelerated basis over their estimated useful lives. See Note 8.

Goodwill — Goodwill represents the excess purchase price paid over the fair value of the net assets of an acquired entity on the acquisition date. Goodwill is tested for impairment on an annual basis and between annual tests if indicators of potential impairment exist. Effective January 2014, the Company changed the annual impairment testing date from November 30 to January 31 and as of December 31, 2014 the Company moved its annual impairment testing date by one month to December 31. The Company's financial and strategic planning process, including the preparation of long-term cash flow projections, commences in November. These long-term cash flow projections are a key component in performing annual impairment test of goodwill. To align these projections with the Company's budgeting and strategic planning cycle, the Company first changed its goodwill impairment test dates from November 30 to January 31, however, after

completing one cycle, it determined that the January 31 test date did not align with the Company's review and approval process and as such moved it annual test date to December 31. The Company believes that the changes in the annual impairment testing dates did not delay, accelerate, or avoid an impairment charge.

A two-step impairment test is required to identify potential goodwill impairment and measure the amount of the goodwill impairment loss to be recognized. In the first step, the fair value of each reporting unit is compared to its carrying value to determine if the goodwill may be impaired. If the fair value of the reporting unit exceeds the carrying value of the net assets assigned to that unit, then no further testing is required. If the carrying value of the net assets assigned to the reporting unit exceeds its fair value, then the second step is performed in order to determine the implied fair value of the reporting unit's goodwill and an impairment loss is recorded for an amount equal to the difference between the implied fair value and the carrying value of the goodwill. See Note 8.

Long-Lived Assets and Intangibles — The Company reviews long-lived assets and intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The carrying amount of long-lived assets and intangible assets is not recoverable when the sum of undiscounted future cash flows is less than the carrying amount of such assets. The impairment loss would equal the amount by which the carrying amount of the assets exceeds the fair value of the assets. When an impairment loss is recognized, the carrying amount of the asset is reduced to its estimated fair value. Loss is recorded when asset is no longer in use or is not usable. See Note 6.

Business Combination — The Company accounts for its business combinations using the acquisition method of accounting in accordance with ASC 805, Business Combinations, by recognizing the identifiable tangible and intangible assets acquired and liabilities assumed, and any non-controlling interest in the acquired business, measured at their acquisition date fair values. Goodwill represents the excess of the purchase price over the fair value of net assets acquired, including the amount assigned to identifiable intangible assets. Acquisition-related costs are expensed in the periods in which the costs are incurred. The results of operations of acquired businesses are included in the consolidated financial statements from the acquisition date.

Contingent consideration is included within the acquisition cost and is recognized at its fair value on the acquisition date. A liability resulting from contingent consideration is remeasured to fair value as of each reporting date until the contingency is resolved. Changes in fair value are recognized in consolidated statement of operations and comprehensive income/ (loss).

During the measurement period, which is one year from the acquisition date, adjustments to the fair value of assets acquired and liabilities assumed can be recorded with the corresponding offset to goodwill. Upon the conclusion of the measurement period, any subsequent adjustments are recorded to consolidated statement of operations and comprehensive income/ (loss). See Note 3.

Debt Issuance — Deferred financing costs and original issue discount are presented as a reduction of the carrying value of debt and amortized over the term of the related debt issuance using the effective interest method. See Note 11.

Revenue Recognition — The Company derives majority of revenues from the sale of software engineering, design and strategy services. The Company also licenses its software products, however revenue recognized from software products accounted for less than 10% of total revenues for the years ended March 31, 2016, 2015, and 2014.

Contracts for services are entered into primarily on either a time-and-materials or fixed-price basis. Revenues related to time-and-material contracts are recognized as the service is performed. Revenues from fixed-price contracts for software engineering services which require significant production, modification or customization of software are recognized using the percentage-of-completion method. The Company uses the input (efforts expended) method to measure progress towards completion as there is a direct relationship

between input and progress. Revenues from fixed price contracts for strategy and design services are recognized using the proportional performance method. The Company uses the input (efforts expended) method to measure progress towards completion as there is a direct relationship between input and progress. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on current estimates of costs to the completion of the contract. Revenue relating to revenue sharing agreements, where revenue is a percentage of the sales made by customer to third parties, is recognized when the ultimate sales of the related products to the third party is confirmed by the customer. Costs and earnings in excess of billings are classified as unbilled revenue, while billings in excess of costs and earnings are classified as deferred revenue.

For all services, revenue is recognized when, and if, evidence of an arrangement is obtained, the price is fixed or determinable, services have been rendered and collectability is reasonably assured. Revenues related to services performed, without a signed agreement or work order, are not recognized until there is evidence of an arrangement.

Revenues from the licensing of software products are recognized when persuasive evidence of an arrangement exists, delivery has occurred, the license fee is fixed and determinable, and the collection of the fee is probable. Arrangements to deliver software products generally include the software license and maintenance. Maintenance provides the customer with software updates on a when-and-if-available basis and telephone support. Vendor specific objective evidence of fair value ("VSOE") has been established for the maintenance, based on renewal rates, and is the price charged when the element is sold separately. Revenue from such contracts is recognized using the residual method, whereby revenue is deferred for the undelivered maintenance services based on VSOE and the residual amount is recognized as revenue for the delivered elements. If there are undelivered software elements, no revenue is recognized until such elements are delivered. Maintenance revenue is recognized ratably over the period in which the services are rendered.

Contingent or incentive revenues are recognized when the contingency is satisfied and amounts are earned.

Reimbursement of out-of-pocket expenses is accounted for as revenues. The related expense is recorded as cost of revenues. Reimbursed out-of-pocket expenses were $14.2 million, $18.5 million, and $13.7 million for the years ended March 31, 2016, 2015, and 2014, respectively.

Cost of Revenues — The primary component of cost of revenues is personnel cost (salaries and benefits). Cost of revenues also includes the cost of facilities, including those facilities dedicated to specific customers, as well as amortization of developed technology intangible assets which are associated with specific products.

Research and Development Expenses — Research and development costs are expensed as incurred. Software product development costs are expensed as incurred until technological feasibility is achieved for a product. Technological feasibility is established upon completion of a detailed program design. Research and development costs and software development costs incurred under contractual arrangements with customers are accounted for as cost of revenues.

Accounting for Share-Based Compensation — The Company measures employee share-based compensation awards using a fair value method and recognizes compensation expense for all share-based compensation awards on a straight-line basis over the requisite service periods of the awards. For share-based awards where vesting is contingent upon both a service and a performance condition, compensation expense is recognized over the requisite service period of the award when achievement of the performance condition is considered probable. For stock awards that have been modified, any incremental increase in the fair value over the original award has been recorded as compensation expense on the date of the modification for vested awards or over the remaining service (vesting) period for unvested awards. The incremental

compensation cost is the excess of the fair value of the modified award on the date of modification over the fair value of the original award on the date of modification. See Note 15.

Restructuring Charges — The Company recognizes restructuring charges related to its plans to close or consolidate excess engineering and administrative facilities. In connection with these activities, the Company records restructuring charges for employee termination costs, long-lived asset abandonment and other exit-related costs.

The recognition of restructuring charges requires the Company to make certain judgments and estimates regarding the nature, timing and amount of costs associated with the planned exit activity. To the extent the Company's actual results differ from its estimates and assumptions, the Company may be required to revise the estimates of future liabilities, requiring the recognition of additional restructuring charges or the reduction of liabilities already recognized. Such changes to previously estimated amounts may be material to the consolidated financial statements. At the end of each reporting period, the Company evaluates the remaining accrued balances to ensure that no excess accruals are retained and the utilization of the provisions are for their intended purpose in accordance with developed exit plans. See Note 17.

Warranties — The Company warrants that its software products will perform in all material respects in accordance with the published specifications in effect at the time of delivery of products or services to customers. Accordingly, the Company provides an estimate for warranty claims based on specific warranties and claims history. Accrued warranty is recorded in other current liabilities and amounted to approximately $0.9 million and $1.3 million as of March 31, 2016 and 2015, respectively.

Advertising Costs — Advertising costs are expensed as incurred and were $2.2 million, $1.5 million, and $1.5 million for the years ended March 31, 2016, 2015, and 2014, respectively.

Foreign Currency — The assets and liabilities of foreign subsidiaries whose functional currency is other than U.S. dollar are translated into U.S. dollars from local currencies at current exchange rates and revenues and expenses are translated from local currencies at average monthly exchange rates. The translation adjustments are recorded in accumulated other comprehensive loss ("AOCL") on the accompanying consolidated balance sheets. The U.S. dollar is the functional currency for certain foreign subsidiaries who conduct business predominantly in U.S. dollars. For these foreign subsidiaries, where transactions are recorded in currencies other than U.S. dollars, non-monetary assets and liabilities are re-measured at historical exchange rates, while monetary assets and liabilities are re-measured at current exchange rates. Foreign currency transaction gains or losses are included in the consolidated statements of operations and comprehensive income/(loss) under foreign exchange (gain)/loss.

Use of Estimates — The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements. Management bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances. The actual amounts may vary from the estimates used in the preparation of the accompanying consolidated financial statements.

Concentration of Credit Risk — Financial instruments which potentially subject the Company to concentrations of credit risk consist primarily of accounts receivable, cash and cash equivalents, and derivative instruments. The Company maintains cash and cash equivalents with various financial institutions that management believes to be of high credit quality. These financial institutions are located in different countries and, at times, may exceed the amount of insurance provided on such balances. The amount subject to credit risk related to derivative instruments is generally limited to the amount, if any, by which counterparty's obligations exceed the obligations of the Company with that counterparty. As a matter of

practice, the Company executes derivative contracts with major banks worldwide having good credit ratings by Standard & Poor's and Moody's.

Income Taxes — The Company accounts for income taxes under the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements. Under this method, deferred tax assets and liabilities are determined based on the differences between the financial statement and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date.

