

ANNUAL REPORT
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Subsidiary Companies Accounts

Cranes Software International Limited

Enterprise Analytics and Engineering Simulation Software & Solutions





SYSTAT SOFTWARE, INC.

FINANCIAL STATEMENTS

2009 - 2010



INDEPENDENT AUDITOR'S REPORT

To

The Board of Directors
Systat Software, Inc.

We have audited the balance sheets of **Systat Software, Inc.**, as of March 31, 2010, and 2009 the related statements of income, retained earnings and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An Audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audits and the reports of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the report of the other auditors, the financial statements referred to above present fairly, all material respects, the financial position of Systat Software, Inc., at March 31, 2010 and March 31, 2009 and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles generally accepted in the United States of America.

Continental Accounting Solutions, Inc.
May 14, 2010.



BALANCE SHEET

MARCH 31, 2010

| PARTICULARS | AS AT 31-3-2010 \$ | AS AT 31-3-2009 \$ |
|--|--------------------------|--------------------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and Cash Equivalents | 129,196 | 212,571 |
| Accounts Receivable - Net | Note 2 416,584 | 757,721 |
| Inter Company Receivable | Note 3 1,146,756 | 2,444,210 |
| Inventory | Note 4 42,636 | 76,036 |
| Product - In - Progress | - | 3,098,928 |
| Prepaid Expenses & Other Current Assets | Note 5 68,892 | 63,687 |
| Total Current Assets | 1,804,064 | 6,653,153 |
| INVESTMENTS | - | 145 |
| PROPERTY & EQUIPMENT - NET | Note 6 1,650 | 15,611 |
| INTANGIBLE ASSETS - NET | Note 7 19,793,362 | 18,502,193 |
| OTHER ASSET | | |
| Deferred Tax Asset | Note 1 281,786 | - |
| TOTAL ASSETS | 21,880,862 | 25,171,102 |
| LIABILITIES & SHAREHOLDERS' EQUITY | | |
| CURRENT LIABILITIES | | |
| Accounts Payable | 172,501 | 326,251 |
| Accrued Liabilities | Note 8 225,745 | 222,484 |
| Corporate Tax Liabilities | 340 | 82,030 |
| Deferred Tax Liability | - | 409,821 |
| Inter Company Payable | Note 9 20,348,514 | 22,317,507 |
| Total Current Liabilities | 20,747,100 | 23,358,093 |
| SHAREHOLDERS' EQUITY | | |
| Common Stock : \$1.00 par value; 1,000,000 | | |
| Shares Authorized : 974,166 shares issued and outstanding at March 31, 2010. | 974,166 | 974,166 |
| Additional Paid in Capital | 2,920,830 | 2,920,830 |
| Retained Earnings | Note 10 (2,761,234) | (2,081,987) |
| Total Shareholders' Equity | 1,133,762 | 1,813,009 |
| TOTAL LIABILITIES & SHAREHOLDERS' EQUITY | 21,880,862 | 25,171,102 |

Per our report attached

For and on behalf of the Board

Continental Accounting Solutions, Inc.
Auditor

Richard H. Gall
President

Mukkaram Jan
Secretary

Asif Khader
Treasurer

"The accompanying notes are an integral part of these financial statements"

**STATEMENT OF OPERATIONS**

MARCH 31, 2010

| PARTICULARS | | AS AT 31-3-2010 \$ | AS AT 31-3-2009 \$ |
|--|---------|-----------------------------------|-----------------------------------|
| REVENUE | Note 11 | 5,815,060 | 6,308,098 |
| COST OF REVENUE | | 1,409,319 | 1,709,662 |
| GROSS PROFIT | | 4,405,741 | 4,598,436 |
| OPERATING EXPENSES | | | |
| Personnel Expenses | | 2,790,244 | 3,079,867 |
| Sales, General & Administrative Expenses | Note 12 | 2,988,708 | 3,444,134 |
| Total Operating Expenses | | 5,778,952 | 6,524,001 |
| PROFIT (LOSS) FROM OPERATIONS | | (1,373,211) | (1,925,565) |
| OTHER INCOME (EXPENSES) | | | |
| Loss on Investment | | (145) | - |
| Other Income | Note 13 | 3,642 | (2,352) |
| PROFIT (LOSS) BEFORE INCOME TAX | | (1,369,714) | (1,927,917) |
| Income Tax | | (1,140) | (800) |
| Deferred Tax | | 691,607 | 428,850 |
| NET PROFIT (LOSS) | | (679,247) | (1,499,867) |

Per our report attached

For and on behalf of the Board

Continental Accounting Solutions, Inc.
AuditorRichard H. Gall
PresidentMukkaram Jan
SecretaryAsif Khader
Treasurer

"The accompanying notes are an integral part of these financial statements"



STATEMENT OF CASH FLOW

MARCH 31, 2010

| PARTICULARS | AS AT 31-3-2010 \$ | AS AT 31-3-2009 \$ |
|---|--------------------------|--------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Net profit (loss) | (679,247) | (1,499,867) |
| Adjustment to reconcile net profit (loss) to net cash used in operating activities: | | |
| Decrease in deferred tax asset/liability | (691,607) | (428,850) |
| Depreciation and amortization | 1,821,720 | 1,620,709 |
| Loss on Investment | 145 | - |
| Changes in current assets and liabilities: | | |
| Decrease in accounts receivable | 341,137 | 348,952 |
| Decrease in inter company receivables | 1,297,454 | (274,075) |
| Decrease in inventory | 33,400 | (57,535) |
| Increase in prepaid expenses & other current assets | (5,205) | 2,032 |
| Decrease in accounts payable | (153,750) | (71,710) |
| Increase in accrued liabilities | 3,261 | 1,975 |
| Decrease in corporate tax liabilities | (81,690) | (27,343) |
| Decrease in inter company payables | (1,968,993) | 3,407,062 |
| Net cash used in operating activities | (83,375) | 3,021,350 |
| Cash flows from investing activities: | | |
| Purchase of property and equipment | - | (4,950) |
| Software & development | - | (3,098,928) |
| Net cash used in investing activities | - | (3,103,878) |
| Net increase in cash and cash equivalents | (83,375) | (82,528) |
| Cash and cash equivalents at beginning of year | 212,571 | 295,099 |
| Cash and cash equivalents at end of year | 129,196 | 212,571 |

Per our report attached

For and on behalf of the Board

Continental Accounting Solutions, Inc.
Auditor

Richard H. Gall
President

Mukkaram Jan
Secretary

Asif Khader
Treasurer

"The accompanying notes are an integral part of these financial statements"



NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Company

Systat Software Inc., ("Systat" or the company) was incorporated in September 18, 2000 as a Delaware Corporation, and was subsequently qualified and authorized to transact intrastate business in the state of California on October 12, 2001. Systat is a wholly owned subsidiary of Cranes Software International Limited ("CSIL" or Cranes"), located in India. The company's products are primarily used by organizations to integrate and analyze operational data in the process of formulating strategies more effectively. This process is commonly known as "data mining" or "data analysis using advanced analytical techniques". Analytical solutions include products and services sold for customer relationship management, business intelligence and general purpose statistical analysis.

The company acquired marketing and other rights under various agreements to own, use modify, enhance and sell certain software products primarily from two companies namely, AISN and SPSS. The company's research and development activities and core technology are managed by Cranes located in India.

The company is fully owned and managed by Cranes Software International Limited, Bangalore, India. Accordingly, the company's future success or failure is largely dependant upon the management decisions of, and continued support by the parent company. The U.S. office functions as a sales outfit to sell in the United States. All sales overseas are channeled through the affiliated entities; namely Systat Software (UK) limited and Cranes Software International Ltd., Bangalore, India.

On December 18, 2003, CSIL acquired a series of product lines called Sigma Plot from SPSS, Inc. Following the acquisition the company commenced the marketing and distribution of these products.

On November 30, 2006 Systat Software Inc registered a branch in UK to facilitate its operations and accordingly the operations of the UK branch is combined with the operations of Systat Software, Inc.

Use of Estimates

The preparation of financial statements inconformity with generally accepted accounting principles in the United States requires management to make estimates and assumptions that affect the reported amounts of assets & liabilities and disclosures of contingent assets & liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates.

Revenue Recognition

The company recognizes revenue when a particular product is sold or a related service is rendered, which is in accordance with generally accepted accounting principles. (GAAP)

Software Development and Acquisitions Costs

Software development and acquisition costs incurred by Systat in connection with the company's long-term development projects are capitalized in accordance with Statement of Financial Accounting Standards ("SFAS") No. 86, Accounting for the costs of computer Software to be Sold, Leased, or Otherwise Marketed. In accordance with Generally Accepted Accounting Principles, Research and Development cost are written off when incurred.

Cash Equivalents

The company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. The company deposits cash and cash equivalents with high credit quality financial institutions.

Concentration of Credit risk

Financial instruments that potentially subject the company to concentration of credit risk consist principally of trade accounts receivable. However the Company has provided a reasonable allowance, to mitigate this risk.



Property and Equipment

Property and equipment are carried at cost less accumulated depreciation. Depreciation is provided over the estimated useful lives of the related assets using the Straight Line method of Depreciation. Maintenance and repairs are charged to operations when incurred. Renewals and betterments of a nature considered to materially extend the useful lives, efficiency or value of the assets are capitalized. It is the policy of the Company to capitalize any acquired asset which has cost of \$ 1,000 or more, and provide for a full year's depreciation in the year of purchase and no depreciation in the year of sale. The Company has the following estimated useful lives for the following categories of assets.

| Description | Useful Life | Method |
|------------------------|--|---------------|
| Computers & Equipment | 3 years | Straight Line |
| Leasehold Improvements | Shorter of 5 years or remaining Lease term | Straight Line |
| Software | 3 - 15 years | Straight Line |
| Furniture & Fittings | 7 years | Straight Line |

Income Tax

The Company is a "C" Corporation under the Internal Revenue Code and is taxed at graduated rates based on its Taxable income for Federal and State Income Tax.

Deferred Tax

"Accounting for Income taxes" SFAS No. 109 requires recognition of deferred tax liabilities and assets for the expected future tax consequences of temporary differences between the book and tax basis of assets and liabilities. Under this method deferred tax assets and liabilities are determined using the current applicable enacted tax rates and provisions of the enacted tax law. A deferred tax asset in the amount of \$ 281,786 has been provided on the financial statements due to the net operating losses of the Company. The deferred tax asset essentially is an income tax benefit the company would be entitled to receive on all future income taxes the company would incur on future taxable profits.

Common Stock

As of March 31, 2010 the company had issued an aggregate of 974,166 shares of common stock with par value of \$ 1.00 each.

Software Products

The company acquired marketing and other rights to own, use, modify, enhance and sell certain product lines primarily for two major software companies. AINS and SPSS. These product lines, considered to be long-lived assets, amortized to 15 years. Long lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount should be evaluated. Factors leading to impairment include a combination of historical losses; anticipate future losses and inadequate cash flow. The assessment of recoverability is based on management's estimate. The management has determined that as of March 31, 2010 there has been no impairment in the carrying values of long-lived assets.

2. ACCOUNTS RECEIVABLE

Trade accounts receivable consists for balances due from account holders, net of a provision for estimated returns as follows.

| | March 31, 2010 \$ | March 31, 2009 \$ |
|--|----------------------|----------------------|
| Accounts Receivable - Trade | 431,584 | 843,136 |
| Less: Allowance for Doubtful Accounts | (15,000) | (85,415) |
| Accounts Receivable - Trade (net) | 416,584 | 757,721 |

**3. INTER COMPANY RECEIVABLE**

| | March 31, 2010 \$ | March 31, 2009 \$ |
|------------------------|----------------------|----------------------|
| Due From CS Inc | 1,146,756 | 1,127,233 |
| Due From Cranes, UK | - | 1,303,909 |
| Due From Systat GMBH | - | 13,068 |
| Net Balance Due | 1,146,756 | 2,444,210 |

4. INVENTORY

The inventory as of March 31, 2010 was valued at cost or net realizable value whichever is lower. The inventory cost includes the cost of software replication, manuals and other related costs incurred in the process of making the software available for sale, excluding the amortization of the acquired software product costs.

Management has determined that all inventories shown on the balance sheet are recoverable for the value shown. The inventory is held at a third party software replication and fulfillment center.

5. PREPAID EXPENSES AND OTHER CUREENT ASSETS

Prepaid expenses and other current assets consist of the following as of March 31, 2010.

| | March 31, 2010 \$ | March 31, 2009 \$ |
|---------------------|----------------------|----------------------|
| Refundable Deposits | 65,298 | 63,687 |
| Prepaid Expenses | 3,594 | - |
| Total | 68,892 | 63,687 |

Per our report attached

For and on behalf of the Board

Continental Accounting Solutions, Inc.
Auditor

Richard H. Gall
President

Mukkaram Jan
Secretary

Asif Khader
Treasurer

"The accompanying notes are an integral part of these financial statements"



6. PROPERTY AND EQUIPMENT, NET

Property and equipment consist of the following as of March 31, 2010.

| | April 1, 2009 | Additions | Disposals | March 31, 2010 | April 1, 2009 | Dep. For The Year | Acc.Dep. Disposals | March 31, 2010 | Net Mar. 31, 2010 |
|-------------------------|------------------|-----------|-----------|-------------------|------------------|----------------------|-----------------------|-------------------|----------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| LHI | 9,470 | - | - | 9,470 | 9,470 | - | - | 9,470 | - |
| Equipment | 65,575 | - | - | 65,575 | 57,725 | 7,850 | - | 65,575 | - |
| Software | 87,026 | - | - | 87,026 | 79,889 | 5,487 | - | 85,376 | 1,650 |
| Furniture & Fixtures | 14,103 | - | - | 14,103 | 13,479 | 624 | - | 14,103 | - |
| Total | 176,174 | - | - | 176,174 | 160,563 | 13,961 | - | 175,524 | 1,650 |

7. INTANGIBLE ASSETS

As of March 31, 2010, the company had the following intangible assets as a result of various purchases and consulting agreements entered into between Systat, AISN and SPSS.

