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Income tax balances are determined and reported using a "separate return" method. Use of the separate return method may result in differences when comparing amounts allocated to the Company's carve-out tax provision to historical consolidated provision of the Parent. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis and operating loss carryforward.

Income tax expense (benefit) consists of the following (in thousands):

	<u>Current</u>	<u>Deferred</u>	<u>Total</u>
Year ended December 31, 2014:			
India	\$ 239	\$ 823	1,062
Malaysia	—	282	282
South Africa	—	235	235
China	—	121	121
Total	<u>\$ 239</u>	<u>\$ 1,461</u>	<u>\$ 1,700</u>
Year ended December 31, 2013:			
United States	\$ —	\$ (1,866)	\$(1,866)
India	305	(40)	265
Malaysia	—	97	97
South Africa	—	(268)	(268)
China	—	121	121
Total	<u>\$ 305</u>	<u>\$ (1,956)</u>	<u>\$(1,651)</u>

**Effective tax rate**

Income tax (benefit) expense differed from the amounts computed by applying the statutory United States federal income tax rate of 35% to loss before income taxes. Effects from the rate differential are shown as a component of the rate reconciliation.

	<u>For the year ended</u> <u>December 31,</u>	
	<u>2014</u>	<u>2013</u>
Income tax at US federal rate	(35.0)%	(35.0)%
Branch income	(26.1)	(37.7)
Foreign rate differential	9.8	13.3
Impact of tax holiday	(6.3)	(12.9)
Non-deductible expenses	37.2	6.1
Change in valuation allowance	62.6	54.8
Foreign taxes	11.4	(33.6)
Other	(2.7)	3.0
Effective tax expense (benefit) rate	<u>50.9%</u>	<u>(42.0)%</u>

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