The Company records net deferred tax assets to the extent the Company believes these assets will more likely than not be realized. If it is determined that it is more likely than not that future tax benefits associated with a deferred income tax asset will not be realized, a valuation allowance is provided. In making such a determination, the Company considers all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax-planning strategies, and results of recent operations.

The Company records uncertain tax positions in accordance with Accounting Standards Codification ("ASC") 740 – Income Taxes on the basis of a two-step process whereby (1) the Company determine whether it is more likely than not that the tax positions will be sustained based on the technical merits of the position and (2) those tax positions that meet the more-likely-than-not recognition threshold, the Company recognize the largest amount of tax benefit that is greater than 50% likely to be realized upon ultimate settlement with the related tax authority. See Note 13.

Derivative Instruments and Hedging Activities — The Company enters into derivatives to mitigate the risk resulting from changes in foreign exchange rates and interest rates. All derivative instruments are recorded on the balance sheet at fair value.

If a derivative instrument is designated under ASC 815 as a cash flow hedge, effectiveness is measured between derivative instruments and hedged item for the documented hedge period. The effective portion of changes in the fair value of the derivative instrument is recognized in shareholders' equity as a separate component of accumulated other comprehensive loss, and recognized in the consolidated statement of operations and comprehensive income/(loss) on maturity when the hedged item affects earnings. Ineffective portions of changes in the fair value of the derivative instruments are recognized in earnings.

If a derivative instrument is designated as a fair value hedge, the changes in the fair value of the derivative instrument and of the hedged item attributable to the hedged risk are recognized in earnings in the current period.

Changes in fair values of foreign currency derivatives not designated as hedging instruments are recognized in foreign exchange (gain)/loss. See Note 9.

Recent Accounting Pronouncements —

During the fiscal year ended March 31, 2016, the Company adopted ASU 2013-11, Presentation of an Unrecognized Tax Benefit when a Net Operating Loss Carry-forward, a Similar Tax Loss, or a Tax Credit Carry-forward Exists. Under the new guidance, an unrecognized tax benefit is required to be presented as a reduction to a deferred tax asset if the disallowance of the tax position would reduce the available tax loss or tax credit carry forward instead of resulting in a cash tax liability. The ASU applies prospectively to all

unrecognized tax benefits that exist as of the adoption date and reduced both deferred tax assets and income tax liabilities by $3.6 million as of March 31, 2016.

In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customer (Topic 606): the FASB and the International Accounting Standards Board (IASB) initiated a joint project to clarify the principles for recognizing revenue and to develop a common revenue standard for U.S. GAAP and IFRS that would remove inconsistencies and weaknesses in revenue requirements, provide a more robust framework for addressing revenue issues, improve comparability and improved disclosure requirements. The effective date for this ASU has been deferred by ASU No. 2015-14 issued by the FASB during August 2015. As per ASU No. 2015-14, the guidance in ASU No. 2014-09 shall apply to the Company for annual reporting periods beginning after December 15, 2018, and interim reporting periods within annual reporting periods beginning after December 15, 2019. Early adoption is permitted with some period choice. The FASB also issued ASU 2016-10 and ASU 2016-12, respectively, to further clarify performance obligations and licensing implementation guidance and other general topics. These amendments have the same effective date as the new revenue standard. The Company is currently assessing the impacts of this new standard on its financial conditions, results of operations and cash flows.

In September 2015, the FASB issued ASU No. 2015-16: Simplifying the Accounting for Measurement-Period Adjustments. The ASU require that an acquirer recognize adjustments to provisional amounts that are identified during the measurement period in the reporting period in which the adjustment amounts are determined. The amendments in this update require that the acquirer record, in the same period's financial statements, the effect on earnings of changes in depreciation, amortization, or other income effects, if any, as a result of the change to the provisional amounts, calculated as if the accounting had been completed at the acquisition date. This new guidance is effective for fiscal years beginning after December 15, 2016, and for interim periods within fiscal years beginning after December 15, 2017. Early adoption is permitted. The Company is in the process of determining whether to early adopt the standard, which is permitted, and assessing the impact of this ASU on its consolidated financial statements.

During the fiscal year ended March 31, 2016, the Company adopted Accounting Standards Update (ASU) 2015-17, Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes (ASU 2015-17) on a retrospective basis. As required by ASU 2015-17, all deferred tax assets and liabilities are classified as non-current in consolidated balance sheets, which is a change from historical presentation whereby certain of deferred tax assets and liabilities were classified as current and the remainder were classified as non-current. Upon adoption of ASU 2015-17, current deferred tax assets of $6.1 million and current deferred tax liabilities of $0.2 million in March 31, 2015 consolidated balance sheet were reclassified as non-current.

In February 2016, the FASB issued a comprehensive standard related to lease accounting to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. Most significantly, the new guidance requires lessees to recognize operating leases with a term of more than 12 months as lease assets and lease liabilities. The adoption will require a modified retrospective approach at the beginning of the earliest period presented. The new standard is effective for the Company for the fiscal year beginning after December 15, 2019, with early adoption permitted. The Company is evaluating the impact of this standard on its consolidated financial statements.

In March 2016, the FASB has issued ASU No. 2016-09: Improvements to Employee Share-Based Payment Accounting. The FASB is issuing this update as part of its Simplification Initiative. The areas for simplification in this update involve several aspects of the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. This new guidance will be effective for the Company for the

fiscal year beginning after December 15, 2018. The Company is evaluating the impact of this standard on its consolidated financial statements.

Reclassifications — Certain reclassifications have been made in the consolidated financial statements of prior years to conform to the classification used in the current year. The impact of such reclassifications on the consolidated financial statements is not material.

3. ACQUISITIONS

On July 27, 2015, the Company entered into a 'Share Purchase Agreement' (SPA) with SmartPlay Global PCC, Mauritius (SmartPlay) which along with its four subsidiaries in India, US, Singapore and Canada is engaged in the business of chip design services. The acquisition is done primarily to expand service offerings and customer base of the Company. The Company completed the acquisition of all the outstanding shares and ownership interests by making a payment of $140 million in cash on August 7, 2015 ("Closing date"). The Company is also obligated to pay an additional consideration to the former owners of up to $39 million, in a combination of stock and cash, over a three year period contingent upon the achievement of agreed revenue parameters.

The financial results of SmartPlay are included in the Company's consolidated financial statements as of the closing date.

The Company recorded the estimated fair values of net tangible and intangible assets ("net assets") acquired and the excess of the consideration transferred over the aggregate of such fair values was recorded as goodwill. The estimated fair values of net assets acquired were based upon valuations prepared by the Company. The Company does not expect any material changes to the estimates and assumptions used in those valuations to occur during the measurement period.

The purchase consideration for the acquisition is set forth below:

	Amount
Cash consideration	$ 140,000
Fair value of contingent consideration	3,800
Total purchase consideration	$ 143,800

The fair value of the contingent consideration as of the acquisition date was determined to be $3.8 million and is included within the purchase consideration with a corresponding liability established. The liability is remeasured to fair value as of each reporting date until the contingency is resolved. Changes in fair value are recognized in consolidated statement of operations and comprehensive income/(loss). The Company remeasured the fair value of the contingent consideration at March 31, 2016 and there was no significant change in its fair value.

The following table summarizes the allocation of the preliminary estimated purchase price based on the fair value of the assets acquired and the liabilities assumed as of the date of acquisition:

		Amount
Assets acquired, net of liabilities	$	7,265
Property and equipment		929
Intangible assets		
Trade name		1,800
Customer relationships		26,800
Non-compete		1,300
Customer contract		2,800
Deferred tax		(8,682)
Net assets acquired		32,212
Purchase consideration		143,800
Goodwill	$	111,588

Goodwill balance represents the excess of the purchase price over the fair value of net assets acquired, including the amount assigned to identifiable intangible assets. Such goodwill represents the value of synergies expected to be realized between Aricent and SmartPlay and the acquired assembled workforce, neither of which qualify as a separate amortizable intangible asset. Goodwill has been assigned to the Aricent Engineering reporting unit (Note 8) and is non-deductible for tax purposes as the Company has not recorded any tax benefit for amortization.

4. DISTRIBUTION

On March 16, 2015, the Company's Board of Directors declared a one-time special distribution (the “Distribution”) of $0.2011 per share payable on each share of common stock to the stockholders of record and for each vested option payable to the option holders of record from the options granted pursuant to the Company’s 2006 Share Incentive Plan (See Note 15 for additional information on the Share Incentive Plan) of record at the close of business on March 16, 2015. Based on the 451,726,189 shares of common stock and 20,770,058 vested options outstanding on the distribution record date, the distribution totaled $95 million. The distribution reduced additional paid-in capital as the Company did not have retained earnings.

The Distribution was funded from the proceeds of an incremental term loan facility under the first lien term loan credit arrangement. See Note 11, "Bank borrowings and long-term debt" for additional information about the Company's additional incremental term loan facility.

At March 31, 2015, approximately $78.5 million of the $95 million was outstanding and the entire outstanding amount was assigned and held in an escrow account. The cash held in the escrow account was reflected under restricted cash in the consolidated balance sheet and is classified as a financing activity in the consolidated statement of cash flows. During the year ended March 31, 2016, the Company paid $78.4 million and the remaining balance $0.1 million as on March 31, 2016 is shown under other current liabilities in the consolidated balance sheet.

5. SHORT-TERM INVESTMENTS

The short-term investments were as follows as of March 31,

	2016	2015
Available-for-sale investment securities:		
Mutual funds	$ 3,019	$ 8,247
Total available-for-sale investment securities	3,019	8,247
Certificates of deposit	-	7,982
Total short-term investments	$ 3,019	$ 16,229

The Company's short-term investments consist of investments in available-for-sale INR denominated mutual funds and certificates of deposit. The carrying value of the certificates of deposit approximated fair value as of the balance sheet date.