| | April 1, 2009 | Amortization | Dep. For The | March 31, 2010 | April 1, 2009 | Amortization | Acc. Disposals | March 31, 2010 | Net Mar. 31, 2010 |
|--------------|-------------------|------------------|------------------|-------------------|------------------|------------------|-------------------|-------------------|----------------------|
| | \$ | \$ | Year | \$ | \$ | \$ | \$ | \$ | \$ |
| AISN | | | | | | | | | |
| Auto Signal | 90,000 | - | - | 90,000 | 90,000 | - | - | 90,000 | - |
| TC2D;TC | | | | | | | | | |
| 3D - PeakFit | 360,016 | - | - | 360,016 | 360,016 | - | - | 360,016 | - |
| SPSS Systat | | | | | | | | | |
| Software | 24,017,494 | 3,098,928 | 1,807,759 | 27,116,422 | 5,515,301 | 1,807,759 | - | 7,323,060 | 19,793,362 |
| Total | 24,467,510 | 3,098,928 | 1,807,759 | 27,566,438 | 5,965,317 | 1,807,759 | - | 7,773,076 | 19,793,362 |



8. ACCRUED LIABILITIES - Accrued liabilities consist of the following as of March 31, 2010

| | March 31, 2010 (\$) | March 31, 2009 (\$) |
|-------------------------------|---------------------|---------------------|
| Payroll Tax Payable - UK | 5,764 | 6,166 |
| Sales Tax Payable | 5,657 | 4,713 |
| Accrued Vacation | 167,462 | 148,559 |
| Advances From Customers | 9,806 | 7,380 |
| Commissions Payable | 4,104 | 5,000 |
| Royalties Payable | 8,441 | 1,976 |
| Accrued Salaries & Wages | - | 1,148 |
| Accrued Franchise Tax Payable | - | 31,710 |
| Value Added Tax - UK | 6,658 | 1,836 |
| Accrued Expenses - UK | 17,853 | 13,996 |
| Total | 225,745 | 222,484 |

9. INTER COMPANY PAYABLE - This represents the balance owned by Systat Software to Cranes Software International Ltd. for payments made on behalf of the company

| | March 31, 2010 | March 31, 2009 |
|----------------------|-------------------|-------------------|
| Due to Cranes, India | 20,328,701 | 22,235,935 |
| Due to SS GMBH | 19,813 | 81,572 |
| Total | 20,348,514 | 22,317,507 |

10. RETAINED EARNINGS

The company's retained earnings are as follows:

| | March 31, 2010 \$ | March 31, 2009 \$ |
|---------------------------------|----------------------|----------------------|
| Beginning Retained Earnings | (2,081,987) | (582,120) |
| Net Profit (Loss) | (679,247) | (1,499,867) |
| Ending Retained Earnings | (2,761,234) | (2,081,987) |

11. REVENUE

| | March 31, 2010 \$ | March 31, 2009 \$ |
|---------------------------------------|----------------------|----------------------|
| Auto signal | 10,981 | 12,198 |
| Table Curve 2D & 3D | 106,536 | 132,446 |
| Bundle- Sigma Plot & Sigma Stat | - | 21,270 |
| Peakfit | 42,645 | 29,803 |
| Systat Product Line | 688,696 | 633,831 |
| Sigma Plot | 2,802,179 | 3,101,117 |
| Sigma Stat | 11,231 | 169,139 |
| Sigma Scan | 6,180 | 58,454 |
| Genomatix | 134,344 | 71,997 |
| Inter Company Sales (Cranes) | 55,454 | 204,036 |
| Inter Company Sales (SS Uk) | 15,255 | - |
| Service Revenue | 3,119 | 2,882 |
| UK Branch Sales | 729,567 | 687,495 |
| Freight Recovered | 80,459 | 65,365 |
| Inter-co Sales (GMBH) | 48,414 | 41,577 |
| Management Fees | 1,080,000 | 1,080,000 |
| Sales returns, allowances & discounts | - | (3,512) |
| Total | 5,815,060 | 6,308,098 |



12. SALES, GENERAL AND ADMINISTRATIVE EXPENSES

The following consists of the sales, general and administrative expenses.

| | March 31, 2010 \$ | March 31, 2009 \$ |
|------------------------------------|----------------------|----------------------|
| Audit & Accounting Fee | 12,500 | 12,500 |
| Outside Services | 3,000 | 5,659 |
| Provision for Bad & Doubtful Debts | 11,262 | - |
| Freight, Postage & Delivery | 5,088 | 9,479 |
| Internet Website Expenses | 34,568 | 82,862 |
| Rent | 212,043 | 223,990 |
| Utilities | 2,291 | 2,173 |
| Telephone | 99,320 | 109,211 |
| Repairs and Maintenance | 744 | 3,090 |
| Printing | 2,282 | 7,118 |
| Advertising & Promotion | 444,040 | 919,539 |
| Insurance | 10,916 | 4,378 |
| Travel & Lodging | 35,760 | 108,385 |
| Property & Other Taxes | 15,220 | 33,327 |
| Permits and Licenses | 13,303 | 256 |
| Credit Card Merchant Fees | 77,111 | 94,976 |
| Interest & Finance Charges | 6,721 | 558 |
| Bank Charges | 10,567 | 12,320 |
| Professional Development | 1,651 | 5,802 |
| Legal & Professional fees | 13,510 | 4,173 |
| Sales Commissions | 44,404 | 24,178 |
| Dealers Commissions | 63,806 | 123,669 |
| Office Expenses | 36,224 | 27,190 |
| Amortization | 1,807,759 | 1,601,165 |
| Depreciation | 13,961 | 19,544 |
| Dues and Subscriptions | - | 45 |
| Meals and Entertainment | 886 | 1,786 |
| Payroll Expenses | 9,771 | 6,437 |
| Miscellaneous Expenses | - | 324 |
| Total | 2,988,708 | 3,444,134 |

Per our report attached

For and on behalf of the Board

Continental Accounting Solutions, Inc.
Auditor

Richard H. Gall
President

Mukkaram Jan
Secretary

Asif Khader
Treasurer

**13. OTHER INCOME / EXPENSES**

| | March 31, 2010 | March 31, 2009 |
|------------------------------------|----------------|----------------|
| | \$ | \$ |
| Exchange Fluctuations/Other Income | (4,473) | - |
| Misc. Refunds & Rebates | - | - |
| Interest Income | 236 | 160 |
| Other Income | 7,879 | (2,512) |
| Total | 3,642 | (2,352) |

14. LEASE COMMITMENTS

The company currently leases office space under three separate lease agreements in San Jose and Berkley CA and Chicago Illinois.

The San Jose commenced on September 15th 2006 for a period of three years and calls for a minimum monthly base rent of \$ 8,874.

The Chicago lease commenced on July 1, 2007 for a period of five years and calls for a minimum monthly payment of \$ 6,500.

The Berkley Office lease is on a month to month basis and calls for a monthly payment of \$ 945.

Future minimum lease payments under these leases are as follows.

| Year | Amount |
|------|---------|
| 2011 | 193,506 |
| 2012 | 138,120 |
| 2013 | 65,772 |

15. 401(K) PROFIT SHARING PLAN

The Company has a 401 (K) plan to which eligible employees can contribute. The plan also provides for discretionary match by the employer.

16. CHANGE IN REPORTING ENTITY-FAS 154

As stipulated by SFAS 94 the financial statements of Cranes Software UK Limited (a fully owned subsidiary of Systat Software, Inc.) must be consolidated with the financial statements of Systat Software, Inc (parent), unless an exception to the consolidation rules in accordance with SFAS 94 has been met. For the year ended March 31, 2010 such an exception was met, when the subsidiary declared bankruptcy during December 2009, and as a result, its management lost control of the entity and when control was taken over by the bankruptcy trustee (Liquidator).

Per our report attached

For and on behalf of the Board

Continental Accounting Solutions, Inc.
Auditor

Richard H. Gall
President

Mukkaram Jan
Secretary

Asif Khader
Treasurer



CRANES SOFTWARE UK LIMITED

FINANCIAL STATEMENTS

2009 - 2010



BALANCE SHEET

As at 23rd December 2009

| PARTICULARS | £ | £ |
|------------------------------|---------|------------------|
| Tangible Assets | | |
| Office Computer/Equipments | | 3,277 |
| Office Furniture & Fixture | | 14,000 |
| | | 17,277 |
| Current Assets | | |
| Bank -1 | 1 | |
| Bank - 2 | 1,277 | |
| Bank -2 | 24 | |
| Debtors | 19,240 | |
| Rent Deposit | 20,580 | |
| SeaSolve Inc | 389,981 | |
| CSIL | 298,794 | |
| Ranjeet | 1,285 | |
| Petty Cash | 201 | |
| Saqlain | 600 | |
| | | 731,982 |
| Current Liabilities | | |
| VAT | 2,043 | |
| Systat Software Inc Branch | 491,994 | |
| Systat Software Inc. USA | 532,030 | |
| Cranes Software Inc. USA | 349,148 | |
| Other Creditor (Expenses) | 1,080 | |
| Other Creditor | 47,014 | |
| PAYE/NIC | 108,385 | |
| SYS GMBH | 63,820 | |
| Auditor | 900 | |
| | | 1,596,413 |
| | | - 864,431 |
| | | - 847,154 |
| Funded By | | |
| Ordinary Share Capital | | 100 |
| Retained Profit/(Loss) B/Fwd | | - 747,483 |
| Profit/(Loss) for the Quater | | - 99,770 |
| | | - 847,154 |



PROFIT AND LOSS ACCOUNT

For the Year Ended 23rd December 2009

| Particulars | £ | £ |
|-----------------------------------|--------|----------------|
| Sales iCapella | | 51,113 |
| Interest | | 106 |
| Service Charges Cube Ware | | 37,980 |
| | | 89,199 |
| Administrative Expenses | | |
| Staff Salary | 87,660 | |
| PAYE/NIC | 9,216 | |
| Redundancy | 30,495 | |
| Loss on Sales of Assets | 68 | |
| Office Expenses | 3,090 | |
| Travel & Subsistence | 3,572 | |
| Accommodation | 305 | |
| PPS | 42 | |
| Cleaning | 564 | |
| Rent + Service Charge | 16,646 | |
| Business Rates | 5,519 | |
| Telephone | 7,356 | |
| Bank Charges | 1,670 | |
| Exchange Rate Loss | 1,778 | |
| Audit Fee | 1,800 | |
| Office Insurance | 102 | |
| PI/Employers liability Insurance | 1,088 | |
| Health & Safety | 369 | |
| Legal and Professional Fee | 4,000 | |
| Depreciation | 8,680 | |
| Conulstancy Fee iCapella | 4,950 | |
| | | 188,970 |
| Profit/(Loss) for the Year | | -99,770 |





CRANES SOFTWARE, INC.

FINANCIAL STATEMENTS

2009 - 2010



INDEPENDENT AUDITOR'S REPORT

To

The Board of Directors
Cranes Software, Inc.

We have audited the accompanying consolidated balance sheet of **Cranes Software, Inc.**, as of March 31, 2010, and the related statements of income, retained earnings and cash flow for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects the financial position of Cranes Software, Inc. as of March 31, 2010 and the results of its operations and its cash flow for the year then ended in conformity with generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The consolidated schedule of revenue, cost of revenue and sales, general & administrative expenses on page 22 is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Premier Accounting Solutions Inc
May 14 2010



CONSOLIDATED BALANCE SHEET

MARCH 31, 2010

| PARTICULARS | SCH No. | AS AT 31-3-2010 \$ | AS AT 31-3-2010 \$ |
|---------------------------------------|------------|--------------------------|--------------------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash and Cash Equivalents | | | 890,545 |
| Trade Accounts Receivable | | 4,956,805 | |
| Less: Allowance for Doubtful Accounts | | (167,143) | 4,789,662 |
| Advances | | | 101,182 |
| Prepaid Expenses | | | 66,209 |
| Employee Loan | | | 8,000 |
| Total Current Assets | | | 5,855,598 |
| Property & Equipment | Note 5 | | 251,326 |
| Intangible Assets | | | |
| Goodwill | Note 1 | 16,183,194 | |
| Other-Net | Note 6 | 1,206,155 | |
| Other Assets | | | 17,389,349 |
| Advances InventX Assets | | 1,000,000 | |
| Inventory | | 206,953 | |
| Refundable Deposits | | 48,482 | |
| Deferred Expenses | | 174,894 | |
| Deferred Tax Asset | | 404,394 | |
| Total Other Assets | | | 1,834,723 |
| TOTAL ASSETS | | | 25,330,996 |

Per our report attached

For and on behalf of the Board

Premier Accounting Solutions, Inc.
Auditor

Richard H. Gall
President

Mueed Khader
Secretary

Asif Khader
Director

“The accompanying notes are an integral part of these financial statements”

**CONSOLIDATED BALANCE SHEET**

MARCH 31, 2010

| PARTICULARS | SCH No. | AS AT 31-3-2010 \$ | AS AT 31-3-2010 \$ |
|---|--------------------|-----------------------------------|-----------------------------------|
| LIABILITIES & STOCKHOLDER'S EQUITY | | | |
| Current Liabilities | | | |
| Trade Accounts Payable | | 733,320 | |
| Accrued Expenses | | 1,240,635 | |
| Loans Payable - Employees | | 70,000 | |
| Loans Payable - Related Party | | 180,000 | |
| Deferred Revenue | | 359,672 | |
| Revolving Line of Credit | | 1,778,000 | |
| Capital Lease Obligation | | 21,768 | |
| Other Current Liabilities | Note 8 | 6,093,582 | |
| Total Current Liabilities | | | 10,476,977 |
| Long Term Liabilities | | | |
| Affiliated Co Loans Payable | Note 4 | 5,028,836 | |
| Capital Lease-Net of Current Portion | | 11,834 | |
| Total Long Term Liabilities | | | 5,040,670 |
| TOTAL LIABILITIES | | | 15,517,647 |
| Stockholder's Equity | | | |
| Common stock: \$ 1.00 par; 6,000,000 Shares | | | |
| Authorized:2,691,855 Shares Issued & Outstanding | | 2,691,885 | |
| Additional Paid-in Capital | | 8,075,115 | |
| Retained Earnings | | (946,982) | |
| Loss Due to Exchange Fluctuations | | (6,669) | |
| Total Stockholder's Equity | | | 9,813,349 |
| TOTAL LIABILITIES & STOCKHOLDER'S EQUITY | | | \$ 25,330,996 |

Per our report attached

For and on behalf of the Board

Premier Accounting Solutions, Inc.
Auditor**Richard H. Gall**
President**Mueed Khader**
Secretary**Asif Khader**
Director

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CONSOLIDATED INCOME AND RETAINED EARNINGS

MARCH 31, 2010

| PARTICULARS | AS AT 31-3-2010 \$ |
|--|--------------------------|
| REVENUE | 24,647,964 |
| COST OF REVENUE | 16,427,953 |
| GROSS PROFIT | 8,220,011 |
| OPERATING EXPENSES | |
| Personnel Expenses | 3,289,029 |
| Sales, General & Administrative Expenses | 4,927,482 |
| Total Operating Expenses | 8,216,511 |
| INCOME FROM OPERATIONS | 3,500 |
| OTHER INCOME/EXPENSES | |
| Loss on Exchange Rate Fluctuations | (163) |
| Interest Income | 10,304 |
| Interest Expense | (89,665) |
| Total Other Income/Expenses | (79,524) |
| INCOME BEFORE INCOME TAXES | (76,024) |
| INCOME TAXES | |
| Foreign Income Taxes Paid | (19,590) |
| Deferred Tax Benefit | (7,193) |
| NET INCOME | (102,807) |
| Retained Earnings-Beginning of the Year | (944,175) |
| Prior Period Adjustment | 100,000 |
| Retained Earnings-End of the Year | (946,982) |

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**CONSOLIDATED CASH FLOW**

MARCH 31, 2010

| PARTICULARS | AS AT 31-3-2010 \$ |
|--|-----------------------------------|
| Cash Flows from Operating Activities: | |
| Net Income/(Loss) | (102,807) |
| Adjustment to Reconcile Net Profit (Loss) to Net Cash Used in Operational activities: | |
| Depreciation & Amortization | 191,708 |
| Prior Period Adjustment | 1,00,000 |
| Changes in Current Assets and Liabilities: | |
| Accounts Receivable | (584,403) |
| Advances & Prepaid | (54,021) |
| Affiliated Co Loans Receivable | 923,723 |
| Employee Loan | (8,000) |
| Inventory | (22,194) |
| Refundable Deposits | 25,804 |
| Overpaid State Income Taxes | 1,355 |
| Deferred Expenses | (12,340) |
| Deferred Tax Asset | 7,193 |
| Trade Accounts Payable | (251,275) |
| Accrued Expenses | 239,581 |
| Deferred Revenue | (149,764) |
| Affiliated Company Loans Payable | (612,440) |
| Increase in Exchange Fluctuations | (3,494) |
| Net Cash used in Operating Activities | (311,374) |
| Cash Flows from Investing Activities: | |
| Purchase of Property & Equipment | (74,164) |
| Purchase of Software | (9,580) |
| Net Cash Used in Investing Activities | (83,744) |
| Cash Flows from Financing Activities : | |
| Capital Lease Obligation | (19,897) |
| Loans From Employees & Related Parties | 250,000 |
| Borrowings from Line of Credit | 368,000 |
| Net Cash Provided by Financing Activities | 598,103 |
| Net Increase In Cash and Cash Equivalents | 202,985 |
| Cash and Cash Equivalents at Beginning of Year | 687,560 |
| Cash and Cash Equivalents at End of Year | 890,545 |
| Supplemental Disclosure to Financial Statements | |
| Interest paid | 89,665 |

Per our report attached

For and on behalf of the Board

Premier Accounting Solutions, Inc.
Auditor**Richard H. Gall**
President**Mueed Khader**
Secretary**Asif Khader**
Director

"The accompanying notes are an integral part of these financial statements"



BALANCE SHEET - PARENT CO

MARCH 31, 2010 AND 2009

| PARTICULARS | AS AT 31-3-2010 \$ | AS AT 31-3-2009 \$ |
|----------------------------------|--------------------------|--------------------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and Cash Equivalents | 17,261 | 17,121 |
| Trade Accounts Receivable | 184,075 | 40,019 |
| Advances | - | 6,722 |
| Total Current Assets | 201,336 | 63,862 |
| INVESTMENT IN SUBSIDIARY | 18,000,000 | 18,000,000 |
| PROPERTY PLANT & EQUIPMENT - Net | - | 5,417 |
| INTANGIBLE ASSETS - Net | 1,166,667 | - |
| OTHER ASSETS | | |
| Product in Progress | - | 1,250,000 |
| Advance - InventX Assets | 1,000,000 | 1,000,000 |
| Loans Receivable | - | 523,723 |
| Refundable Deposits | - | 3,600 |
| Deferred Tax Asset | 534,338 | 526,738 |
| Total Other Assets | 1,534,338 | 3,304,061 |
| TOTAL ASSETS | 20,902,341 | 21,373,340 |

Per our report attached

For and on behalf of the Board

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Auditor

Richard H. Gall
President

Mueed Khader
Secretary

Asif Khader
Director

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**BALANCE SHEET - PARENT CO**

MARCH 31, 2010 And 2009

| PARTICULARS | AS AT 31-3-2010 \$ | AS AT 31-3-2009 \$ |
|---|-----------------------------------|-----------------------------------|
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| CURRENT LIABILITIES | | |
| Trade Accounts Payable | 140,281 | 28,180 |
| Accrued Payroll | 45,324 | 30,703 |
| Affiliated Co Loans Payable | 5,102,944 | 5,682,930 |
| Other Current Liabilities | 6,093,582 | 6,093,582 |
| Total Liabilities | 11,382,131 | 11,835,395 |
| STOCKHOLDER'S EQUITY | | |
| Common Stock - \$1 Par 6,000,000 shares authorized and 2,691,855 shares issued | 2,691,885 | 2,691,885 |
| Additional Paid in Capital | 8,075,115 | 8,075,115 |
| Retained Earnings | (1,246,790) | (1,229,055) |
| Total Stockholders Equity | 9,520,210 | 9,537,945 |
| TOTAL LIABILITIES & STOCKHOLDER'S EQUITY | 20,902,341 | 21,373,340 |

Per our report attached

For and on behalf of the Board

Premier Accounting Solutions, Inc.
Auditor**Richard H. Gall**
President**Mueed Khader**
Secretary**Asif Khader**
Director

"The accompanying notes are an integral part of these financial statements"



INCOME AND RETAINED EARNINGS - PARENT CO

MARCH 31, 2010 AND 2009

| PARTICULARS | AS AT MARCH 31, 2010 \$ | AS AT MARCH 31, 2009 \$ |
|---|-------------------------------|-------------------------------|
| Income | | |
| Maintenance Income | 244,546 | 288,546 |
| Sales - Domestic | 29,500 | 15,368 |
| Sales -International | 185,130 | 59,459 |
| Service Revenue | 201,047 | 385,853 |
| Contract Labor | 37,994 | 38,330 |
| Other Income | - | 15,989 |
| Total Income | 698,217 | 803,545 |
| Expense | | |
| Bank Wire Fee | 1,820 | 1,411 |
| Royalty Expense | 1,699 | 30,150 |
| Office Expense | 1,380 | 7,521 |
| Entertainment | 1,259 | 2,069 |
| Agent Commission | 106,044 | 72,461 |
| Accounting & Legal | 14,169 | 38,760 |
| Bank Charges | 4,893 | 5,539 |
| Depreciation & Amortization | 88,750 | 4,289 |
| Insurance | 691 | 1,059 |
| Utilities | - | 564 |
| Outside Services | 252,870 | 42,793 |
| Advertising & Promotion | 4,731 | 30,324 |
| Licenses & Permits | 120 | 240 |
| Distribution Expense | 1,087 | 9,861 |
| Postage | 842 | 9,422 |
| Printing | - | 885 |
| Rent | 33,099 | 58,824 |
| Personnel Costs | 282,105 | 557,368 |
| Payroll Service Fee | - | 47 |
| Business Taxes | 7,547 | 6,656 |
| Telephone | 13,591 | 15,919 |
| Travel | 5,409 | 31,873 |
| Moving Expenses | 1,283 | - |
| Repairs and Maintenance | - | 217 |
| Total Expense | 823,389 | 928,252 |
| Loss From Operations | (125,172) | (124,707) |
| Other Income | | |
| Interest Income | - | - |
| Currency Fluctuations | (163) | (138,268) |
| Loss on Disposal of Assets | - | (1,639) |
| Loss Before Income Tax | (125,335) | (264,614) |
| Deferred Tax Benefit | 7,600 | 70,972 |
| Net Loss | (117,735) | (193,642) |
| RETAINED EARNINGS-BEGINNING OF THE YEAR | (1,229,055) | (1,035,413) |
| Prior Period Adjustment | 100,000 | - |
| RETAINED EARNINGS-END OF YEAR | (1,246,790) | (1,229,055) |



STATEMENT OF CASH FLOW-PARENT CO

MARCH 31, 2010 AND 2009

| PARTICULARS | AS AT MARCH 31, 2010 \$ | AS AT MARCH 31, 2009 \$ |
|--|-------------------------------|-------------------------------|
| OPERATING ACTIVITIES | | |
| Net Loss | (117,735) | (193,642) |
| Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities: | | |
| Depreciation | 88,750 | 4,289 |
| Loss on Disposal of Assets | - | 1,639 |
| Prior Period Adjustment | 100,000 | - |
| Change in Assets and Liabilities | | |
| Trade Accounts Receivable | (144,056) | 58,605 |
| Receivable from Affiliated Companies | - | 6,658 |
| Advances | 6,722 | (6,722) |
| Security Deposit | 3,600 | - |
| Deferred Tax Asset | (7,600) | (70,972) |
| Prepaid Expenses | - | 8,405 |
| Loans Receivable | 523,723 | 4,226 |
| Loans Payable | (579,986) | 2,807,690 |
| Trade Accounts Payable | 112,101 | (77,768) |
| Accrued Payroll | 14,621 | (429) |
| Net Cash Provided by Operating Activities | 140 | 2,541,979 |
| INVESTING ACTIVITIES | | |
| Investments in Subsidiary | - | (2,620,200) |
| Net Cash Used in Investing Activities | - | (2,620,200) |
| FINANCING ACTIVITIES | | |
| Net Cash Provided by Financing Activities | - | - |
| NET DECREASE IN CASH | 140 | (78,221) |
| Cash-Beginning of Year | 17,121 | 95,342 |
| Cash-End of Year | 17,261 | 17,121 |

Per our report attached

For and on behalf of the Board

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Auditor

Richard H. Gall
President

Mueed Khader
Secretary

Asif Khader
Director

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NOTES TO FINANCIAL STATEMENTS

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization :

Cranes Software, Inc., (The Company) was incorporated on February 24, 2005 as a Nevada Corporation, and is licensed to do business in the state of Michigan. The Company is a fully owned Subsidiary of Cranes Software International Ltd., Bangalore, India and is a supplier of software products that deals with module based engineering which essentially means finite elementary analysis and mathematical analysis of any product that is built or buildable. On April 1, 2006 the Company acquired 100% of the stock of Dunn Solutions Group Inc. (DSG). DSG was incorporated in September of 1990 in Illinois and provides business intelligence, transactional, and knowledge Solutions to enterprise and mid market businesses in a cross section of industries such as information technology consultancy, government, finance, insurance, health care, manufacturing, media publishing, distribution, telecom and pharmaceuticals. The Subsidiary generates its revenue through consulting services, software product sales application development and training. On April 1, 2007 the Company acquired 100% of the stock of Engineering Technologies Associates, Inc (ETA). ETA was incorporated in February of 1983 in Michigan as a C-corporation and provides innovative Computer Aided Engineering (CAE) solutions to a variety of industries whereby enabling engineers to simulate the behavior of automobiles, trains, aircraft, household appliances, and consumer electronics during manufacture and use, to make these products more safer, more durable and less expensive to develop. ETA is also the developer of the cutting edge software packages namely ETA-DYNAFORM and ETA-VPG. ETA has a branch office in China and also a fully owned subsidiary in China. The fully owned subsidiary was established on July 31, 2006 with initial investment of \$140,000.

Consolidation Policy :

As required by the Generally Accepted Accounting Principles the method used to account for the investment in subsidiaries is by the way of consolidation of the financial statements of the parent company with the financial statements of the subsidiaries. Consolidated financial statements are based on the on the assumption that they present the financial position and results of operations of a single entity. Thus, preparing the consolidated financial statements consists of combining all parent and subsidiary accounts and eliminating all inter company balances and transactions, if any. (SFAS 94, ARB 51).

Management Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition:

The company recognizes revenue as and when a product is sold or a related service is rendered which is accordance with generally accepted accounting principles (GAAP).

Inventory:

In accordance with GAAP the Company employs the lower of cost or market value in valuing its inventory. Inventory as of March 31, 2010 is stated at cost. Cost of inventory includes the purchasing cost from suppliers plus other relevant costs such as transportation expenses, customs duty, and loading and unloading expenses in bringing the inventory to its current location.

Property and Equipment :

Property and equipment are reflected at cost. Depreciation on property and equipment for financial reporting purposes is based on estimated useful lives of the related assets using the straight-line method of depreciation. It is the policy of the Company to capitalize any acquired asset with a value of \$ 1,000 or more with the exception of laptops and desktops, which are capitalized even if the cost of such items are less than \$ 1,000, and to provide for a full years of depreciation in the year of purchase and no depreciation in the year of sale.



The Company uses the following lives for the following categories of assets:

| | |
|-------------------------|------------|
| Furniture Fixtures | 3-7 Years |
| Software | 3 Years |
| Office Equipment | 3- 7 Years |
| Leasehold 'Improvements | 1-39 Years |
| Computer Equipment | 3-7 Years |
| Computer Software | 3-5 Years |
| Signage | 3-5 Years |
| Automobile | 5 Years |

Income Taxes:

Federal Income Taxes-the Company is a "C" corporation and is taxed under 1361 (a)(2) of the Internal revenue Code. Under this section the company is taxed at graduated rates on its taxable income for federal and state income tax purposes. However there will not be a federal income tax liability for the year ended March 31, 2010 as a result of a Net Operating Loss carry forward from the prior year. The Company can also be subject to enterprise income taxes on its subsidiary in China, based on the subsidiary's taxable income, and accordingly paid income taxes for the year ended March 31, 2010 in the amount of \$ 19,590.

Deferred Taxes:

"Accounting for Income taxes" SFAS No. 109 requires recognition of deferred tax liabilities and assets for the expected future tax consequences of temporary differences between the book and tax basis of assets and liabilities. However the Company does not provide for deferred income tax for timing differences resulting from the amounts of assets & liabilities reported for financial reporting purposes and amounts reported for tax purposes as these amounts are immaterial, due to the company being a accrual basis tax payer. However a deferred tax asset has been provided in the amount of \$ 404,394 for the future tax benefit that can arise from the net operating losses of the Company.