The amortized cost, gross unrealized gains and losses and fair value of available-for-sale investment securities were as follows at March 31:

	2016			
	Amortized Cost	Unrealized Gains	Unrealized Loss	Fair Value
Mutual funds	$ 3,016	$ 3	$ -	$ 3,019
Total available-for-sale investment securities	$ 3,016	$ 3	$ -	$ 3,019

	2015			
	Amortized Cost	Unrealized Gains	Unrealized Loss	Fair Value
Mutual funds	$ 7,983	$ 264	$ -	$ 8,247
Total available-for-sale investment securities	$ 7,983	$ 264	$ -	$ 8,247

There are no available-for-sale investment securities in a continuous unrealized loss position for less than 12 months and for 12 months or longer.

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6. PROPERTY AND EQUIPMENT — NET

Property and equipment as of March 31, 2016 and 2015 are as follows:

	Useful Life (In Years)	2016	2015
Machinery and equipment	5–7	$ 24,221	$ 24,074
Buildings	30	1,979	2,095
Leasehold improvements	up to 10	24,251	21,337
Furniture and fixtures	3–5	6,913	5,624
Computer equipment and software	3–5	83,975	83,079
Land		7,088	7,503
Property and equipment under capital leases	3–9	7,576	8,253
Total property and equipment		156,003	151,965
Accumulated depreciation		(100,532)	(95,883)
Property and equipment — net		$ 55,471	$ 56,082

Accumulated amortization of capital lease assets was $4.3 million and $3.2 million as on March 31, 2016 and 2015, respectively. Depreciation and amortization expense associated with property and equipment was $20.4 million, $20.1 million, and $19.2 million for the years ended March 31, 2016, 2015, and 2014, respectively.

No impairment of property and equipment was identified during the years ended March 31, 2016, 2015, and 2014.

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7. ACCUMULATED OTHER COMPREHENSIVE LOSS

Changes in accumulated other comprehensive loss by component were as follows for the year ended March 31, 2016:

	2016		
	Before Tax Amount	Tax Effect	Net of Tax Amount
Foreign currency translation adjustments:			
Beginning balance	$ (128,989)	$ -	$ (128,989)
Add: loss arising during the year	(21,022)	-	(21,022)
Ending balance	$ (150,011)	$ -	$ (150,011)
Unrealized loss on derivative instrument:			
Beginning balance	$ (6,407)	$ -	$ (6,407)
Add: unrealized loss arising during the year	(6,901)	-	(6,901)
Ending balance	$ (13,308)	$ -	$ (13,308)
Actuarial loss on pension plan:			
Beginning balance	$ (4,398)	$ 1,311	$ (3,087)
Less: actuarial gain for the year	450	(108)	342
Less: amount amortized as net periodic pension cost	374	(112)	262
Less: effect of exchange rate changes	237	(72)	165
Ending balance	$ (3,337)	$ 1,019	$ (2,318)
Net unrealized gain on available-for-sale investment:			
Beginning balance	$ 264	$ (90)	$ 174
Less: reclassification of net gains to Other (income)/expense - net	(264)	90	(174)
Add: unrealized gains arising during the year	3	(1)	2
Ending balance	$ 3	$ (1)	$ 2

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Changes in AOCL by component for the years ended March 31, 2015 and March 31, 2014 were as follows:

	2015			2014		
	Before Tax Amount	Tax Effect	Net of Tax Amount	Before Tax Amount	Tax Effect	Net of Tax Amount
Foreign currency translation adjustments:						
Beginning balance	$ (109,342)	$ -	$ (109,342)	$ (76,813)	$ -	$ (76,813)
Less: reclassification on disposal of component to:						
Other (income)/expense - net	-	-	-	908	-	908
Add: loss arising during the year	(19,647)	-	(19,647)	(33,437)	-	(33,437)
Ending balance	$ (128,989)	$ -	$ (128,989)	$ (109,342)	$ -	$ (109,342)
Unrealized loss on derivative instrument:						
Beginning balance	$ (770)	$ -	$ (770)	$ (3,687)	$ 653	$ (3,034)
Less: reclassifications of loss to:						
Interest expense - net	770	-	770	776	-	776
Foreign exchange (gain)/loss	-	-	-	2,141	(653)	1,488
Add: Unrealized loss arising during the year	(6,407)	-	(6,407)	-	-	-
Ending balance	$ (6,407)	$ -	$ (6,407)	$ (770)	$ -	$ (770)
Actuarial loss on pension plan:						
Beginning balance	$ (1,796)	$ 1,075	$ (721)	$ (4,099)	$ 1,384	$ (2,715)
Add: (loss)/gain for the year	(2,819)	341	(2,478)	1,540	(69)	1,471
Less: amount amortized as net periodic pension cost	143	(61)	82	329	(108)	221
Less: effect of exchange rate changes	74	(44)	30	434	(132)	302
Ending balance	$ (4,398)	$ 1,311	$ (3,087)	$ (1,796)	$ 1,075	$ (721)
Net unrealized gain on available-for-sale investment:						
Beginning balance	$ -	$ -	$ -	$ -	$ -	$ -
Add: unrealized gains arising during the year	264	(90)	174	-	-	-
Ending balance	$ 264	$ (90)	$ 174	$ -	$ -	$ -

8. GOODWILL AND OTHER INTANGIBLE ASSETS

The Company currently operates in two reporting units, Aricent Engineering and frog design.

In January 2014, the Company changed the annual impairment testing date from November 30 to January 31 and effective December 31, 2014 the Company moved its annual impairment testing date by one month to December 31. The Company's financial and strategic planning process, including the preparation of long-term cash flow projections, commences in November. These long-term cash flow projections are a key component in performing annual impairment test of goodwill. To align these projections with the

Company's budgeting and strategic planning cycle, the Company first changed its goodwill impairment test dates from November 30 to January 31, however, after completing one cycle, it determined that the January 31 test date did not align with the Company's review and approval process and as such moved its annual test date to December 31. The Company believes that the changes in the annual impairment testing dates did not delay, accelerate, or avoid an impairment charge.

In accordance with the guidance in ASC 350, a company is required to test for goodwill impairment at least annually. As such, the Company performed a test for goodwill impairment for the reporting units effective at that time.

As of December 31, 2015 and December 31, 2014, the Company conducted step one of its annual goodwill impairment test for its two reporting units Aricent Engineering and frog design which incorporated existing market-based considerations and operating information based on current results and projections. The results of the evaluation showed that as of December 31, 2015 and as of December 31, 2014, the fair values of the reporting units exceeded their book values. Accordingly, there is no impairment charge in either fiscal year 2016 or 2015.

The following table summarizes the changes in goodwill, for the years ended March 31, 2016 and 2015:

Balance — March 31, 2014	295,100
Foreign currency translation adjustments	(10,055)
Deferred tax adjustments	(463)
Balance — March 31, 2015	$ 284,582
Acquisition	111,588
Foreign currency translation adjustments	(13,406)
Deferred tax adjustments	(337)
Balance — March 31, 2016	$ 382,427

During 2013, the Indian Supreme Court ruled that amortization of goodwill is tax deductible in India. As a result, during 2016 and 2015 goodwill has been reduced by $0.3 million and $0.5 million, respectively to reflect the tax benefits related to the excess of tax-deductible goodwill over financial reporting goodwill.

Intangible Assets — Changes in gross carrying amounts of intangible assets during the year ended March 31, 2016 are related to intangible assets acquired on acquisition of SmartPlay and translation adjustments. During the year ended March 31, 2015, changes in gross carrying amounts of intangible assets are related to translation adjustments.

Acquired intangible assets are carried at cost less accumulated amortization based on their estimated useful lives, using straight-line or accelerated method, as follows:

Contractual agreements	1.5 - 3 years
Trademarks	3 - 15 years
Developed Technologies	4 - 6 years
Customer relationships	8 - 18 years
Non-compete	5 years

No residual value is estimated for the intangible assets. Amortization expense related to developed technologies was recorded as cost of revenues. Amortization expense related to the other intangible assets is recorded as an operating expense.

The components of intangible assets, including foreign currency translation adjustments of $4.6 million and $3.2 million, as of March 31, 2016 and 2015 respectively, are as follows:

	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Intangible assets as of March 31, 2016:			
Contractual agreements	$ 5,798	$ (4,252)	$ 1,546
Trademarks	5,665	(2,888)	2,777
Developed technologies	45,310	(45,310)	-
Customer relationships	200,834	(116,752)	84,082
Non-compete	1,267	(165)	1,102
Total	$ 258,874	$ (169,367)	$ 89,507
Intangible assets as of March 31, 2015:			
Contractual agreements	$ 3,213	$ (3,213)	$ -
Trademarks	3,909	(2,237)	1,672
Developed technologies	45,310	(45,310)	-
Customer relationships	182,600	(110,973)	71,627
Total	$ 235,032	$ (161,733)	$ 73,299

Amortization of intangible assets included in operations was $11.9 million, $10 million, and $10.2 million for the years ended March 31, 2016, 2015, and 2014, respectively. Expected future estimated annual amortization expense, as of March 31, 2016, is as follows:

Years Ending March 31	Amount
2017	$ 13,552
2018	12,006
2019	12,119
2020	10,844
2021	10,487
Thereafter	30,499
Total amortization expense	$ 89,507

In 2014 the Company's board of directors decided to cease its operations in its subsidiaries in South Africa and Ukraine. Upon that decision, the Company recorded an impairment expense of $6.6 million on its intangible assets related to customer relationships associated with the Ukraine operation in the year ended March 31, 2014. The Company did not have any intangible assets associated with its subsidiary in South Africa.

The weighted-average remaining amortization periods for intangible assets as of March 31, 2016, were as follows (in years):

Contractual agreements	0.83
Trademarks	4.46
Customer relationships	7.92
Non-Compete	4.33

9. FINANCIAL INSTRUMENTS

In the normal course of business, the Company is exposed to market risk arising from changes in currency exchange rates and interest rates. The Company uses derivative financial instruments to manage exposures to foreign currency and interest rate risks. The Company's objective for utilizing derivative financial instruments is to mitigate the risks from these exposures.

Foreign Currency Exposures — The Company manages foreign currency exchange rate risk through the use of derivative financial instruments comprised of forwards contracts and option contracts. All such derivative financial instruments are reported in the consolidated balance sheets at fair value (see Note 10) with the changes in fair value of the derivative financial instrument recognized in earnings. The Company does not use derivative financial instruments for trading or speculative purposes.