Advertising & Promotion:

It is the policy of the Company to expense all advertising and marketing costs (if any) during the periods to which such advertising costs pertain. The Company does not capitalize any advertising or marketing costs. During the year ended March 31, 2010 the company incurred \$ 258,763 in advertising and Promotion Costs.

Disclosures Regarding Financial Instruments:

The carrying value of cash, trade receivables, accounts payable, and accrued expenses are considered to approximate fair value due to the relatively short maturity of these instruments. The company's borrowing on the revolving line of credit is considered to approximate fair value based on the current interest rates and terms.

Concentration of Credit risk:

The financial instruments that subject the Company to a potential credit risk are cash and accounts receivable.

Cash: The Company's cash is held at various financial institutions each of which provides Federal Deposit Insurance coverage up-to \$ 250,000. However as of March 31, 2010 the cash balance at one financial institution exceeded this amount by \$ 128,617.

Trade Accounts Receivable: The Company provides goods and services to its customers based on the evaluation of the customers' credit worthiness without requiring any collateral. However a reasonable allowance in the amount of \$ 167,143 is provided on the financial statements mitigate the risk of any unanticipated losses.

Cash & Cash equivalents:

The Company considers all highly liquid investments with an original maturity date of three months or less to be cash equivalents.



Goodwill:

The goodwill recorded in the amount of \$ 16,183,194 is the difference between the purchase consideration of \$ 18,000,000 agreed to be paid to acquire the stock of the subsidiaries and the net assets of the subsidiaries as of date of acquisition of the respective subsidiaries. As stipulated by SF AS 142 the recorded goodwill will not be amortized but will be tested for impairment. In accordance with SFAS 142 testing for impairment will be done at least annually or more frequently if certain indications of impairment are obvious. There was no impairment of goodwill during the year ended March 31, 2010.

2. LEASE COMMITMENTS

The company leases office space under various lease agreements in Michigan, Illinois, North Carolina, Minnesota, and Florida which are described below.

A three year lease agreement to rent office space from a related party in Michigan which commenced on February 1, 2008. This lease calls for a monthly payment of \$ 2,663.

A five year lease agreement to rent office space from a related party in Michigan which commenced January 1, 2007. This lease calls for a monthly base rent payment of \$ 10,494.

A month to month lease agreement to rent office space from a related party in Michigan, with a monthly payment of \$ 800.

A four year lease agreement to rent office space commencing on January 1, 2007, with a monthly base rent payment of \$ 1,002.

The lease for office space in Skokie IL commenced on January 1, 1998 for a period" of 11 years and 8 months (140) months, and was extended commencing September 1, 2009 for additional term of 6 years. This lease calls for monthly payment of \$ 23,325.

A lease agreement for office space in Raleigh NC which commenced on September 30, 2003 for 4 years 7 months (55 months) and was extended for an additional 5 years commencing October 1, 2007. This lease calls for a monthly base rent payment of \$ 9,759.

A month to month lease agreement for office space in Eagan MN which calls for a monthly payment of \$ 1,356.

A three year lease agreement to rent office space in Fort Lauderdale FL commencing September 1, 2008 with a monthly payment of \$ 2,749.

Future minimum lease payments under all office space leases for the years ended March 31 is as follows:

| Year | Amount |
|------------|---------|
| 2011 | 591,577 |
| 2012 | 505,199 |
| 2013 | 338,454 |
| 2014 | 279,900 |
| 2015 | 279,000 |
| Thereafter | 116,625 |

Equipment Leases

Operating Leases

The company leases copiers under a 60 month lease agreement that commenced in May of 2007. This agreement calls for a monthly payment of \$ 403.

The Company leases computer equipment under a 36 month lease agreement that commenced in October of 2007. This agreement calls for a monthly payment of \$ 2,544.

Capital Leases

The company leases computer equipment and a telephone system under two separate capital leases.



The computer equipment lease is a three year lease which commenced on April 1, 2008 and calls for a monthly lease payment of principal and interest in the amount of \$ 1,397 and has an effective annual interest rate of 10.91%

The lease agreement pertaining to the telephone system is a three year lease which commenced on March 30, 2009 and calls for a monthly payment of principal in the amount of \$ 489 and has a effective annual interest rate is 0(Zero)%.

Future minimum lease payments under these leases for the years ended March 31, are as follows.

| Year | Amount |
|-------------|---------------|
| 2011 | 41,824 |
| 2012 | 15,704 |
| 2013 | 403 |

3. SOFTWARE DEVELOPMENT AND ACQUISITION COSTS

Software development acquisition costs incurred by the Company in connection with the company's long term development projects are capitalized in accordance with Statement of Financial Accounting Standards (SFAS) No. 86 accounting for costs of computer software to be sold leased or marketed. In accordance with Generally Accepted Accounting Principles, research and development costs are written off when incurred.

4. AFFILIATED COMPANY LOANS PAYABLE

Affiliated loans payable represents amounts transferred by affiliated Companies. There is no interest charged on the amount outstanding and there are no definite terms to the repayment of these amounts and there is no interest charged. The following table reflects affiliated company loans payable as of March 31, 2010.

| | March 31, 2010 |
|-----------------------------------|-----------------------|
| Cranes Software International Ltd | 3,882,080 |
| Systat Software Inc. | 1,146,756 |
| Total | \$ 5,028,836 |



5. PROPERTY & EQUIPMENT

| | Cost | | Amortization | | Disposals | | Additions | | Net book Value | |
|----------------|------------------|----------------|----------------|----------------|------------------|------------------|----------------|----------------|------------------|----------------|
| | April 1, 2009 | Mar 31, 2010 | April 1, 2009 | Mar 31, 2010 | Mar 31, 2010 | Mar 31, 2010 | Mar 31, 2010 | Mar 31, 2010 | Mar 31, 2010 | Mar 31, 2010 |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Auto & Sign | 7,471 | 7,471 | 5,377 | 7,471 | - | - | 2,094 | 7,471 | - | - |
| Equipment | 663,752 | 629,536 | 500,505 | 629,536 | (108,380) | (108,380) | 87,165 | 479,290 | (108,380) | 150,246 |
| Furn & Fixture | 208,099 | 200,789 | 191,279 | 200,789 | (7,310) | (7,310) | 5,902 | 189,871 | (7,310) | 10,918 |
| Leasehold Impr | 134,662 | 134,662 | 36,275 | 134,662 | - | - | 8,225 | 44,500 | - | 90,162 |
| Total | 1,013,984 | 972,458 | 733,436 | 972,458 | (115,690) | (115,690) | 103,386 | 721,132 | (115,690) | 251,326 |

6. INTANGIBLE ASSETS

| | Cost | | Amortization | | Disposals | | Additions | | Net book Value | |
|---------------|----------------|------------------|---------------|------------------|--------------|--------------|---------------|----------------|----------------|------------------|
| | April 1, 2009 | Mar 31, 2010 | April 1, 2009 | Mar 31, 2010 | Mar 31, 2010 | Mar 31, 2010 | Mar 31, 2010 | Mar 31, 2010 | Mar 31, 2010 | Mar 31, 2010 |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Customer List | 50,000 | 50,000 | 17,224 | 50,000 | - | - | 3,336 | 20,560 | - | 29,440 |
| Software | 51,692 | 1,311,272 | 49,571 | 1,311,272 | - | - | 84,986 | 134,557 | - | 1,176,715 |
| Total | 101,692 | 1,361,272 | 66,795 | 1,361,272 | - | - | 88,322 | 155,117 | - | 1,206,155 |



7. DEFERRED COMPENSATION PLANS

Each of subsidiaries of the company sponsors its kown 401(k) plan whereby all eligible employees can participate.

The plan of one subsidirar provides for an employee can contribute up to the maximum statutory limit. The plan also provides for an employer match after the employee has completed a year of services. The match is limited to .50 cents to a dollar up-to \$ 2,000 of employee deferrals and vests to the employee over four years.

The plan of the second subsidiary also provides for an employee to contribute up-to the maximum statutory limit. The plan provides a discretionary employee match provision, which vests to the employee over 5 years. The plan also has a loan provision which enables the employee to borrow up-to 50% of the vested amount.

8. OTHER CURRENT LIABILITIES - PAYABLE TO ENGINEERING TECHNOLOGIES ASSOCIATES, INC (ETA) AND DUNN SOLUTIONS GROUP, INC. (DSG) STOCKHOLDERS

As of march 31, 2010 the Company owed \$3,420,000 and \$2,673,582 respectively to the former stockholders of ETA and DSG. However the amount owed to these former stockholders are in default and remain in default through the date of our report. At time these stockholders, in accordance with the provisions of the respective purchase contracts can exercise theri rights and attempt to collect all of the amounts owed to them.

9. REVOLVING LINES OF CREDIT

Each of the Company’s sybsidiaries has a revolving line of credit with two different financial institutions.

The company currently has a revolving line of credit with a financial institution with a maximum borrowing limit of \$ 2,000,000. The line has an interest rate of 2% above “Prime” Rate, Matures on June 30, 2010 and is secured by all of the general assets of the Company. As of march 31, 2010 the outstanding balance on this line amounted \$ 1,478,000. The borrowing base on this line is limited to 75% of eligible trade receivables not to exceed the maximum borrowing limit. Beginning June 15th 2010 the borrowing base on this line will drop to 70% of eligible trade receivables not to exceed the maximum borrowing limit of \$ 2,000,000. It is also noted that the above terms and conditions are based upon a forbearance agreement between the Company and the financial institution.

The Company has a revolving line of credit with a maximum borrowing limit of \$ 300,000. The line has a variable interest rate and matures on June 30, 2010, and is secured by all of the general assets of the Company. As of March 31, 2010 the outstanding balance on this line amounted \$ 300,000. The borrowing base on this line is limited to 50% of eligible trade receivables not to exceed the maximum borrowing limit.

10. SOFTWARE SALES PERTAINING FOREIGN DISTRIBUTORS

Historically the Company has been accounting for sales of software pertaining to forign distributors as the net amount after deducting the distributor commissions. Beginning April 1, 2009, the Company accounted for such sales, general and administrative expenses. As a result of accounting for these software sales in this manner, the Company’s gross sales to foreign distributors have increased by \$1,197,248.

11. PRIOR PERIOD ADJUSTMENT

The prior period adjustment in the amount of \$ 100,000 pertains to a sale amount, by error not recorded on the books for the year ended March 31, 2009.

1. AFFILIATED COMPANY LOANS PAYABLE

Affiliated loans payable reprsents amounts transferred by affiliated companies. There is no interest charge on the amount outstanding and there are no definite terms to the repayment of these amounts. The following table reflects affiliated company loans payable as of March 31, 2010 and 2009.

| | March 31, 2010 | March 31, 2009 |
|-----------------------------------|-----------------------|-----------------------|
| Cranes Software International Ltd | 3,643,435 | 4,267,158 |
| Dunn Solutions Inc | 100,000 | 100,000 |
| Systat Software Inc | 1,146,756 | 1,127,233 |
| Engineering Technology Ass. Inc. | 212,753 | 188,539 |
| Total | \$ 5,102,944 | \$ 5,682,930 |



2. PROPERTY AND EQUIPMENT

| | Cost | | Depreciation | | Disposals | | Additions | | Net | |
|----------------|---------------|---------------|---------------|---------------|--------------|--------------|--------------|---------------|--------------|--------------|
| | April 1, 2009 | Mar 31, 2010 | April 1, 2009 | Mar 31, 2010 | Mar 31, 2010 | Mar 31, 2010 | Mar 31, 2010 | Mar 31, 2010 | Mar 31, 2010 | Mar 31, 2010 |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Furn & Fixture | 16,879 | 16,879 | 15,313 | 16,879 | - | 1,566 | - | 16,879 | - | - |
| Computers | 11,553 | 11,553 | 7,702 | 11,553 | - | 3,851 | - | 11,553 | - | - |
| Software | 3,949 | 3,949 | 3,949 | 3,949 | - | - | - | 3,949 | - | - |
| Total | 32,381 | 32,381 | 26,964 | 32,381 | - | 5,417 | - | 32,381 | - | - |

3. INTANGIBLE ASSET

| | Cost | | Amortization | | Disposals | | Additions | | Net | |
|--------------|---------------|------------------|---------------|------------------|--------------|---------------|--------------|---------------|--------------|------------------|
| | April 1, 2009 | Mar 31, 2010 | April 1, 2009 | Mar 31, 2010 | Mar 31, 2010 | Mar 31, 2010 | Mar 31, 2010 | Mar 31, 2010 | Mar 31, 2010 | Mar 31, 2010 |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Software | - | 1,250,000 | - | 1,250,000 | - | 83,333 | - | 83,333 | - | 1,166,667 |
| Total | - | 1,250,000 | - | 1,250,000 | - | 83,333 | - | 83,333 | - | 1,166,667 |

**CONSOLIDATED SCHEDULE OF REVENUE COST OF REVENUE AND SALES, GENERAL ADMINISTRATIVE EXPENSES**

MARCH 31, 2010

| REVENUE | \$ |
|---|-------------------|
| Maintenance Income | 244,546 |
| Service Revenue | 3,355,349 |
| Product Sales | 6,775,660 |
| Consulting Services | 13,966,255 |
| Training | 347,789 |
| Other Income | 1,895 |
| Returns & Discounts | (43,530) |
| | 24,647,964 |
| COST OF REVENUE | |
| Salaries & Wages | 7,305,960 |
| Contract Labor | 6,239,732 |
| Products | 1,872,227 |
| Royalty Expenses | 699,574 |
| Travel Expenses | 94,923 |
| Training Expenses | 197,148 |
| Miscellaneous Expenses | 18,389 |
| | 16,427,953 |
| SALES, GENERAL & ADMINISTRATIVE EXPENSES | |
| Technology Services Expenses | 132,166 |
| Royalty Expenses | 1,699 |
| Accounting & Legal Fees | 139,273 |
| Permits & Licenses | 82,813 |
| Outside Services | 242,259 |
| Freight & Postage | 11,005 |
| Rent | 747,712 |
| Utilities | 62,456 |
| Telephone | 137,824 |
| Printing | 1,341 |
| Advertising & Promotion | 258,763 |
| Insurance | 262,319 |
| Meals & Entertainment | 313,601 |
| Travel & Lodging | 394,104 |
| Business Taxes | 13,354 |
| Bank Charges | 35,281 |
| Sales Commissions | 54,104 |
| Dealer Commissions | 1,303,292 |
| Repairs & Maintenance | 11,820 |
| Office Expenses | 63,640 |
| Depreciation & Amortization | 191,708 |



| | |
|-----------------------------|---------|
| Dues & Subscriptions | 4,584 |
| Distribution Expense | 1,087 |
| Recruiting Expenses | 12,338 |
| Conferences & Meetings | 7,927 |
| Payroll & Pension Plan Fees | 14,668 |
| Auto Expenses | 71,561 |
| Training Expenses | 13,114 |
| Computer Supplies | 9,102 |
| Office Supplies | 37,702 |
| Charitable Contribution | 5,734 |
| Equipment Leases | 34,506 |
| Bad Debt Expenses | 84,814 |
| Staff Welfare | 146,486 |
| Partner Fees | 15,734 |
| Miscellaneous Expenses | 7,591 |

4,927,482

Per our report attached

For and on behalf of the Board

Per our report attached
Premier Accounting Solutions, Inc.
Auditor

Richard H. Gall
President

Mueed Khader
Secretary

Asif Khader
Director

“The accompanying notes are an integral part of these financial statements”





ENGINEERING TECHNOLOGIES ASSOCIATES, INC.

FINANCIAL STATEMENTS

2009 - 2010



INDEPENDENT AUDITOR'S REPORT

To

The Board of Directors

Engineering Technologies Associates, Inc.

We have audited the accompanying consolidated balance sheet of **Engineering Technologies Associates, Inc.**, as of March 31, 2010, and the related statements of income, retained earnings and cash flow for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects the financial position of Engineering Technologies Associates, Inc. as of March 31, 2010 and the results of its operations and its cash flow for the year then ended in conformity with generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules of revenue, cost of revenue and sales, general & administrative expenses on pages 19 and 20 are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Premier Accounting Solutions, Inc.
April 30, 2010



CONSOLIDATED BALANCE SHEET

MARCH 31, 2010

| PARTICULARS | AS AT 31-3-2010 \$ | AS AT 31-3-2010 \$ |
|---------------------------------------|--------------------------|--------------------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash & Cash Equivalents | | 498,859 |
| Trade Accounts Receivable | 3,433,660 | |
| Less: Allowance for Doubtful Accounts | (117,143) | |
| Trade Accounts Receivable - Net | | 3,316,517 |
| Affiliated Company Receivable | | 212,753 |
| Advances | | 101 ,182 |
| Total Current Assets | | 4,129,311 |
| PROPERTY & EQUIPMENT - Net | Note 4 | 192,055 |
| INTANGIBLE ASSETS - Net | Note 5 | 38,427 |
| OTHER ASSETS | | |
| Refundable Deposits | 10,845 | |
| Inventory | 177,969 | |
| Deferred Expenses | 174,894 | |
| Deferred Income Tax Asset | 148,331 | |
| Total Other Assets | | 512,039 |
| TOTAL ASSETS | | 4,871,832 |

Per our report attached

Premier Accounting Solutions, Inc.

For and on behalf of the Board

Abraham N. Keisoglou
President

“The accompanying notes are an integral part of these financial statements”

**CONSOLIDATED BALANCE SHEET**

MARCH 31, 2010

| PARTICULARS | AS AT 31-3-2010 \$ | AS AT 31-3-2010 \$ |
|--|-----------------------------------|-----------------------------------|
| LIABILITIES & STOCKHOLDER'S EQUITY | | |
| CURRENT LIABILITIES | | |
| Trade Accounts Payable | 533,758 | |
| Accrued Expenses | Note 6 | 1,011,686 |
| Loans Payable - Related Party | 70,000 | |
| Loans Payable - Employee | 180,000 | |
| Deferred Revenue | 310,567 | |
| Revolving Line of Credit | 1,478,000 | |
| Capital Lease Obligation-Current Portion | 21,768 | |
| Total Current Liabilities | | 3,605,779 |
| LONG TERM LIABILITIES | | |
| Capital Lease Obligation-Net of Current Portion | 11,834 | |
| Total Long Term Liabilities | | 11,834 |
| TOTAL LIABILITIES | | 3,617,613 |
| STOCKHOLDER'S EQUITY | | |
| Common Stock-\$ 50,000 No Par shares authorized 4,200 shares Issued and Outstanding | 7,200 | |
| Additional Paid in Capital | 138,229 | |
| Retained Earnings | 1,096,021 | |
| Stockholder's Equity | | 1,241,450 |
| Gain Due to Exchange Fluctuation | | 12,769 |
| Total Stockholder's Equity | | 1,254,219 |
| TOTAL LIABILITIES & STOCKHOLDER'S EQUITY | | 4,871,832 |

Per our report attached

For and on behalf of the Board

Premier Accounting Solutions, Inc.

Abraham N. Keisoglou
President

"The accompanying notes are an integral part of these financial statements"



CONSOLIDATED INCOME & RETAINED EARNINGS

MARCH 31, 2010

| PARTICULARS | AS AT 31-3-2010 \$ |
|---|--------------------------|
| REVENUE | 16,327,892 |
| COST OF REVENUE | 11,368,410 |
| GROSS PROFIT | 4,959,482 |
| OPERATING EXPENSES | |
| Personnel Expenses | 616,723 |
| Sales, General & Administrative Expenses | 4,279,510 |
| Total Operating Expenses | 4,896,233 |
| OPERATING INCOME | 63,249 |
| OTHER INCOME / EXPENSES | |
| Interest Income | 10,301 |
| Interest Expense | (73,451) |
| INCOME BEFORE INCOME TAXES | 99 |
| INCOME TAX EXPENSE | |
| Income Tax | (19,590) |
| Deferred Income Tax Benefit | 5,720 |
| NET INCOME | (13,771) |
| RETAINED EARNINGS - Beginning of the Year | 1,109,792 |
| RETAINED EARNINGS - End of the Year | 1,096,021 |

Per our report attached

For and on behalf of the Board

Premier Accounting Solutions, Inc.

Abraham N. Keisoglou
President

“The accompanying notes are an integral part of these financial statements”

**CONSOLIDATED CASH FLOW**

YEAR ENDED MARCH 31, 2010

| PARTICULARS | AS AT 31-3-2010 \$ |
|--|--------------------------|
| OPERATING ACTIVITIES: | |
| NET INCOME | (13,771) |
| Adjustments to reconcile Net Income to Net Cash Provided by Operating Activities: | |
| Depreciation & Amortization Expense | 71,082 |
| Changes in Assets & Liabilities: | |
| Increase in Accounts Receivable | (438,840) |
| Increase in Affiliated Company Receivable | (24,214) |
| Increase in Advances | (82,150) |
| Decrease in Prepaid Expenses | 905 |
| Decrease in Refundable Deposits | 22,205 |
| Increase in Inventory | (34,409) |
| Increase in Deferred Expenses | (12,340) |
| Increase in Deferred Tax Asset | (5,720) |
| Decrease in Trade Accounts Payable | (136,880) |
| Increase in Accrued Expenses | 261,320 |
| Decrease in Deferred Revenue | (191,369) |
| Decrease in Exchange Fluctuation | (3,494) |
| Net Cash Used in Operating Activities | (587,675) |
| INVESTING ACTIVITIES: | |
| Purchase of Equipment / Software | (64,948) |
| Cash used in Investing Activities | (64,948) |
| FINANCING ACTIVITIES | |
| Capital Lease Obligations | (19,897) |
| Related Party & Employee Loans | 650,000 |
| Borrowings - Line of Credit | 168,000 |
| Cash provided by Financing Activities | 798,103 |
| NET DECREASE IN CASH | 145,480 |
| CASH-Beginning of the Year | 353,379 |
| CASH-End of the Year | 498,859 |
| SUPPLEMENTAL DISCLOSURES TO CASH FLOW STATEMENT | |
| Interest Paid | 73,451 |

Per our report attached

For and on behalf of the Board

Premier Accounting Solutions, Inc.

Abraham N. Keisoglou
President

"The accompanying notes are an integral part of these financial statements"



BALANCE SHEET-PARENT CO

MARCH 31, 2010

| PARTICULARS | AS AT 31-3-2010 \$ | AS AT 31-3-2010 \$ |
|---------------------------------------|--------------------------|--------------------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash & Cash Equivalents | | 283,348 |
| Trade Accounts Receivable | 3,099,326 | |
| Less: Allowance for Doubtful Accounts | (100,000) | |
| Trade Accounts Receivable - Net | | 2,999,326 |
| Affiliated Company Receivable | | 212,753 |
| Advances | | 6,049 |
| Total Current Assets | | 3,501,476 |
| INVESTMENT IN SUBSIDIARY | | 140,000 |
| PROPERTY & EQUIPMENT - Net | Note 1 | 120,024 |
| INTANGIBLE ASSETS - Net | Note 2 | 29,440 |
| OTHER ASSETS | | |
| Refundable Deposits | 10,845 | |
| Deferred Expenses | 174,894 | |
| Deferred Income Tax Asset | 148,331 | |
| Total Other Assets | | 334,070 |
| TOTAL ASSETS | | 4,125,010 |

Per our report attached

For and on behalf of the Board

Premier Accounting Solutions, Inc.

Abraham N. Keisoglou
President

“The accompanying notes are an integral part of these financial statements”

**BALANCE SHEET-PARENT CO**

MARCH 31, 2010

| PARTICULARS | AS AT 31-3-2010 \$ | AS AT 31-3-2010 \$ |
|--|-----------------------------------|-----------------------------------|
| LIABILITIES & STOCKHOLDER'S EQUITY | | |
| CURRENT LIABILITIES | | |
| Trade Accounts Payable | 433,270 | |
| Accrued Expenses | Note 3 906,195 | |
| Loans Payable - Related Party | 70,000 | |
| Loans Payable - Employee | 180,000 | |
| Revolving Line of Credit | 1,478,000 | |
| Deferred Revenue | 310,567 | |
| Capital Lease Obligation - Current Portion | 21,768 | |
| Total Current Liabilities | | 3,399,800 |
| LONG TERM LIABILITIES | | |
| Capital Lease Obligation - Net of Current Portion | 11,834 | |
| Total Long Term Liabilities | | 11,834 |
| TOTAL LIABILITIES | | 3,411,634 |
| STOCKHOLDER'S EQUITY | | |
| Common Stock - \$ 50,000 No Par Shares Authorized 4,200 Shares Issued and Outstanding | 7,200 | |
| Additional Paid in Capital | 138,229 | |
| Retained Earnings | 567,947 | |
| Total Stockholder's Equity | | 713,376 |
| TOTAL LIABILITIES & STOCKHOLDER'S EQUITY | | 4,125,010 |

Per our report attached

For and on behalf of the Board

Premier Accounting Solutions, Inc.

Abraham N. Keisoglou
President

"The accompanying notes are an integral part of these financial statements"



STATEMENT OF INCOME AND RETAINED EARNINGS - PARENT CO

YEAR ENDED MARCH 31, 2010

| PARTICULARS | AS AT 31-3-2010 \$ |
|--|--------------------------|
| REVENUE | 14,647,567 |
| COST OF REVENUE | 10,606,208 |
| GROSS PROFIT | 4,041,359 |
| OPERATING EXPENSES | |
| Sales, General & Administrative Expenses | 3,987,466 |
| Total Operating Expenses | 3,987,466 |
| OPERATING INCOME | 53,893 |
| OTHER INCOME / EXPENSES | |
| Interest Expense | (71,931) |
| INCOME BEFORE INCOME TAXES | (18,038) |
| INCOME TAX EXPENSE | |
| Federal Income Tax | (14,399) |
| Deferred Income Tax Benefit | 5,720 |
| NET INCOME | (26,717) |
| RETAINED EARNINGS-Beginning of the Year | 594,664 |
| RETAINED EARNINGS-End of the Year | 567,947 |

Per our report attached

For and on behalf of the Board

Premier Accounting Solutions, Inc.

Abraham N. Keisoglou
President

“The accompanying notes are an integral part of these financial statements”

**STATEMENT OF CASH FLOW - PARENT CO**

YEAR ENDED MARCH 31, 2010

| PARTICULARS | AS AT 31-3-2010 \$ |
|--|-----------------------------------|
| OPERATING ACTIVITIES: | |
| NET LOSS | (26,717) |
| Adjustments to reconcile Net Income to Net Cash provided by Operating Activities: | |
| Depreciation & Amortization Expenses | 51,171 |
| Changes in Assets & Liabilities: | |
| Increase in Accounts Receivable | (606,745) |
| Increase in Affiliated Company Receivable | (24,214) |
| Decrease in Advances | 11,457 |
| Increase in Deferred Expenses | (12,340) |
| Increase in Deferred Tax Assets | (5,720) |
| Decrease in Trade Accounts Payable | (27,321) |
| Decrease in Affiliated Company Payables | (20,000) |
| Increase in Accrued Expenses | 305,994 |
| Decrease in Royalties Payable | (39,051) |
| Decrease in Deferred Revenue | (191,369) |
| Net Cash Used in Operating Activities | (584,855) |
| INVESTING ACTIVITIES: | |
| Purchase of Equipment | (3,891) |
| Cash used in Investing Activities | (3,891) |
| FINANCING ACTIVITIES | |
| Payment of Capital Lease Obligation | (19,897) |
| Related Party & Employee Loans | 650,000 |
| Borrowings - Line of Credit | 168,000 |
| Cash provided by Financing Activities | 798,103 |
| NET DECREASE IN CASH | 209,357 |
| CASH-Beginning of the Year | 73,991 |
| CASH-End of the Year | 283,348 |
| SUPPLEMENTAL DISCLOSURES TO CASH FLOW STATEMENT | |
| Interest Paid | 71,931 |

Per our report attached

For and on behalf of the Board

Premier Accounting Solutions, Inc.

Abraham N. Keisoglou
President

"The accompanying notes are an integral part of these financial statements"



NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organisation :

Engineering Technologies Associates, Inc. (ETA) (The Company). was incorporated in February of 1983 in Michigan as a C-corporation and provides innovative Computer Aided Engineering (CAE) solutions to a variety of industries whereby enabling engineers to simulate the behavior of automobiles, trains, aircraft, household appliances, and consumer electronics during manufacture and use, to these products more safer, more durable and less expensive to develop. ETA is also the developer of the cutting edge software packages namely ETA-DYNAFORM and ETA-VPG. The Company has a branch office in China and also a fully owned subsidiary in China. The fully owned subsidiary was established on July 31, 2006 with initial investment of \$ 140,000. On April 1, 2007 100% of the ownership of the Company was acquired by a Nevada Corporation.

Management Estimates:

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition:

In accordance with generally accepted accounting principles the company recognizes revenue when earned and the customer is billed for services rendered or for goods purchased.