During the year ended March 31, 2016, the Company did not apply hedge accounting for its foreign currency forward contracts and use mark-to-market accounting to account for them. Any gains or losses on such contracts are recognized as foreign exchange (gain)/loss in the consolidated statements of operations and comprehensive income/(loss) in the period incurred.

The total gross notional amount by type of derivative financial instruments as of March 31, 2016, is as follows:

	Forward Contracts Outstanding		
	Currency to Sell	**Notional Coverage**	**US Dollars**
US dollar (contracts to sell USD/buy INR)	USD	INR 9,467,165	$ 138,240
Australian dollar (contract to sell AUD/buy USD)	AUD	AUD 3,310	2,543
British pound (contracts to sell GBP/buy USD)	GBP	GBP 9,600	13,820
Euros (contracts to sell EUR/buy USD)	EUR	EUR 38,710	$ 43,509

	Option/Range Forward Contracts Outstanding		
	Currency to Sell	**Notional Coverage**	**US Dollars**
Euros (contracts to sell EUR/buy USD)	EUR	EUR 4,200	$ 4,752

The total gross notional amount by type of derivative financial instruments as of March 31, 2015, is as follows:

	Forward Contracts Outstanding			
	Currency to Sell	Notional Coverage		US Dollars
US dollar (contracts to sell USD/buy INR)	USD	INR 12,327,896	$	191,410
Australian dollar (contract to sell AUD/buy USD)	AUD	AUD 1,090		828
British pound (contracts to sell GBP/buy USD)	GBP	GBP 8,900		13,145
Euros (contracts to sell EUR/buy USD)	EUR	EUR 51,203	$	61,698

The Effect of Derivative Instruments on the Consolidated Statements of Operations and Comprehensive Income/(Loss) — The following table summarizes the amount of foreign exchange (gain)/loss recognized in the consolidated statements of operations and comprehensive income/(loss) for the years ended March 31, 2016, 2015, and 2014. The following loss/(gain) result from derivative financial instruments that are.

	2016	2015	2014
Foreign exchange (gain)/loss	$ 2,096	$ (26,511)	$ 16,732

Interest Rate Exposure — In August 2011, the Company entered into forward starting interest rate swap transactions, converting $240 million of the $385 million outstanding balance under the senior secured term loans from variable interest rate to fixed rate debt. In April of 2014, the Company refinanced its outstanding term loans and the swap was no longer eligible for Accounting Standards Codification (ASC) 815 – Derivatives and Hedging treatment due to the extinguishment of the original debt agreement. Related to this interest rate swap the Company recognized interest expense in the consolidated statement of operations for the years ended March 31, 2015, and 2014, of approximately $0.8 million, and $1.2 million, respectively.

In April 2014, the Company entered into a forward starting Interest Rate Swap transactions, against $300 million secured term loans from variable interest rate to fixed rate effective October 2016. The Company accounted for these swaps under mark-to-market accounting as these were not designated as cash flow hedges for hedge accounting purposes until June 18, 2014.

On June 19, 2014 the Company designated the trades as cash flow hedges and began to apply hedge accounting. Accordingly, losses on account of changes in fair value through June 18, 2014 totaling $1.7 million were charged to income statement. After this point, as the hedge accounting was adopted, the change in fair value attributable to the effective portion of the hedge is recorded in accumulated other comprehensive loss and is subsequently reclassified into earnings in the period that the hedged item affects earnings. The ineffective portion of the change in fair value of the derivatives is recognized directly in earnings. The Company recorded expense of $0.03 million as ineffective portion of changes in fair value of these derivatives, in other (income)/expense – net, for each of the years ended March 31, 2016, and 2015.

In November 2014, the Company entered into an additional forward starting interest rate swap transaction of $50 million executed through Bank of America Merrill Lynch ("BAML") against the incremental first lien secured term loan of $72 million availed in August 2014. The forward starting interest rate swaps have an effective date of October 2016 at a fixed interest rate of 2.6435% and are accounted for as a cash flow hedge under ASC 815 – Derivatives and Hedging.

The Company recorded $2.7 million under current liabilities and $12.4 million under other long-term liabilities as of March 31, 2016 and $8.1 million as of March 31, 2015 in other long-term liabilities to reflect the fair value of the interest rate swaps.

The interest rate swaps outstanding as of March 31, 2016 is effective from October 2016, and therefore no amount was reclassified from other AOCL to the interest expense during the current year. Based on current assumptions regarding the interest rate environment as of March 31, 2016, the estimated amount from AOCL that is expected to be reclassified into interest expense within the next 12 months is $2.8 million.

Counterparty Credit Risk — The use of derivative financial instruments exposes the Company to counterparty credit risk. If the counterparty fails to perform, the Company is exposed to losses if the derivative is in an asset position. When the fair value of a derivative instrument is an asset, the counterparty has to pay the Company to settle the contract. This exposes the Company to credit risk. However, when the fair value of a derivative instrument is a liability, the Company has to pay the counterparty to settle the contract and therefore there is no counterparty credit risk. The Company has established policies and procedures to limit the potential for counterparty credit risk, including establishing credit limits for credit exposure and continually assessing the creditworthiness of counterparties. As a matter of practice, the Company executes derivative contracts with major banks worldwide having good Standard & Poor's and Moody's credit ratings. To further reduce the risk of loss, the Company generally enters into International Swaps and Derivative Association master agreements with substantially all of its counterparties. Master netting agreements provide protection in bankruptcy in certain circumstances and, in some cases, enable receivables and payables with the same counterparty to be offset in the consolidated balance sheets, providing for a more meaningful balance sheet presentation of credit exposure. The Company's derivative contracts do not contain any credit risk related contingent factors and do not require collateral or other security to be furnished by the Company or the counterparties.

10. FAIR VALUE

The fair value of the Company's cash and cash equivalents, restricted cash, accounts receivable, accounts payable and accrued liabilities approximates carrying amount because of the short-term nature of these instruments. The Company's cash equivalents are comprised of cash deposited in certificates of deposit with short term maturities.

US GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under US GAAP are described below:

Level 1 — inputs are based upon quoted prices (unadjusted) in active markets for identical assets or liabilities which are accessible as of the measurement date.

Level 2 — inputs are based upon quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, and model derived valuations for the asset or liability that are derived principally from or corroborated by market data for which the primary inputs are observable, including forward interest rates, yield curves, credit risk and exchange rates.

Level 3 — inputs for the valuations are unobservable and are based on management's estimates of assumptions that market participants would use in pricing the asset or liability. The fair values are therefore determined using model-based techniques such as option pricing models and discounted cash flow models.

The carrying amounts and fair values of the Company's financial assets and liabilities as of March 31, 2016 and 2015, were as follows:

	Level	Balance Sheet Classification	2016		2015	
			Carrying Amount	Fair Value	Carrying Amount	Fair Value
Assets:						
Certificates of deposit	Level 2	Cash and cash equivalent	$ -	$ -	$ 55,236	$ 55,236
Mutual funds	Level 1	Short-term investments	3,019	3,019	8,247	8,247
Certificates of deposit	Level 2	Short-term investments	-	-	7,982	7,982
Foreign currency forward & option contracts	Level 2	Other current	1,920	1,920	7,936	7,936
Total			$ 4,939	$ 4,939	$ 79,401	$ 79,401
Liabilities:						
Foreign currency forward & option contracts	Level 2	Other current	$ (753)	$ (753)	$ (286)	$ (286)
Interest rate swap	Level 2	Other current/ other long-term	(15,070)	(15,070)	(8,139)	(8,139)
Senior secured term loans	Level 2	Current/long term	(922,390)	(917,886)	(854,543)	(851,052)
Contingent consideration	Level 3	Current/long term	(3,800)	(3,800)	-	-
Total			$ (942,013)	$ (937,509)	$ (862,968)	$ (859,477)

The following methods and assumptions were used by the Company in estimating the fair value of its financial assets and liabilities:

For the Term Loans, in 2016 the Company performed a discounted cash flow analysis based on estimated cash flows at a credit spread of 4.9% for the first lien term loan and 9.3% for the second lien term loan. For the Term Loans, in 2015 the Company performed a discounted cash flow analysis based on estimated cash flows at a borrowing rate of 5.6% for the first lien term loan and 8.8% for the second lien term loan.

The Company's interest rate swap agreements are treated as qualified hedges. Fair value is determined in a model valuation based on quoted LIBOR swap rates adjusted for time value of money, credit and non-performance risk. The Company classifies interest rate swap in Level 2, as quoted LIBOR swaps can be corroborated based on observable benchmark market rates at commonly quoted intervals over the full term of the swaps.

The Company classifies all forward contracts and option contracts in Level 2 as quoted prices can be corroborated based on observable market transactions of spot currency rate and forward currency prices.

Short-term investments in mutual funds are fair valued based on the Net Asset Values (NAVs). The Company classifies the fair value under Level 1 as the NAVs of mutual fund are quoted on a daily basis.

The valuation for the contingent consideration in relation to acquisitions is determined based on unobservable inputs, such as historical financial results and assumptions about future growth rates, which require significant judgment to determine the future outcome and as such are in Level 3.

A reconciliation of contingent consideration from the opening to the closing balances is as follows –

	Amount
Balance as at March 31, 2015	$ -
Additons	3,800
Change in fair value	-
Balance as at March 31, 2016	$ 3,800

11. BANK BORROWINGS AND LONG TERM DEBT

During the year ended March 31, 2015 the Company completed a refinancing of its outstanding debt obligations by entering into new debt facilities. The Company obtained $659 million first lien term loan facility (the "First Lien term loan") due April 14, 2021 and another new $200 million term loan facility (the "Second Lien term loan") due April 14, 2022. The proceeds were used to repay all of its obligations under its August 2011 senior credit facility agreements which amounted to $296.8 million. Pre-payment was also made on its senior subordinated Paid-In-Kind ("PIK") note amounting to $444.8 million, including accrued interest of $9.1 million. The Company further used the proceeds to distribute $95 million to its common shareholders and vested option holders of record on March 16, 2015.