Disclosures Regarding Financial Instruments:

The carrying value of cash, trade accounts receivables, accounts payable and accrued expenses are considered to approximate fair value due to the relatively short maturity of these instruments. The Company's borrowings are considered to approximate fair value based on current interest rates and terms.

Concentration of Credit risk:

The financial instruments that subject the Company to a potential credit risk are cash and accounts receivable.

Cash: The Company's cash is held at financial institutions, each of which provides Federal Deposit Insurance coverage up-to \$ 250,000. However as of March 31, 2010 the cash balance at this financial institution exceeded this amount by \$ 7,569.

Trade Accounts Receivable: The Company provides goods and services to its customers based on the evaluation of the customers' credit worthiness without requiring any collateral. However a reasonable allowance in the amount of \$ 117,143 is provided on the financial statements to mitigate the risk of any anticipated losses.

Advertising & Marketing :

It is the policy of the Company to expense all advertising and marketing costs (if any) during the periods to which such advertising costs pertain. The Company does not capitalize any advertising or marketing costs. During the year ended March 31, 2010 the company incurred \$ 162,242 in advertising and marketing costs.

Cash & Cash Equivalents:

For the purpose of the statement of cash flow, the Company considers all securities (if any) with maturity of three months or less to be cash equivalents.

Property Equipment

Property & Equipment is recorded at cost. Depreciation on property and equipment is computed using the



straight line method of depreciation over the estimated useful life of the asset. Leasehold improvements are depreciated using the straight line method of depreciation. Effective April 1, 2007 it is the policy of the Company to capitalize any asset with a cost of \$ 1,000 or more with the exception of laptops and desktops, which are capitalized even if cost of such items are less than \$1,000, and provide for a full year's depreciation in the year of purchase and no depreciation in the year of disposal. The following class lives are used for the following categories of assets.

| | | |
|------------------------|------------|----|
| Leasehold Improvements | 1-39 Years | SL |
| Office Equipment | 5- 7 Years | SL |
| Computer Equipment | 5-7 Years | SL |
| Computer Software | 3-5 Years | SL |
| Signage | 3-5 Years | SL |
| Automobile | 5 Years | SL |
| Furniture & Fixtures | 5-7 Years | SL |

The Company provided \$ 67,153 in depreciation expense for the year ended March 31, 2010.

Intangible Assets

The Intangible asset (customer list) is recorded at cost and is depreciated using the straight line method of depreciation over 15 years. The Company provided \$ 3,929 in amortization expense during the year ended March 31, 2010.

Income Taxes

The Company is a "C Corporation" and is taxed at graduated rates based on its taxable income for federal and state income tax purposes. However there was no income tax liability for the year ended March 31, 2010 as the Company didn't have any taxable income in the United States. However income tax in the amount of \$ 5,191 has been provided based on the Company's taxable income in China, which is payable to the appropriate authorities in China.

Deferred Tax

"Accounting for Income taxes" SFAS No. 109 requires recognition of deferred tax liabilities and assets for the expected future tax consequences of temporary differences between the book and tax basis of assets and liabilities. However the Company does not provide for deferred income tax for timing differences resulting from the amounts of assets & liabilities reported for financial reporting purposes and amounts reported for tax purposes as these amounts are immaterial mainly due to the Company being an accrual basis tax payer. However a deferred tax asset in the amount of \$ 148,331 has been recorded on the financial statements, calculated based on the Company's net operating losses. This deferred tax asset essentially is an income tax benefit the company would be entitled to receive on all future income taxes it would incur on future taxable profits in the United States.

2. DEFERRED COMPENSATION PLAN

The Company sponsors a deferred compensation plan (401 K plan) whereby all eligible employees can participate. The employee can contribute up-to the maximum statutory limit. The plan provides a discretionary employee match provision, which vests to the employee over 5 years. The plan also has a loan provision which enables the employee to borrow up-to 50% of the vested amount.

3. COMMITMENTS

Related Party Office Space Leases:

The company leases office space from a related party under 2 separate lease agreements which are described below.

1. A five year lease agreement which commenced January 1, 2007. This lease calls for a monthly base rent payment of \$ 10,494.
2. A month to month lease which calls for a monthly payment of \$ 800.



Non Related Party Office Space leases

A four year lease agreement which commenced on January 1, 2007. This lease calls for a monthly base rent payment of \$ 1,002.

Future minimum lease payments under all office space leases for the years ended March 31, are as follows.

| | |
|------|------------|
| 2011 | \$ 134,946 |
| 2012 | 94,446 |

Equipment Leases

Capital Leases:

The company leases computer equipment and a telephone system under two separate capital leases.

The computer equipment lease is a three year lease which commenced on April 1st 2008 and calls for a monthly lease payment of principal and interest in the amount of \$ 1,397 and has an effective annual interest rate of 10.91%.

The lease agreement pertaining to the telephone system is a three year lease which commenced on March 30, 2009 and calls for a monthly payment of principal in the amount of \$ 489 and has a effective annual interest rate is 0%.

Operating leases

The company leases copiers under a 60 month lease agreement that commenced in May of 2007. This agreement calls for a monthly payment of \$ 403.

The Company leases computer equipment under a 36 month lease agreement that commenced in October of 2007. This agreement calls for a monthly payment of \$ 2,544.

Future minimum lease payments under all equipment leases for the years ended March 31, are as follows.

| | |
|------|-----------|
| 2011 | \$ 41,824 |
| 2012 | 15,704 |
| 2013 | 403 |



4. PROPERTY & EQUIPMENT

| | Cost | | Depreciation | | Disposals | | Additions | | Net Book Value | |
|----------------|----------------|----------------|----------------|----------------|------------------|------------------|---------------|----------------|----------------|----------------|
| | April 1, 2009 | Mar 31, 2010 | April 1, 2009 | Mar 31, 2010 | April 1, 2009 | Mar 31, 2010 | April 1, 2009 | Mar 31, 2010 | April 1, 2009 | Mar 31, 2010 |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Auto & Sign | 7,471 | 7,471 | 5,377 | 7,471 | - | - | 2,094 | 7,471 | - | - |
| Equipment | 458,507 | 405,495 | 355,744 | 405,495 | (108,380) | (108,380) | 58,502 | 305,866 | 99,629 | 99,629 |
| Software | 47,743 | 47,743 | 45,622 | 47,743 | - | - | 1,060 | 46,682 | 1,061 | 1,061 |
| Furn & Fixture | 177,980 | 170,670 | 170,669 | 170,670 | (7,310) | (7,310) | 1,688 | 165,047 | 5,623 | 5,623 |
| Leasehold Imp | 121,410 | 121,410 | 31,859 | 121,410 | - | - | 3,809 | 35,668 | 85,742 | 85,742 |
| Total | 813,111 | 752,789 | 609,271 | 752,789 | (115,690) | (115,690) | 67,153 | 560,734 | 192,055 | 192,055 |

5. INTANGIBLE ASSETS

| | Cost | | Amortization | | Disposals | | Additions | | Net Book Value | |
|---------------|---------------|---------------|---------------|---------------|---------------|--------------|---------------|---------------|----------------|---------------|
| | April 1, 2009 | Mar 31, 2010 | April 1, 2009 | Mar 31, 2010 | April 1, 2009 | Mar 31, 2010 | April 1, 2009 | Mar 31, 2010 | April 1, 2009 | Mar 31, 2010 |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Customer List | 50,000 | 50,000 | 17,224 | 50,000 | - | - | 3,336 | 20,560 | 29,440 | 29,440 |
| Software | - | 9,580 | - | 9,580 | - | - | 593 | 593 | 8,987 | 8,987 |
| Total | 50,000 | 59,580 | 17,224 | 59,580 | - | - | 3,929 | 21,153 | 38,427 | 38,427 |



6. ACCRUED EXPENSES

| | |
|---------------------------------|---------------------|
| Reimbursement Expenses - Client | \$ 20,715 |
| Royalties Payable | 317,277 |
| Accrued Payroll | 473,266 |
| Payroll Taxes Payable | 79,745 |
| Accrued Commissions Payable | 6,879 |
| Accrued Interest Payable | 6,682 |
| GST Tax Payable | 1,631 |
| Accrued Expenses-Subsidiary | 105,491 |
| Total | \$ 1,011,686 |

7. RELATED PARTY NOTES PAYABLE

As of March 31, 2010 the Company had two related party demand notes payable amounting to \$ 70,000. The amount of the first note is \$ 50,000 and calls for an interest rate of 10% per annum and the interest is payable upon demand. The amount of the second note is for \$ 20,000 and calls for an interest rate of 10% per annum and the interest is payable on demand.

8. EMPLOYEE NOTES PAYABLE

As of March 31, 2010 the Company had three demand notes payable to employees, each in the amount of \$ 60,000 totaling \$ 180,000. Each of these notes calls for an interest rate of 10% per annum and interest is payable upon demand.

9. REVOLVING LINE OF CREDIT

The Company currently has a revolving line of credit with a financial institution with a maximum borrowing limit of \$ 2,000,000. The line has an interest rate of 2% above "Prime" Rate, matures on June 30, 2010 and is secured by all of the general assets of the Company. As of March 31, 2010 the outstanding balance on this line amounted \$ 1,478,000. The borrowing base on this line is limited to 75 % of eligible trade receivables not to exceed the maximum borrowing limit. Beginning June 15th 2010 the borrowing base on this line will drop to 70% of eligible trade receivables not to exceed the maximum borrowing limit of \$ 2,000,000. It is also noted that the above terms and conditions are based upon a forbearance agreement between the Company and the financial institution.

10. SOFTWARE SALES PERTAINING FOREIGN DISTRIBUTORS

Historically the company has been accounting for sales of software pertaining to foreign distributors at the net amount after deducting the distributor commissions. Beginning April 1, 2009, the Company accounted for such sales at the gross amounts and the distributor commission was accounted for as part of sales, general and administrative expenses. As a result of accounting for these software sales in this manner, the Company's gross sale to foreign distributors has increased by \$1,197,248.

11. INCOME TAX BENEFITS DERIVED AS A RESULT OF THE PARENT CO (CRANES SOFTWARE, INC) FILING A CONSOLIDATED TAX RETURN WITH SUBSIDIARY (ENGINEERING TECHNOLOGIES SERVICES, INC).

For the year ended March 31, 2010 audit the company had federal income tax benefit as a result of the Parent Co filing a consolidated tax return with its subsidiary. Therefore federal income taxes payable as of March 31, 2010, have been eliminated to the extent of the benefits derived and such benefits have been treated in accordance with the guidelines of SFAS 109, as a equity transaction (additional paid in capital). As a result the additional paid in capital has been increased by the federal income tax benefits received which amounted to \$ 138,229.



1. PROPERTY & EQUIPMENT

| | Cost | | Additions | | Disposals | | Mar 31, 2010 | | Depreciation | | Additions | | Disposals | | Mar 31, 2010 | | Net Book Value | |
|----------------|----------------|----|--------------|------------------|-----------|----|----------------|----|----------------|---------------|------------------|----------------|-----------|----|--------------|----------------|----------------|----------------|
| | April 1, 2009 | \$ | \$ | \$ | \$ | \$ | \$ | \$ | April 1, 2009 | \$ | \$ | \$ | \$ | \$ | \$ | \$ | Mar 31, 2010 | \$ |
| Auto & Sign | 7,471 | | - | - | - | - | 7,471 | | 5,377 | 2,094 | - | 7,471 | | - | - | 7,471 | | - |
| Equipment | 410,459 | | 3,891 | (108,380) | | | 305,970 | | 347,568 | 39,184 | (108,380) | 278,372 | | | | 278,372 | | 27,598 |
| Software | 47,743 | | - | - | - | - | 47,743 | | 45,622 | 1,060 | - | 46,682 | | - | - | 46,682 | | 1,061 |
| Furn & Fixture | 177,980 | | - | (7,310) | | | 170,670 | | 170,669 | 1,688 | (7,310) | 165,047 | | | | 165,047 | | 5,623 |
| Leasehold Imp | 121,410 | | - | - | - | - | 121,410 | | 31,859 | 3,809 | - | 35,668 | | - | - | 35,668 | | 85,742 |
| Total | 765,063 | | 3,891 | (115,690) | | | 653,264 | | 601,095 | 47,835 | (115,690) | 533,240 | | | | 533,240 | | 120,024 |

2. INTANGIBLE ASSETS

| | Cost | | Additions | | Disposals | | Mar 31, 2010 | | Amortization | | Additions | | Disposals | | Mar 31, 2010 | | Net Book Value | |
|---------------|---------------|----|-----------|----------|-----------|----------|---------------|----|---------------|--------------|-----------|---------------|-----------|----------|--------------|---------------|----------------|---------------|
| | April 1, 2009 | \$ | \$ | \$ | \$ | \$ | \$ | \$ | April 1, 2009 | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | Mar 31, 2010 |
| Customer List | 50,000 | | - | - | - | - | 50,000 | | 17,224 | 3,336 | - | 20,560 | | - | - | 20,560 | | 29,440 |
| Total | 50,000 | | - | - | - | - | 50,000 | | 17,224 | 3,336 | - | 20,560 | | - | - | 20,560 | | 29,440 |

3. ACCRUED EXPENSES

| | |
|---------------------------------|-------------------|
| Reimbursement Expenses - Client | \$ 20,715 |
| Royalties Payable | 317,277 |
| Accrued Payroll | 473,266 |
| Payroll Taxes Payable | 79,745 |
| Accrued Commissions Payable | 6,879 |
| Accrued Interest Payable | 6,682 |
| GST Tax Payable | 1,631 |
| Total | \$ 906,195 |


SCHEDULE OF CONSOLIDATED REVENUE, COST OF REVENUE AND SALES, GENERAL AND ADMINISTRATIVE EXPENSES

YEAR ENDED MARCH 31, 2010

| REVENUE | \$ |
|---|-------------------|
| Engineering Services | 3,396,049 |
| Contract Labor & Subcontractors | 5,188,031 |
| Contract Labor - ETA | 2,623,680 |
| S/W Other | 5,163,662 |
| Sales Returns & Discounts | (43,530) |
| | 16,327,892 |
| COST OF REVENUE | |
| Salaries & Related Taxes | 2,802,275 |
| Contract Labour | 3,521,477 |
| Royalties | 699,574 |
| Products | 762,202 |
| Subcontractors | 2,648,554 |
| China | 621,738 |
| Fringe Benefits | 304,672 |
| Miscellaneous Expenses | 7,918 |
| | 11,368,410 |
| SALES, GENERAL & ADMINISTRATIVE EXPENSES | |
| Salaries & Related Taxes | 943,506 |
| Staff Welfare | 146,486 |
| Commissions | 54,104 |
| Reseller's Commission | 1,197,248 |
| Conferences & Meetings | 7,927 |
| Freight & Postage | 5,753 |
| Office Expenses | 62,260 |
| Audit & Legal Fees | 78,546 |
| Technology Service | 132,166 |
| Rent | 327,095 |
| Utilities | 50,932 |
| Property & Other Taxes | 3,645 |
| Insurance | 62,715 |
| Office Supplies | 21,649 |
| Printing | 1,341 |
| Depreciation & Amortization | 71,082 |
| Travel | 319,353 |
| Seminars & Training | 660 |
| Meals & Entertainment | 306,673 |
| Equipment Leases | 32,939 |
| Repairs & Maintenance | 6,007 |
| Auto Leases | 25,694 |
| Auto Expenses | 21,973 |
| Telephone | 67,185 |
| Outside Services | 6,084 |
| Advertising & Promotion | 162,242 |
| Charitable Contributions & Gifts | 2,734 |
| Dues & Subscriptions | 4,584 |
| Licenses & Fees | 49,008 |
| Bad Debt Expense | 84,814 |
| Bank Fees | 21,461 |
| Miscellaneous Expenses | 1,644 |
| | 4,279,510 |



CRANES®

SCHEDULE OF REVENUE, COST OF REVENUE AND SALES, GENERAL AND ADMINISTRATIVE EXPENSES - PARENT CO

YEAR ENDED MARCH 31, 2010

| REVENUE | \$ |
|---|-------------------|
| Engineering Services | 3,396,049 |
| Contract Labor & Subcontractors | 5,188,031 |
| S/W Other | 6,107,017 |
| Sales Returns & Discounts | (43,530) |
| | 14,647,567 |
| COST OF REVENUE | |
| Salaries & Related Taxes | 2,802,275 |
| Contract Labour | 3,521,477 |
| Royalties | 699,574 |
| Subcontractors | 2,648,554 |
| China | 621,738 |
| Fringe Benefits | 304,672 |
| Miscellaneous Expenses | 7,918 |
| | 10,606,208 |
| SALES, GENERAL & ADMINISTRATIVE EXPENSES | |
| Salaries & Related Taxes | 943,506 |
| Commissions | 54,104 |
| Reseller's Commission | 1,668,926 |
| Conferences & Meetings | 5,043 |
| Freight & Postage | 4,039 |
| Audit & Legal Fees | 78,546 |
| Rent | 191,583 |
| Utilities | 43,801 |
| Property & Business Taxes | 3,645 |
| Insurance | 62,715 |
| Office Supplies | 21,649 |
| Printing | 1,341 |
| Depreciation & Amortization | 51,171 |
| Travel | 143,983 |
| Seminars & Training | 660 |
| Meals & Entertainment | 255,156 |
| Equipment Leases | 32,939 |
| Repairs & Maintenance | 6,007 |
| Auto Leases | 25,694 |
| Auto Expenses | 21,973 |
| Telephone | 58,465 |
| Outside Services | 6,084 |
| Advertising & Promotion | 162,242 |
| Charitable Contributions & Gifts | 2,734 |
| Dues & Subscriptions | 4,584 |
| Licenses & Fees | 49,008 |
| Bad Debt Expense | 67,671 |
| Bank Fees | 19,716 |
| Miscellaneous Expenses | 481 |
| | 3,987,466 |

Per our report attached

For and on behalf of the Board

Premier Accounting Solutions, Inc.

Abraham N. Keisoglou
President



DUNN SOLUTIONS GROUP, INC.

FINANCIAL STATEMENTS

2009 - 2010



INDEPENDENT AUDITOR'S REPORT

To

The Board of Directors
Dunn Solutions Group, Inc.

We have audited the accompanying balance sheet of **Dunn Solutions Group, Inc.**, as of March 31, 2010, and the related statements of income, retained earnings and cash flow for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects the financial position of Dunn Solutions Group, Inc., as of March 31, 2010 and the results of its operations and its cash flow for the year then ended in conformity with generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the basic financial statement taken as a whole. The schedule revenue of cost of revenue and sales, general & administrative expenses on page 12 is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Premier Accounting Solutions Inc.
May 7 2010



BALANCE SHEET

MARCH 31, 2010

| PARTICULARS | AS AT 31-3-2010 \$ | AS AT 31-3-2010 \$ |
|---------------------------------------|--------------------------|--------------------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash | | 374,425 |
| Trade Accounts Receivable | 1,440,403 | |
| Less: Allowance for Doubtful Accounts | (50,000) | |
| Trade Accounts Receivable-Net | | 1,390,403 |
| Prepaid Expenses | | 66,209 |
| Employee Loan | | 8,000 |
| Total Current Assets | | 1,839,037 |
| PROPERTY & EQUIPMENT | | |
| Computer Equipment | 212,488 | |
| Office Furniture | 13,240 | |
| Leasehold Improvements | 13,252 | |
| Less: Accumulated Depreciation | (178,648) | |
| Property & Equipment-Net | | 60,332 |
| OTHER ASSETS | | |
| Refundable Deposits | 37,637 | |
| Licenses Held for Future Sale | 28,984 | |
| Deferred Tax Asset | 223,726 | |
| | | 290,347 |
| TOTAL ASSETS | | 2,189,716 |

Per our report attached

For and on behalf of the Board

Premier Accounting Solutions, Inc.

William Dunn
President

"The accompanying notes are an integral part of these financial statements"

**BALANCE SHEET**

MARCH 31, 2010

| PARTICULARS | AS AT 31-3-2010 \$ | AS AT 31-3-2010 \$ |
|---|-----------------------------------|-----------------------------------|
| LIABILITIES & STOCKHOLDER'S EQUITY | | |
| CURRENT LIABILITIES | | |
| Trade Accounts Payable | 160,614 | |
| Deferred Revenue | 49,105 | |
| Affiliated Company Payables | 138,645 | |
| Accrued Vacation Expenses | 162,068 | |
| Revolving Line of Credit | 300,000 | |
| Other Accrued Expenses | 21,557 | |
| Total Current Liabilities | | 831,989 |
| LONG TERM LIABILITIES | | |
| Total Liabilities | | 831,989 |
| STOCKHOLDER'S EQUITY | | |
| Common Stock No Par Value 5263 Shares Authorized, Issued and Outstanding | 41,000 2,919,428 | |
| Additional Paid in Capital | (1,602,701) | |
| Retained Earnings | | |
| Total Stockholder's Equity | | 1,357,727 |
| TOTAL LIABILITIES & STOCKHOLDER'S EQUITY | | 2,189,716 |

Per our report attached

For and on behalf of the Board

Premier Accounting Solutions, Inc.

William Dunn
President

"The accompanying notes are an integral part of these financial statements"



INCOME & RETAINED EARNINGS

MARCH 31, 2010

| PARTICULARS | AS AT 31-3-2010 \$ |
|--|--------------------------|
| REVENUE | 7,863,602 |
| COST OF REVENUE | 5,256,290 |
| GROSS PROFIT | 2,607,312 |
| OPERATING EXPENSES | |
| Sales, General & Administrative Expenses | 2,541,889 |
| Total Operating Expenses | 2,541,889 |
| INCOME FROM OPERATIONS | 65,423 |
| OTHER INCOME/EXPENSES | |
| Interest Income | 3 |
| Interest Expenses | (16,214) |
| INCOME BEFORE INCOME TAXES | 49,212 |
| INCOME TAX EXPENSE | |
| Federal & State Income Tax | - |
| NET INCOME | 49,212 |
| RETAINED EARNINGS-Beginning of the year | (1,651,913) |
| RETAINED EARNINGS-End of the year | (1,602,701) |

Per our report attached

For and on behalf of the Board

Premier Accounting Solutions, Inc.

William Dunn
President

“The accompanying notes are an integral part of these financial statements”

**CASH FLOW**

YEAR ENDED MARCH 31, 2010

| PARTICULARS | AS AT 31-3-2010 \$ |
|--|--------------------------|
| OPERATING ACTIVITIES: | |
| NET INCOME | 49,212 |
| Adjustments to reconcile Net Income to Net Cash Provided by Operating Activities: | |
| Depreciation Expense | 31,876 |
| Changes in Assets & Liabilities: | |
| Increase in Accounts Receivable | (102,840) |
| Decrease in Prepaid Expenses | 17,241 |
| Increase in Deferred Revenue | 41,605 |
| Decrease in Other Assets | 8,829 |
| Decrease in Affiliated Company Payables | (8,240) |
| Decrease in Trade Accounts Payable | (125,162) |
| Decrease in Accrued Expenses | (36,360) |
| Net Cash Used In Operating Activities | (123,839) |
| INVESTING ACTIVITIES: | |
| Purchase of Fixed Assets | (18,796) |
| Cash used in Investing Activities | (18,796) |
| FINANCING ACTIVITIES | |
| Borrowing from line of Credit | 200,000 |
| Net Cash Provided by Financing Activities | 200,000 |
| NET INCREASE IN CASH | |
| CASH-Beginning of the year | 317,060 |
| CASH-End of the year | 374,425 |
| SUPPLEMENTAL DISCLOSURES TO CASH FLOW STATEMENT: | |
| Interest Expenses | 16,214 |

Per our report attached

For and on behalf of the Board

Premier Accounting Solutions, Inc.

William Dunn
President

"The accompanying notes are an integral part of these financial statements"



NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organisation :

Dunn Solutions Group Inc (The Company) was incorporated in September of 1990 in Illinois elected an S-Corporation status and provides business intelligence, transactional, and knowledge Solutions to enterprise and mid market businesses in a cross section of industries such as information technology consultancy, government, finance, insurance, health care, manufacturing, media publishing, distribution, telecom and pharmaceuticals. The Company generates its revenue through consulting services, software product sales application development and training. On April 1, 2006 100% of the ownership of the Company was acquired by a Nevada Corporation and as a result of this acquisition the status of the Company changed from an S-Corporation to a C-corporation to be in conformity with the parent Company.

Management Estimates:

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition:

In accordance with generally accepted accounting principles the company recognizes revenue when earned the customer is billed for services rendered or goods purchased.

Disclosures Regarding Financial Instruments:

The carrying value of cash, trade accounts receivables, accounts payable and accrued expenses are considered to approximate fair value due to the relatively short maturity of these instruments.

Concentration of Credit risk:

The financial instruments that subject the Company to a potential credit risk are cash and accounts receivable.

Cash: The Company's cash is held at a financial institution which provides Federal Deposit Insurance coverage up-to \$ 250,000. However as of March 31, 2010 the cash balance at this financial institution exceeded this amount by \$ 121,048.

Trade Accounts Receivable : The Company provides goods and services to its customers based on the evaluation of the customers' credit worthiness without requiring any collateral. However a reasonable allowance in the amount of \$ 50,000 is provided on the financial statements mitigate the risk of any unanticipated losses.

Advertising & Marketing :

It is the policy of the Company to expense all advertising and marketing costs (if any) during the periods to which such advertising costs pertain. The Company does not capitalize any advertising or marketing costs. During the year ended March 31, 2010 the company incurred \$ 91,790 in advertising and marketing costs.

Cash & Cash Equivalents:

For the purpose of the statement of cash flow, the Company considers all securities (if any) with maturity of three months or less to be cash equivalents.

Property Equipment

Property & Equipment is recorded at cost. Depreciation on property and equipment is computed using the straight line method of depreciation over the estimated useful life of the asset. Effective April 1, 2007 it is the policy of the Company to capitalize any asset with a cost of \$ 1,000 or more with the exception of laptops and desktops, which are capitalized even if cost of such items are less than \$ 1,000, and provide for a full year's depreciation in the year of purchase and no depreciation in the year of disposal.



The following class lives are used for the following categories of assets.

| | |
|------------------------|--|
| Computer Equipment | 3 years |
| Furniture & Fixtures | 5 years |
| Leasehold Improvements | Shorter of estimated useful life of related asset or remaining term of lease |

Income Taxes

The Company is a "C Corporation" and is taxed at graduated rates based on its taxable income for federal and state income tax purposes. However the Company most probably will not be liable for any federal or state income taxes for the year ended March 31, 2010 due to prior net operating losses carry forward.

Deferred Tax

"Accounting for Income taxes" SFAS No. 109 requires recognition of deferred tax liabilities and assets for the expected future tax consequences of temporary differences between the book and tax basis of assets and liabilities. However the Company does not provide for deferred income tax for timing differences resulting from the amounts of assets & liabilities reported for financial reporting purposes and amounts reported for tax purposes as these amounts are immaterial mainly due to the Company being an accrual basis tax payer. However a deferred tax asset in the amount of \$ 223,726 has been recorded on the financial statements, calculated based on the Company's net operating losses. This deferred tax asset essentially is an income tax benefit the company would be entitled to receive on all future income taxes the Company would incur on future taxable profits.

2. DEFERRED COMPENSATION PLAN

The Company sponsors a 401 (k) plan whereby all eligible employees can participate. The employee can contribute up to the maximum statutory limit. The plan also provides for an employer match after the employee has completed a year of service.

The match is limited to .50 cents to a dollar up-to \$ 2,000 of employee deferrals and vests to the employee over four years at the following percentages.

| | |
|--------|-------|
| Year 2 | 20%, |
| Year 3 | 75% |
| Year 4 | 100%. |

3. COMMITMENTS

Operating Leases:

The Company leases office space in Skokie IL, Raleigh, NC Eagan MN and Fort Lauderdale FL.

The lease for office space in Skokie IL commenced on January 1, 1998 for a period of 11 years and 8 months (140) months, and was extended commencing September 1, 2009 for additional term of 6 years. This lease calls for monthly payment of \$ 23,325.

The lease for office space in Raleigh NC commenced on September 30, 2003 for 4 years 7 months (55 months) and was extended for an additional 5 years commencing October 1, 2007. This lease calls for a monthly base rent payment of \$ 9,759.

The lease for office space in Eagan MN calls for a monthly payment of \$ 1,356 and is on a month to month basis.

The lease for office space in Fort Lauderdale FL commenced on September 1, 2008 for 3 years and calls for a monthly rent of \$ 2,749.