The Company accounted for the above transactions as extinguishment of debt and issuance of new debt. The Company recorded a loss on extinguishment of debt of $6.9 million associated with this transaction during the year ended March 31, 2015. Included in the loss on extinguishment were unamortized deferred financing fees of $3.9 million related to the Senior Credit Facilities and the net discount and fee of $3 million associated with the non-KKR (—Kohlberg Kravis Roberts) owned portion of the PIK note. The extinguishment of the KKR portion of the PIK note was recorded as a capital transaction due to the related party nature of the relationship between the Company and the KKR. A total of $6.6 million was recorded in additional paid-in capital related to this extinguishment.

The secured term loans were issued at discount of $19.5 million. The Company also paid financing costs of $2.1 million. The discount and financing costs are recorded on the balance sheet as a reduction to the carrying value of the debt and are recognized as interest expense using the effective interest method over the term of the loans.

On August 14, 2015, the Company availed itself of a provision included in the First Lien Credit Agreement dated April 14, 2014, to increase its borrowings under the First Lien. The Company borrowed an additional $75 million under the First Lien Agreement and used the funds to repay revolver credit facility of $65 million drawn in connection with the acquisition of SmartPlay.

The fees related to the August 2015 incremental financing consisted of discount of $1.1 million and other legal and consulting fees of $0.1 million.

The Company's bank borrowings and long-term debt as of March 31, 2016 and 2015 consists of the following:

	2016	2015
Secured term loan		
- First lien term loan	$ 722,390	$ 654,543
- Second lien term loan	200,000	200,000
Total debt	922,390	854,543
Less: Current portion	7,340	6,590
Non – current portion	915,050	847,953
Less: Unamortized discount and debt issuance cost	16,581	18,518
Net non – current portion of debt	$ 898,469	$ 829,435

The Company has set forth a brief description of its credit facilities in place at March 31, 2016 below.

$734 million First Lien Term Loan credit agreement —

- *Maturity and Amortization:* The Term Loan matures on April 14, 2021. The Term Loan will be repaid in equal quarterly installments of 0.25% of the original outstanding principal beginning from September 30, 2014 to March 31, 2021 and the balance to be paid on maturity.

- *Interest:* The Term Loan has an interest rate of LIBOR plus 4.50% margin with a Floor of 1%. The Company elected 1 Month Libor to be reset every month and making interest payments on a monthly basis. Effective January 2016 the Company has elected 6 month Libor with interest payments on quarterly basis in line with Credit Agreement.

- *Guarantors*: The obligations of the borrower under the Term Loan are unconditionally guaranteed by certain wholly owned domestic restricted subsidiaries of the Company (the "Term Guarantors").

- *Collateral*: The Term Loan is secured by all outstanding equity interests of each borrower and restricted subsidiary owned by the credit party (Aricent Technologies).

- *Mandatory Prepayments:* The Company may also be required to make annual mandatory prepayments of up to 50% of its excess cash flow, as defined in the credit agreement. It may also be required to make a mandatory prepayment under certain prepayment events unless the planned mandatory prepayment amount is reinvested, or contracted to be reinvested, within 180 days of the event.

- *Covenants:* The Term Loan is governed by the credit agreement which imposes certain restrictions including, but not limited to, the payment of dividends or other equity distributions and the incurrence of debt or liens upon the assets of the Company or its subsidiaries. The credit agreement also calls for the Company to maintain a total leverage ratio of less than 7:1, and subsequently stepping down on an annual basis, until it reaches 5:1 in September 2017 and thereafter until the expiration date.

$200 million Second Lien Term Loan credit agreement —

- *Maturity and Amortization:* The Term Loan matures on April 14, 2022.

- *Interest*: The Term Loan has an interest rate LIBOR plus 8.50% margin with Floor at 1%. The Company elected 1 month Libor to be reset every month and was making interest payments on a monthly basis; however, effective January 2016 the Company has elected 6 months Libor to make the interest payments on quarterly basis in line with the Credit Agreement.

- *Guarantors:* The obligations of the borrower under the Term Loan are unconditionally guaranteed by certain wholly owned domestic restricted subsidiaries of the Company (the "Term Guarantors").

- *Collateral*: The Term Loan is secured by all outstanding equity interests of each borrower and restricted subsidiary owned by the credit party (Aricent Technologies).

- *Mandatory Prepayments:* Mandatory prepayments are not applicable unless the First Lien Term Loan has been repaid in full. At this time, mandatory prepayments on the Second Lien will be required following the same methodology described under the First Lien mandatory prepayments. As of March 31, 2016 the Company was not required to make mandatory prepayments on either First or Second Lien Term Loans.

- *Covenants:* The Term Loan is governed by the credit agreement which imposes certain restrictions including, but not limited to, the payment of dividends or other equity distributions and the incurrence of debt or liens upon the assets of the Company or its subsidiaries. The credit agreement also calls for the Company to maintain a total leverage ratio of less than 7.5:1, and subsequently stepping down on a annual basis, until it reaches 5.5:1 in September 2017 and thereafter until the expiration date.

$75 million Revolving Credit Facility — The Company has the ability to borrow up to $75 million under a Senior Secured Revolving Credit facility. Interest accrues on the revolving credit facility at LIBOR plus a 4.5% margin. Non-fund based letters of credit outstanding under the revolving credit facility aggregated to $3.6 million and $3.3 million as of March 31, 2016 and 2015, respectively. Availability under the revolving credit facility after deducting outstanding letters of credit was $71.4 million and $71.7 million at March 31, 2016 and 2015, respectively.

During the year ended March 31, 2016 and 2015 the Company incurred $61.7 million and $55.8 million as interest expense respectively on its borrowings.

The Company's net weighted-average borrowing cost for all outstanding borrowings was 6.37% and 6.44% for fiscal 2016 and 2015, respectively.

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As of March 31, 2016, the annual scheduled maturities for the Company's bank borrowings and long term debt were as follows:

Years Ending March 31	**Amount**
2017	$ 7,340
2018	7,340
2019	7,340
2020	7,340
2021	7,340
Thereafter	885,690
Total	$ 922,390

12. COMMITMENTS AND CONTINGENCIES

Lease Obligations — The Company leases certain facilities and equipment under non-cancelable operating leases. The Company also has commitments under capital leases related to leasehold improvement and equipment. The operating and capital leases expire in various years through March 2023 and require the following minimum lease payments:

Years Ending March 31	**Operating Leases Amount**	**Capital Leases Amount**
2017	$ 14,213	$ 1,756
2018	11,550	916
2019	5,597	916
2020	4,990	916
2021	3,197	416
Thereafter	11,409	177
	$ 50,956	$ 5,097
Less: Amount representing interest		934
Total of minimum lease payments		$ 4,163
Less: Current portion		1,380
Long-term capital lease obligation		$ 2,783

Total rent expense for the years ended March 31, 2016, 2015, and 2014, amounted to $20.9 million, $21.2 million, and $19.9 million, respectively.

The Company has entered a sublease contract for one of its lease office which is non-cancelable in nature. Future minimum sublease payments expected to be received under non-cancellable subleases as at March 31, 2016 are, as follows:

Years Ending March 31	Operating Leases Amount
2017	$ 321
2018	107
Total	$ 428

Guarantee Arrangements — The Company enters into guarantee arrangements in the ordinary course of business with certain third-party banking institutions on behalf of its subsidiaries. The estimated outstanding balance for guarantees issued on behalf of the subsidiaries was approximately $2.1 million and $1.9 million as of March 31, 2016 and 2015, respectively. As of March 31, 2016 and 2015, the estimated amount of non-cancellable purchase commitments under contracts was $2.8 million and $15.5 million, respectively.

Legal Matters —

Bangalore Campus Matter — On May 19, 2003, the Company's principal subsidiary in India, Aricent Technologies (Holdings) Ltd. ("ATHL"), entered into an agreement (the "Agreement") with a purchase option with the land owner and the developer for the development, lease and potential sale of a Bangalore land facility in India (the "Company's Bangalore Campus"). In July 2005, the developer of the Company's Bangalore Campus filed a lawsuit against ATHL in the City Civil Court of Bangalore, India seeking recovery of rent and interest aggregating to $0.7 million. The developer also claimed wrongful possession and sought to have ATHL vacate the premises and pay damages. ATHL deposited $0.4 million with the court representing the amount it determined was contractually owed to the developer pursuant to the Agreement from the date of occupancy through January 2007, the date ATHL exercised its right to purchase the Company's Bangalore Campus pursuant to the Agreement. The court permitted the developer to encash this amount in February 2008. ATHL has also attempted to remit to the land owner the rental amount it determined to be contractually due to the land owner, but the land owner has refused to accept such rental cheques. In December 2008, the developer responded by filing a motion for damages equivalent to the amount of rent. The trial court allowed the motion in March 2011, but ATHL challenged the order with the Karnataka High Court, Bangalore (the "High Court") and obtained a stay in the matter. Finally, in September, 2013, the High Court set aside the impugned order of trial court and directed the trial court to dispose of all the lawsuits expeditiously.

In January 2007, ATHL sent both the developer and land owner notice of its exercise of its option to purchase the Company's Bangalore Campus for $3.6 million pursuant to the Agreement. In February 2007, ATHL filed a lawsuit in the City Civil Court of Bangalore, India against both the developer and owner of the Company's Bangalore Campus directing them to execute a sale deed in favor of ATHL pursuant to the Company's contractual purchase option under the Agreement.

In September 2010, the developer filed another lawsuit against ATHL in the City Civil Court of Bangalore, India seeking recovery of damages and interest representing the portion of the land and building previously owned by the landowner of the property. The developer claims to have purchased the owners' interest in April 2010 and sought eviction based on its ownership of this portion. The Company had opposed the claims.

All three lawsuits described above have been consolidated for trial, which commenced in November 2011 and completed in February, 2016. The judgements were pronounced by the Court in April 2016 wherein the 2 cases filed against the Company by the developer for eviction has been allowed by the Court and the Company's case of Specific Performance was dismissed with no costs. These judgements are appealable before the Hon'ble High Court of Karnataka and Supreme Court of India. The Company has already filed appeal in both the eviction suits before the High Court of Karnataka. Based on expert advice, the Company believes that it has a good case and that the Company will be able to defend its action successfully. The Company also intends to pursue its right to ownership of the Company's Bangalore Campus and finalizing appeal against the judgement in its suit of specific performance. Further, the Company does not believe that the resolution of these matters will have a material adverse effect on its consolidated balance sheets or consolidated statements of operations and comprehensive income/ (loss), or consolidated cash flows.

Service Tax Matter — On October 20, 2011, the Company's subsidiary, Aricent Technologies (Holdings) Ltd. ("ATHL") received a show cause notice from the service tax department of India demanding service tax on reimbursements made by ATHL to its various branches for salaries and rent and to other vendors located outside of India for visa and insurance services for ATHL employees traveling abroad from fiscal year 2007 through 2010. Additionally in the above notices the service tax authorities have included all amounts incurred in the foreign currency by ATHL, on which service tax applicable on import services has not been paid as chargeable to service tax. Since July 22, 2012, ATHL has received similar notices covering fiscal years 2011 to 2015. The total tax demanded for such year's stands at $34.9 million.

For years upto 2014 ATHL has also received orders from Commissioner of Service Tax confirming above tax demand and also imposing interest and a penalty equivalent to 100% of service tax demanded. ATHL has filled Appeal with the tribunal (CESTAT) against the above order from Commissioner of Service Tax.

For 2015, the Service tax authorities have only issued show cause notice and ATHL is in the process of filling response for the same. The proposed tax demands in such notice is for $2.1 million which is included in total tax demand mentioned above. The orders of 2013, 2014 and show cause notice of 2015 were received during the year.

The service tax department claims these services in above mentioned years qualify as an import of service and that under Section 66A/66B of the Finance Act of India, a service tax is due and owing. The Company believes that Section 66A/66B is not applicable and accordingly no service tax is due on these particular services. Since the Company has not suppressed any facts, it is the Company's position based on legal advice that tax authorities case for penalty would not sustain. Based on legal advice, judicial precedents and reply being filed by legal counsel which supports the Company's position, the Company is of the view that outcome of this matter will not have a material adverse effect on the Company's consolidated balance sheets, consolidated statements of operations and comprehensive income/(loss) or consolidated cash flows.

Other Matters - The Company is involved in various claims and legal actions arising in the ordinary course of business. In the opinion of management, the outcome of such claims and legal actions, if decided adversely, is not expected to have a material adverse effect on the Company's consolidated balance sheets, consolidated statements of operations and comprehensive income/(loss) or consolidated cash flows.

13. INCOME TAXES

The Company consolidates its entities under Aricent, a Cayman Islands entity. Accordingly, the Company has presented the domestic portion of the disclosures below with the country of domicile as the Cayman Islands.

The domestic and foreign components of income/(loss) before income taxes for the years ended March 31, 2016, 2015, and 2014, were comprised of the following:

	2016	2015	2014
Domestic	$ (53,998)	$ (62,505)	$ (76,329)
Foreign	69,247	127,609	84,354
Total	$ 15,249	$ 65,104	$ 8,025

The provision/(benefit) for income taxes for the years ended March 31, 2016, 2015, and 2014, consisted of the following:

	2016	2015	2014
Current:			
Domestic	$ -	$ -	$ -
Foreign	10,264	19,920	16,861
Total Current	10,264	19,920	16,861
Deferred:			
Domestic	-	-	-
Foreign	5,587	2,401	(2,414)
Total Deferred	5,587	2,401	(2,414)
Total	$ 15,851	$ 22,321	$ 14,447

As a Cayman Islands corporation, the Company's domestic statutory income tax rate is 0.0%. The primary difference between the Company's domestic statutory income tax rate and its effective tax rate is due to the effect of the tax rate differential between the Cayman Islands and other jurisdictions in which the Company operates.

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The components of the net deferred income tax liability as of March 31, 2016 and 2015, are as follows:

	2016	2015
Deferred tax assets:		
Share-based compensation	$ 1,554	$ 3,387
Accruals and reserves	7,624	8,081
Tax credits	5,578	15,389
Net operating loss and other carryforwards	6,386	4,533
Fixed assets and land	1,761	1,358
Total deferred tax assets	22,903	32,748
Valuation allowances	(7,248)	(8,428)
Net deferred tax assets	15,655	24,320
Deferred tax liabilities:		
Goodwill	(50,915)	(50,473)
Intangible assets	(30,620)	(24,470)
Other	(448)	(696)
Total deferred tax liability	(81,983)	(75,639)
Net deferred tax liability	$ (66,328)	$ (51,319)
The net deferred tax liability is classified as follows:		
Other assets	$ 1,730	$ 1,925
Long-term liability	(68,058)	(53,244)
Total	$ (66,328)	$ (51,319)

The Company has income tax net operating loss carry-forwards related to its foreign operations of approximately $31.9 million. The foreign net operating loss carry-forwards of $31.9 million primarily are relating to the Company's subsidiaries in the US, UK, India, Netherlands and Germany. The UK and Germany net operating losses carry-forward indefinitely. The Netherlands, US and India net operating losses carry-forward expire between 2017 through 2036. The Company has recorded a deferred tax asset reflecting the benefit of $6.4 million in loss carry-forward. Such deferred tax assets expire as follows:

2017-2027	$ 2,743
2028-2036	758
Indefinite carryover	2,885
Total	$ 6,386

The Company has deferred tax assets related to India Minimum Alternate Tax (MAT) credit amounting to $8.9 million. These credits will expire between 2021 to 2024.

The utilization of the net operating loss carry-forwards is limited to the Company's future operations in those tax jurisdictions in which such carry-forward arose. Utilization of certain loss carry-forwards may be subject to annual limitations pursuant to specific country ownership change rules. Any such annual limitation may result in the expiration of net operating losses before utilization.

Management assesses the available positive and negative evidence to estimate if sufficient future taxable income will be generated to use the existing deferred tax assets. A significant piece of objective negative

evidence evaluated was the cumulative loss incurred over the three-year period ended March 31, 2016. Such objective evidence limits the ability to consider other subjective evidence such as projections for future growth of the Company.

On the basis of this evaluation, as of March 31, 2016 a valuation allowance of $7.2 million has been recorded to record only the portion of the deferred tax asset that more likely than not will be realized. The amount of the deferred tax asset considered realizable, however, could be adjusted if estimates of future taxable income during the carry-forward period are reduced or increased, or if objective negative evidence in the form of cumulative losses is no longer present and additional weight may be given to subjective evidence such as projections for growth of the Company.

In general, it is the practice and intention of the Company to reinvest the earnings of its foreign subsidiaries in those operations. The Company has subsidiaries in different jurisdictions which have positive retained earnings of approximately $124 million (other than the Company's subsidiary in India) as of March 31, 2016. Out of above retained earnings, $83 million are in countries where there is no dividend tax applicable and balance $41 million are in countries where law provides for dividend tax. It is management's position that such earnings will be indefinitely reinvested in respective jurisdictions. Accordingly, deferred income taxes of approximately $2 million have not been provided for on such foreign subsidiary earnings. The above amount of approximately $2 million does not include the impact of distributing the earnings of the Company's subsidiary in India, as the Company has implemented a strategy to repatriate partial earnings from its Indian subsidiary in a tax free manner and balance earnings will be indefinitely reinvested.

The Company recognizes interest and penalties related to unrecognized tax benefits within the provision for income taxes line in the accompanying consolidated statement of operations and comprehensive income/(loss). Accrued interest and penalties are included within the related tax liability line in the consolidated balance sheets. Related to the unrecognized tax benefits, the Company accrued penalties and interest of $0.4 million during the year ended March 31, 2016 and in total, as of March 31, 2016, has recognized a liability for penalties and interest of $4.7 million. This cumulative liability also includes penalty and interest amounting to $0.4 million of SmartPlay as of August 7, 2015. During the year ended March 31, 2015, the Company accrued penalties and interest of $0.7 million and in total, as of March 31, 2015, has recognized a liability for penalties and interest of $3.9 million. During 2014, the Company accrued penalties and interest of $0.9 million.

The Company files income tax returns in the U.S. (federal and various states), India, UK, Luxembourg, Mauritius and various other foreign jurisdictions. The 2004 through 2016 tax years are open and may be subject to potential examination in one or more jurisdictions. The Company is also under income tax examination in India and USA. The Company is not under income tax examination in any other jurisdiction as of March 31, 2016. The Company does not expect any significant increase or decrease in its unrecognized tax positions over the next 12 months.

14. EQUITY

During the year ended March 31, 2016, the Company has issued 175,000 shares with a par value of $0.001 and at fair market value of $1.74 per share.

During the year ended March 31, 2015, the Company has provided an opportunity to its eligible employees to purchase common shares of the Company for consideration in cash and the Company has issued 318,745 shares at $1.23 per share, the fair market value on the date of issuance of shares.

During the year ended March 31, 2014, the Company has issued 5,769,482 shares with a par value of $0.001 and at fair market value of $0.77 per share.

Further, during the year ended March 31, 2012, the Company increased its authorized shares from 500,000,000 with a par value of $0.001 to 550,000,000 with a par value of $0.001 and increased its shares available for grant under the 2006 Share Incentive Plan from 65,000,000 to 75,000,000, as approved by the Board of Directors. No changes were made to the plan during the year ended March 31, 2016.

15. SHARE-BASED COMPENSATION PLANS

Effective August 28, 2006, the Company adopted an equity-based compensation plan, the 2006 Share Incentive Plan (the “2006 Plan”), authorizing the grant of up to 65,000,000 options to its management, employees and non-employee directors to purchase the Company’s ordinary shares at their fair value on the date of grant, and other long-term incentive compensation awards such as restricted stock units. During the year ended March 31, 2012, the number of shares available for grant was increased to 75,000,000.

Stock Options

Options granted to employees and officers consist of a combination of time-based and performance-based options which generally vest over a five-year period (though some vest over three years) and have a ten-year contractual term. The Company recognizes compensation expense for time-based options on a straight-line basis over the requisite service periods of the awards. For performance-based options where vesting is contingent upon both a service and a performance condition, compensation expense is recognized over the respective requisite service period of the award when achievement of the performance condition is considered probable. Vesting may be accelerated upon certain events such as a change of control.

Restricted Stock Units

Under the 2006 Plan, the Company may grant restricted stock units to officers and other key employees. These stock awards are subject to risk of forfeiture if employment is terminated before vesting. Upon vesting distributions are made in shares of common stock. The restricted stock units granted in 2012, 2013 and 2014 vest ratably over three years. Vesting may be accelerated upon certain events such as change of control. During 2014, the Company also granted a restricted stock award which immediately vested, under the terms of the award if employment is terminated within the first six months the award will be forfeited and if employment is terminated after six months but prior to the third anniversary, then the Company will buy-back the stock awarded at $0.77. During the year ended March 31, 2016, employment was terminated and the stock was repurchased at $0.77 per share.

Stock-Based Compensation

The Company accounts for its share based compensation plans as equity awards at the time of grant. The fair value of option grants is estimated on the date of grant or for performance based options at the later of the date of grant or date the performance target is set using the Black-Scholes option-pricing model which uses the assumptions noted in the following table. Expected volatility is based on the historical volatility of an index composed of the common stock of comparable publicly traded companies. The Company’s expected term represents the period that the Company’s stock options are expected to be outstanding and is determined based on giving consideration to the contractual terms of the stock options and vesting schedules which is calculated by using the simplified method. The Company has never paid dividends on its ordinary shares and currently does not intend to do so. Accordingly, the dividend yield percentage is zero for all years. The risk-free interest rate for the expected term of the option is based on the average implied yield curve on U.S. Treasury instruments with a remaining term equivalent to the expected term of the option.

The assumptions used to value stock options issued during the years ended March 31, 2016 and 2015, were as follows:

	2016	2015
Expected term (years)	6.35	5.00 - 6.40
Expected volatility	35.30% - 38.68%	36.00% - 48.00%
Fair value of share	$1.74 - $2.05	$1.23 - $1.74
Risk-free interest rate	1.70 - 1.76 %	1.28 - 2.04 %
Dividend yield	0%	0%

Modification Accounting

The Company's option and related agreements, contain a call right, whereby, the Company has the right to repurchase an employee's outstanding common stock or options. When it is deemed probable by the Company that it will exercise its call right and preclude an employee from bearing the risks and rewards of share ownership for less than six months, the Company reclassifies the award from equity to liability and considers it to be a modification. The Company recognizes stock based compensation expense for the equity award to be at least equal to the grant date fair value of the award and records incremental expense equal to the fair value of the award on the date the classification changes from equity to liability which is considered to be a modification. Any changes in the fair value of the award between the date of modification through the date of settlement are also recorded as stock based compensation.

Distribution

The 2006 Plan contains anti-dilution provisions which require the Company to make an equitable adjustment to all option and restricted stock unit holders either through a cash payout or exercise price adjustment (or any combination thereof) upon an equity restructuring event including any special distribution and dividend. Since the adjustments were required pursuant to the 2006 Plan, the cash distribution and reduction in strike price are not considered modifications and as such no incremental stock based compensation expense was recognized.

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The following table summarizes the stock option activity under Aricent's 2006 Plan as of March 31, 2016, 2015, and 2014:

	Number of Options	Weighted-Average Exercise Price *	Weighted-Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value
Outstanding — March 31, 2013	65,679,419	$ 0.97	7.2	$ 403
Granted (weighted average fair value of $0.34 per share)	16,815,116	0.77		
Exercised	(345,760)	0.25		
Forfeited	(14,143,867)	0.99		
Expired	(6,940,647)	1.14		
Outstanding — March 31, 2014	61,064,261	$ 0.86	7.3	$ 195
Granted (weighted average fair value of $0.56 per share)	6,829,374	1.15		
Exercised	(796,910)	0.75		
Forfeited	(4,303,874)	0.86		
Expired	(5,542,809)	0.97		
Outstanding — March 31, 2015	57,250,042	$ 0.78	7.0	$ 55,057
Granted (weighted average fair value of $0.75 per share)	12,241,724	1.88		
Exercised	(9,403,340)	0.76		
Forfeited	(11,273,345)	1.05		
Expired	(5,848,696)	0.74		
Outstanding — March 31, 2016	42,966,385	$ 1.03	6.3	$ 43,670
Options exercisable — March 31, 2016	17,426,657	$ 0.91	4.4	$ 19,818
Options exercisable — March 31, 2015	25,899,161	$ 0.85	6.4	$ 23,099
Options vested and expected to vest — March 31, 2016	34,025,217	$ 1.02	6.0	$ 35,104
Options vested and expected to vest — March 31, 2015	49,816,453	$ 0.79	7.0	$ 47,204

*Reflects reduction in exercise price for unvested options as on March 16, 2015 pursuant to the Distribution (See Note 4).

The following table summarizes the share-based compensation expense from stock options included in operating expenses in the consolidated statements of operations and comprehensive income/(loss) for the years ended March 31, 2016, 2015, and 2014:

	2016	2015	2014
Cost of revenues	$ 550	$ 737	$ 638
Selling, general, and administrative	5,307	7,097	3,337
Total	$ 5,857	$ 7,834	$ 3,975

As of March 31, 2016, the unamortized share-based compensation expense from outstanding options is $5.1 million. The weighted-average period over which the unamortized share-based compensation expense will be recognized is 3.5 years.

The above expense includes $3.5 million and $1.8 million of stock based compensation expense for performance-based options which vested in the years ended March 31, 2015 and 2014, respectively upon the achievement of the performance target for those respective years. The Company did not recognize compensation expense for performance-based options which would have vested upon achievement of the performance target for the year ended March 31, 2016, as the performance criteria was not met.

During the years ended March 31, 2016 and 2015, the Company modified options held by certain terminated employees. The Company also reclassified certain options from equity to liability awards when it was considered probable that the Company would exercise its call right or make payments to cancel outstanding options, which are also considered a modification. As a result of these modifications, the Company recorded incremental share-based compensation expense for the year ended March 31, 2016 and 2015 of $3.8 million and $2.2 million respectively.

During the fiscal years 2014, the Company modified certain awards held by certain terminated employees and as a result of these modifications, compensation expense for the years ended March 31, 2014, decreased by a deminimus amount.

During fiscal year 2014, the Board authorized the cancellation and regrant of 2.7 million shares to executives of the Company. The cancelled shares had been issued at prices between $0.94 and $1.25 and were regranted at a price of $0.77. This modification resulted in approximately $0.25 million of incremental compensation expense.

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Restricted Stock Units

Changes in restricted stock units for the year ended March 31, 2016, 2015, and 2014 are summarized as follows:

	Number of Shares	Weighted Average Grant Date Fair Value	Weighted Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value
Non vested as of March 31, 2013	2,999,997	$ 0.79	3.0	$ 2,370
Awarded	1,000,000	$ 0.77		
Vested	(1,057,142)	0.77		
Forfeited	(1,571,427)	0.77		
Non vested as of March 31, 2014	1,371,428	$ 0.77	1.5	$ 1,056
Awarded *	92,460	$ 1.74		
Vested	(362,052)	0.89		
Forfeited	(655,606)	0.77		
Non vested as of March 31, 2015	446,230	$ 1.74	1.0	$ 776
Awarded	-	$ -		
Vested	(223,115)	0.77		
Forfeited	(223,115)	0.77		
Non vested as of March 31, 2016	-	$ -		

* Restricted stock unit granted pursuant to distribution (refer Note 4)

During the fiscal year ended March 31, 2014, the Company granted a restricted stock award of 830,104, which immediately vested. During the year ended March 31, 2016, restricted stock award holder employment was terminated and as per the term of agreement the Company repurchased the stock awarded at $0.77 per share. There were no restricted stock awards granted in 2015 and 2016.

The total intrinsic value of restricted stock units vested during the year ended March 31, 2016 and 2015 was $0.5 million and $0.6 million respectively.

The following table summarizes the share-based compensation expense from restricted stock units and restricted stock awards included in operating expenses in the statements of operations for the years ended March 31, 2016, 2015, and 2014:

	2016	2015	2014
Cost of revenues	$ -	$ -	$ -
Selling, general, and administrative	154	480	1,470
Total	$ 154	$ 480	$ 1,470

During the previous year ended March 31, 2015, the Company modified restricted stock units held by a terminated employee. As a result of this modifications, the Company recorded incremental share-based compensation expense of $0.2 million.

Aricent's Directors' Deferred Compensation Plan — The Company adopted a Directors' deferred compensation plan ("Directors' Plan") on January 1, 2007, in which the members of the Company's Board of Directors may make an annual election to receive their fees in the form of equity share units in lieu of cash. The number of units received is determined based on the number of shares that could be purchased with the Directors' fees at the current fair value of the shares. Directors will receive additional units for shares that could be purchased with future dividends, if any. Following a Director's departure from the Board of Directors, the Director may receive payment for the balance of the deferred compensation share units. The form of payment, in shares or in cash, equivalent to the fair value of the shares at the time of payment, is at the discretion of the Director. Share units are fully vested upon grant. During the year ended March 31, 2015, the Company adopted a new Directors Compensation plan and discontinued the directors' deferred compensation plan. The Company recognized compensation expense of $0.1 million associated with the Directors' Plan for the year ended March 31, 2014.

A summary of share unit activity under the Directors' Plan as of March 31, 2016, 2015 and 2014, is presented below:

	Share Units	Average Grant Date Fair Value
Outstanding — March 31, 2013	816,951	$ 0.91
Granted	104,085	0.77
Released	(272,317)	
Outstanding — March 31, 2014	648,719	$ 0.88
Cancelled	(26,020)	
Released	(485,200)	
Outstanding — March 31, 2015	137,499	$ 1.12
Cancelled	-	
Released	-	
Outstanding — March 31, 2016	137,499	$ 1.12

The new Directors' compensation plan ("Directors' Plan") is effective from January 1, 2014, in which the members of the Company's Board of Directors can elect to receive their fees in the form of cash or an annual grant of options to purchase equity share. Two of the directors have opted to receive the compensation in combination of cash and option while the other directors have opted to receive the compensation in options. The Company recognized an expense of $0.1 million paid to directors in cash and compensation expense of $0.3 million associated with the option grants which is included in operating expenses in the statements of operations for each of the year ended March 31, 2016 and 2015 respectively.

16. EMPLOYEE BENEFIT PLANS

401(k) Employee Savings Plan — The Company sponsors a 401(k) Employee Savings Plan (the "401(k) Plan") for eligible U.S. employees. Employee contributions to the 401(k) Plan are voluntary, subject to a maximum annual limit provided by the U.S. Internal Revenue Code of 1986, as amended. The Company may make an annual discretionary contribution to the plan with approval by its Board of Directors, which is also subject to the maximum deductible limit provided by the Internal Revenue Code of 1986, as amended. As of March 31, 2016 and 2015, the Company had accrued $0.5 million and $0.5 million, respectively, for contribution to the 401(k) plan. The Company made matching contributions of

approximately $1.2 million, $1.9 million, and $1.5 million, respectively, for the years ended March 31, 2016, 2015, and 2014, to the 401(k) Plan.

Defined Contribution and Defined Benefit Plans — In accordance with Indian law, eligible employees of the Company's India subsidiary ("ATHL") are entitled to receive benefits under a provident fund, a defined contribution plan in which both the employee and the Company make monthly contributions equal to a specified percentage of the covered employee's salary, which at March 31, 2016, was 12% of the employee's base salary. These contributions are made to a fund set up by its India subsidiary and administered by a board of trustees. The rate at which the annual interest is payable to the beneficiaries by the trust is administered by the government. The Company has an obligation to fund any shortfall on the yield of the trust's investments over the administered interest rates. There is no shortfall on the yield of the trust's investments over the administered interest rates for the years ended March 31, 2016, 2015, and 2014. The Company recognizes its contribution as an expense in the year incurred which totaled $5.1 million, $5.1 million, and $4.8 million for the years ended March 31, 2016, 2015, and 2014, respectively.

Also, as required by Indian law, the Company provides for gratuity, a defined benefit retirement plan covering eligible employees resident in its India subsidiaries ("Gratuity Plan"). The plan provides a lump-sum payment to vested employees at retirement, death while in service or on termination of employment in an amount equivalent to 15 days salary for each completed year of service. Vesting occurs upon completion of five years of service. The Company contributes all the ascertained liabilities to a fund set up by the Company and administered by a board of trustees.

ATHL maintains an unfunded defined benefit pension plan covering certain German employees. Benefits are based on years of service and compensation earned during a specified period of time before retirement.

As part of acquisition of SmartPlay, the Company has assumed liabilities of SmartPlay's India subsidiary ("ATPL") for its employee benefits. The Company in its consolidated balance sheet has recorded a liability for gratuity plan based on the actuarial valuation. The gratuity liability of ATPL is unfunded. The employees of ATPL are not covered by the gratuity fund set up by ATHL for its employees.

ATPL is registered with Regional Provident Fund Commissioner for employee provident fund scheme, which is a defined contribution scheme. Contribution made by employees under this scheme is matched by an equal contribution made by ATPL.

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The components of the Gratuity Plan and the Pension Plan benefit obligations as of March 31, 2016 and 2015 are shown below:

	2016	2015
Change in benefit obligations:		
Projected benefit obligation — beginning of year	$ 16,736	$ 14,172
Interest cost	1,099	1,112
Service cost	2,192	1,795
Benefit paid	(2,198)	(2,102)
Actuarial (gain)/loss	(450)	2,777
Acquisition/Divestiture	718	-
Exchange rate changes	(637)	(1,018)
Projected benefit obligation — end of year	$ 17,460	$ 16,736
Change in plan assets:		
Fair value of plan assets — beginning of the year	$ 1,847	$ 1,466
Actual return on plan assets	155	81
Employer contributions	1,222	2,453
Benefits paid	(2,145)	(2,084)
Acquisition/Divestiture	-	-
Exchange rate changes	(92)	(69)
Fair value of plan assets — end of the year	$ 987	$ 1,847
Funded status	$ (16,473)	$ (14,889)
The accrued liability for benefits is classified as follows:		
Accrued payroll and benefits - "Current liability"	$ 885	$ -
Other liabilities - "Non-current liability"	15,588	14,889
Total accrued liability	$ 16,473	$ 14,889

The net gratuity and pension cost for the years ended March 31, 2016, 2015, and 2014, is as follows:

	2016	2015	2014
Net cost:			
Service cost	$ 2,192	$ 1,795	$ 1,796
Interest cost	1,099	1,112	1,003
Expected return on planned assets	(155)	(123)	(102)
Amortization of actuarial loss	374	143	329
Net cost for the year	$ 3,510	$ 2,927	$ 3,026

The actuarial gain and loss of $0.5 and $2.7 million were recognized in other comprehensive income/(loss) for the years ended March 31, 2016 and 2015 respectively.

The following are the assumptions utilized as of March 31, 2016 and 2015:

	2016	2015
Discount rate	1.90% - 8.60%	1.60% - 8.30%
Rate of increase in compensation levels	2.50% - 8.00%	2.50% - 8.00%
Cost of living adjustments	1.75%	1.75%
Rate of return on plan assets	8.50%	8.50%

The accumulated benefit obligation for all plans as of March 31, 2016 and 2015, was $12.3 million and $11.8 million, respectively.

Gratuity and pension benefit payments, which reflect expected future service, as appropriate, are expected to be paid as of March 31, 2016, are as follows:

Years Ending March 31	Amount
2017	$ 2,027
2018	2,310
2019	2,361
2020	2,603
2021	2,907
2022–2026	$ 15,179

The expected benefits are based on the same assumptions used to measure the Company's benefit obligations as of March 31, 2016.

The Company's gratuity plan asset allocations at March 31, 2016 and 2015, are as follows:

	2016	2015
Government securities and other approved securities	$ 394	$ 712
Corporate bonds	411	973
Cash, money market instruments, and deposits	182	162
Total	$ 987	$ 1,847

The Company expects to contribute $1.9 million to its gratuity plan in 2017. The amount of gratuity and pension expense expected during the year ended March 31, 2017 is $3.6 million.

17. RESTRUCTURING AND OTHER CHARGES

During 2015 the Company took certain actions to improve the efficiency of its operations by ramping down its facilities in China. In connection with these the Company recorded $2.9 million costs associated with termination benefits.

During the year ended March 31, 2014, the Company shut down its operations in South Africa and Ukraine. As a result of these actions, the Company recorded charges of $9.9 million in 2014, which were composed of severance, impairment of intangible asset, release of cumulative translation adjustment into net income and other exit costs, of $0.8 million, $6.6 million, $0.8 million and $1.7 million, respectively. All severance and other costs were paid and settled as of March 31, 2014.

18. RELATED-PARTY INFORMATION

Transactions with KKR — On September 1, 2006, the Company entered into an advisory agreement with KKR to which KKR may provide management, financial advisory and consulting services to the Company. As of March 31, 2016 and March 31, 2015, affiliates of KKR indirectly owned approximately 76.1% and 77.4% of Aricent's shares respectively. The advisory agreement requires the Company to pay a management fee of $1.0 million per year and is subject to a 5% increase each fiscal year effective March 31, 2007. The Company has expensed $1.6 million, $1.5 million, and $1.4 million for the years ended March 31, 2016, 2015, and 2014, respectively, under the terms of this agreement. The management fees are included in selling, general and administrative expenses in the accompanying consolidated statements of operations and

comprehensive income/(loss). In addition to the management fee, the Company incurred nil, $0.07 million and $0.05 million to KKR during the year ended March 31, 2016, 2015, and 2014 for reimbursement of expenses, respectively.

During the year ended March 31, 2016, the Company also paid $1 million to KKR as fee for borrowings taken during the year. During the year ended March 31, 2015 the Company paid $0.5 million and $2.9 million to KKR as consent fee for PIK prepayment and arrangement fee for borrowings taken during the year, respectively. Further, the Company paid $305.3 million to KKR affiliates as a repayment of the PIK note (including accrued interest) as part of the Company's refinancing of its debt obligations. (See Note 11).

The amounts payable to KKR as of March 31, 2016 and 2015 are as follows:

	2016	2015
Management fee	$ 776	$ 369
Reimbursement of expense	-	71
Distribution (see Note 4)	-	70,310
Total	$ 776	$ 70,750

Transactions with executives — During the year ended March 31, 2016, investments totaling $0.3 million was made by an executive of the Company in equity of the Company. No such investment was made during the year ended March 31, 2015. During the year ended March 31, 2015 the Company made distribution amounting to $4.9 million to directors and executive officers out of which $2.1 million was payable as of March 31, 2015 and is included in distribution payable in the consolidated balance sheet (see Note 4).

19. CONCENTRATIONS

The customers with accounts receivable balances that accounted for 10% or more of total accounts receivable, or with revenues that accounted for 10% or more of the Company's revenues for each of the three years ended March 31, 2016, 2015, and 2014, are summarized below:

Revenue	**2016**	**2015**	**2014**
Customer A	12%	12%	10%
Customer B	*	11	12
Customer C	*	*	10
Accounts Receivable			
Customer A	*	12%	12%
Customer B	*	*	11

* Represents an amount of less than 10%.

20. SUBSEQUENT EVENTS

The Company has evaluated subsequent events through July 1, 2016, the date on which the consolidated financial statements were to be issued.

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