Future minimum lease payments under all operating office leases for the years ended March 31 is as follows:

| Year | Amount |
|------------|---------|
| 2011 | 429,996 |
| 2012 | 410,753 |
| 2013 | 338,454 |
| 2014 | 279,900 |
| 2015 | 279,900 |
| Thereafter | 116,625 |

4. INCOME TAX BENEFITS DERIVED AS A RESULT OF THE PARENT CO FILING A CONSOLIDATED TAX RETURN

For the year ended March 31, 2008 audit the company had federal and state income tax benefits as a result of the Parent Co filing a consolidated tax return. Therefore the income taxes payable as of March 31, 2007, have been eliminated to the extent of the benefits derived and such benefits have been treated in accordance with the guidelines of SFAS 109, as a equity transaction (additional paid in capital). As a result the additional paid in capital has been increased by the federal and state income tax benefits received which amounted to \$ 247,554.



5. PROPERTY & EQUIPMENT

| | Cost | | | Depreciation | | | Net Book Value Mar. 31, 2010 |
|----------------|----------------|---------------|-----------|----------------|---------------|-----------|------------------------------------|
| | April 1, 2009 | Additions | Disposals | April 1, 2009 | Additions | Disposals | |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Equipment | 193,692 | 18,796 | - | 137,060 | 24,812 | - | 50,616 |
| Fur. & Fixture | 13,240 | - | - | 5,296 | 2,648 | - | 5,296 |
| Leasehold Imp | 13,252 | - | - | 4,416 | 4,416 | - | 4,420 |
| Total | 220,184 | 18,796 | - | 146,772 | 31,876 | - | 60,332 |



6. REVOLVING LINE OF CREDIT

The Company has a revolving line of credit with a maximum borrowing limit of \$ 300,000. The line has a variable interest rate and matures on June 30,2010, and is secured by all of the general assets of the Company. As of March 31, 2010 the outstanding balance on this line amounted \$ 300,000. The borrowing base on this line is limited to 50% of eligible trade receivables not to exceed the maximum borrowing limit.

Per our report attached

For and on behalf of the Board

Premier Accounting Solutions, Inc.

William Dunn
President

“The accompanying notes are an integral part of these financial statements”

**REVENUE, COST OF REVENUE & SALES, GENERAL & ADMINISTRATIVE EXPENSES**
YEAR ENDED MARCH 31, 2010

| REVENUE | \$ |
|---|------------------|
| Consulting Services | 6,116,550 |
| Products | 1,397,368 |
| Training | 347,789 |
| Others | 1,895 |
| | 7,863,602 |
| COST OF REVENUE | |
| Personnel Costs | 3,577,275 |
| Contract Labour | 266,448 |
| Products | 1,110,025 |
| Training | 197,148 |
| Travel Expenses | 94,923 |
| Miscellaneous Expenses | 10,471 |
| | 5,256,290 |
| SALES; GENERAL & ADMINISTRATIVE EXPENSES | |
| Personnel Costs | 1,397,714 |
| Recruiting Expenses | 12,338 |
| Employer Match-Deferred Comp Plan | 48,981 |
| Repairs & Maintenance | 5,813 |
| Legal fees | 46,558 |
| Payroll & Deferred Comp Plan Fees | 14,668 |
| Postage | 4,410 |
| Auto Expenses & Parking | 23,894 |
| Rent | 387,518 |
| Utilities | 11,524 |
| Training | 12,454 |
| Insurance | 198,913 |
| Computer Supplies | 9,102 |
| Office Supplies | 16,053 |
| Bank charges | 7,107 |
| Depreciation | 31,876 |
| Travel | 69,342 |
| Meals & Entertainment | 5,669 |
| Business Taxes | 2,162 |
| Charitable Contributions | 3,000 |
| Equipment Leases | 1,567 |
| Telephone | 57,048 |
| Outside Services | 28,305 |
| Licenses & Fees | 33,685 |
| Partner Fees | 15,734 |
| Advertising & Demo Expenses | 43,801 |
| Marketing Expenses | 47,989 |
| Miscellaneous Expenses | 4,664 |
| | 2,541,889 |

Per our report attached

For and on behalf of the Board

Premier Accounting Solutions, Inc.

William Dunn
President

"The accompanying notes are an integral part of these financial statements"



SYSTAT SOFTWARE GmbH

FINANCIAL STATEMENTS

2009 - 2010



A. Assignment and execution

The General management of

Systat Software GmbH, Erkrath,
(hereinafter referred to as "company")

Engaged us to compile the annual financial statements as of March 31, 2010.

We have compiled the balance sheet and the statement of income and expenses from the books kept by us and prepared the notes to the financial statements.

The performance of our engagement and our liability thereof including our liability in respect to third party claims, is based on the "General terms of Engagement for wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften" dated January 1, 2002 and our special conditions dated January 1, 2001.

The company's management and the instructed staff have readily provided us with the necessary information and evidence requested. A letter of representation referring to the accounting and the financial statements has been provided to us.

B. Certificate to the shareholder of Systat Software GmbH, Erkrath

"We have compiled the accompanying statement of financial results of Systat Software GmbH, Erkrath, based on the books we keep for the period ended March 31, 2010. This statement is the responsibility of the Company's Management and has been approved by the Board of Directors.

A review of the interim financial information contained in the accompanying statements consists principally of applying analytical procedures for financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our compilation conducted as above, nothing has come to our notice that causes us to believe that the accompanying statement of financial results prepared in accordance with accounting standards and other recognised accounting practices and policies contains any material misstatement."

Düsseldorf, October 11, 2010
PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Eckard Winnacker
Steuerberater

Ingeborg Steinbring
Steuerberaterin



BALANCE SHEET

as on 31, March 2010

ASSETS

| Particulars | 31.03.2010 | 31.03.2009 |
|--|----------------------|----------------------|
| A. Fixed assets | € | € |
| I. Intangible assets | | |
| Concessions, licences and similar rights and values and licences to such rights and values | 6.00 | 16.00 |
| II. Tangible assets | 913.00 | 516.00 |
| Other plant, factory and office equipment | | |
| III. Financial assets | | |
| Participations | 18,133,137.39 | 18,129,409.37 |
| | 18,134,056.39 | 18,129,941.37 |
| B. Current assets | | |
| I. Receivables and other assets | | |
| 1. Trade receivables | 188,716.06 | 737,454.14 |
| 2. Other assets | 13,631.33 | 10,421.74 |
| | 202,347.39 | 747,875.88 |
| II. Cash on hand, cash in banks | 60,873.89 | 33,695.29 |
| | 263,221.28 | 781,571.17 |
| C. Prepaid expenses | 4,818.84 | 5,037.51 |
| | 18,402,096.51 | 18,916,550.05 |



BALANCE SHEET

as on 31, March 2010

EQUITY AND LIABILITIES

| Particulars | 31.03.2010 | 31.03.2009 |
|---|----------------------|----------------------|
| A. Equity | € | € |
| I. Subscribed capital | 25,000.00 | 25,000.00 |
| II. Capital reserve | 6,050,000.00 | 6,050,000.00 |
| III. Accumulated loss brought forward | -243,846.96 | -102,489.98 |
| iv. Net loss for the year | -309,611.51 | -141,356.98 |
| | 5,521,541.53 | 5,831,153.04 |
| B. Accruals | | |
| Other accruals | 35,657.00 | 35,327.10 |
| C. Liabilities | | |
| 1. Amounts due to banks (there of with a residual term of up to one year € 0.00; prior year € 10,192,415.58) | 0.00 | 10,192,415.58 |
| 2. Trade accounts payable (thereof with a residual term of up to one year € 173,622.77; prior year € 484,442.98) | 173,622.77 | 484,442.98 |
| 3. Liabilities against affiliated companies (thereof with a residual terms of up to one year € 200,000.00; prior year € 200,000.00) | 200,000.00 | 200,000.00 |
| 4. Other liabilities (therof with a residual term of up to one year € 12,330,798.91; prior year € 2,062,433.88) (thereof for social security € 631.88; prior year € 641.29) (there for taxes € 10,539.02; prior year € 11,463.31) (thereof against shareholder € 10,316,304.40; prior year € 50,000.00) | 12,330,798.91 | 2,062,433.88 |
| | 12,704,421.68 | 12,939,292.44 |
| D. Deferred income | 140,476.30 | 110,777.47 |
| | 18,402,096.51 | 18,916,550.05 |



INCOME STATEMENT

For the period April 1, 2009 to March 31, 2010

| Particulars | 2009/2010 | 2008/2009 |
|--|--------------------|--------------------|
| | € | € |
| 1. Sales | 914,786.75 | 1,339,617.61 |
| 2. Otehr operating income | 5,381.06 | 1,032.79 |
| 3. Cost of materials | | |
| a) Cost of raw materials, consumables and supplies and of purchased merchandise | -211,162.03 | -331,527.04 |
| b) Cost of services | -60,916.28 | 65,405.29 |
| 4. Personnel expenses | | |
| a) Wages and salaries | -329,172.34 | -343,654.20 |
| b) Social security and pension cost (thereof for old-age-pensions € 4,200.00; prior year € 4,200.00) | -63,935.27 | -65,027.75 |
| 5. Depreciation on intangible asssets and tangible assets | -357.00 | -4,479.18 |
| 6. Other operating expenses | -221,855.26 | -258,876.10 |
| 7. Interest and similar expenses | -342,381.14 | -413,037.82 |
| 8. Result from ordinary activities = Net loss for the year | -309,611.51 | -141,356.98 |

NOTES AS OF MARCH 31, 2010

I. Application of the German Accounting Legislation

The financial statement for 2010 have been prepared in accordance with the regulations of the German Commercial Code.

Additionally to these rules, directives of the GmbH-Law have been considered.

The statement of income and expenses has been prepared applying the cost summary method.

II. Accounting and valuation methods

The following explained accounting and valuation methods have been applied:

Fixed assets are evaluated at purchase cost less systematical depreciation using the straightline method.

The **financial assets** contain the 100% participation in Cubeware GmbH, Rosenheim, at acquisition costs.

Trade receivables and other assets have been recorded at nominal value.

Cash on hand, cash in bank are valued at nominal value.

Prepaid expenses cover expenses for a certain time after the balance sheet date, which have already been paid before the balance sheet date.

Accruals were established under consideration of recognisable risk and were calculated in accordance with reasonable business principles.

The liabilities are valued based upon the repayment amount.

Deferred income has been posted for revenues concerning a certain period after the balance sheet date.

III. Other information

1. Participations

As of March 31, 2010 the company held participations as follows :

| | Shares % | Equity T€ | Net income of 2009 T€ |
|--|-------------|--------------|-----------------------------|
| Cubeware GmbH, Rosenheim (closing date 30.09.2009) | 100 | -133 | -299 |

2. Shareholder

The company is a wholly-owned subsidiary of Cranes Software International Limited, Bangalore/India.

3. General Managers

During the financial year 2009-2010 Mr. Syed Arif Hashmi, Bangalore/India, performed the general management.

4. Consolidated Accounts

The company is included into the consolidated accounts of Cranes software International Limited, Bangalore/India. The parent company, which prepares the consolidated accounts for the greatest group of companies is Cranes Software International Limited, Bangalore, India.

5. Appropriation of Result

It was recommended to the shareholder to carry forward the net loss for the year 2010 to new account.



CUBEWARE GmbH INCLUDING ITS WOS IN AUSTRIA AND SWITZERLAND

FINANCIAL STATEMENTS

2009-2010



A. Order and execution of order

From the Managing Directors of the company

Cubeware GmbH

(hereinafter referred to as "company")

Mr. Hermann Hebben, Mr. Martin Schlagbauer and Mr. Christian Stollinger, we have received the order to prepare a special annual statement of the company until 31 March 2010 for the group accounting, to report about the result and to create the essential tax computations.

The Cranes Software Limited (headquarter: India) is sole shareholder of the Systat Software GmbH (headquarter: Dusseldorf) which has a variant fiscal year from 01.04. - 31.03. every year.

However the Cubeware GmbH has a variant fiscal year from 01.10. - 30.09 every year. Therefore we have received the order to prepare this special annual statement for the period 01.04.09 - 31.03.10, exclusively for purposes of group accounting. Based on the special annual statement per 31 March 2009 we have adopted the period data from the accounting of the company. The annual closing entries of the commercial law financial statements per 30.09.2009 were adopted likewise so that - for the period 01.04.2009 till 30.09.2009 - these data accorded with the commercial law financial statements. The differences to 01.04.2009 were listed in a separate revenue account because the entries from the preparation of the annual statement as of 31.03.2009 haven't been executed in the accounting.

The preparation was made in our office.

Information is provided by

the Managing Directors Mr. Hermann Hebben, Mr. Martin Schlagbauer, Mr. Christian Stollinger and Mr. Christoph Frei, Financial Accounting Manager.

With completeness statement the Managing Directors confirmed that in the annual statement as of 31 March 2010, which is attached as Appendix 1, all the business transactions of the business year 2009/2010 are recorded, that the financial statement includes all assets and liabilities of the company as of 31 March 2010 and furthermore that no contingent liabilities do exist which are not evident out of the financial statement.

For the execution of the order and our liability - likewise in relation to third parties - the current version of the "Terms and Conditions for Tax accountants" that are attached to this report apply.

B. Chances in legal status

1. Company Agreement

The company agreement, last modified 06.09.2006, is effective inter alia with the following regulations:

| | |
|------------------------|--|
| Company: | Cubeware GmbH |
| Legal form: | GmbH |
| Object of the company: | Development and sales of all types of software, trading with hardware products as well as consulting regarding the IT-infrastructure of companies including the maintenance of systems and training of users |
| Headquarter: | Rosenheim |
| Address: | Mangfallstr. 37, 83026 Rosenheim |
| Founded on: | 16.06.1997 |
| Company agreement: | 16.06.1997 |



Registration in the
Commercial Register: 03.07.1997

Business year: 01.10. - 30.09 every year.

Duration of the
company: indefinite

Equity: 36,000.00 Euro

Subscribed capital: is fully payed in; the shares are hold by

1. Systat Software GmbH Schimmelbuschstr.25
40699 Erkrath

Euro 36 000 00

1/1

2. Management and representation

The Managing Directors ML Hermann Hebben, Mr. Christian SIOLIinger and ML Martin Schlagbauer are entitled and obliged to manage and represent the company, in each case two in common. The Managing Directors are not exempted from the restrictions of the § 181 BGB.

In the management the Managing Directors are subject to extensive restrictions as set forth in the company articles.

3. Shareholders' meeting

The general shareholders' meeting approved the financial statement as of 30 September 2008 in the version prepared by us, gave discharge to the management for the business year 2007/2008 and carried-forward the unappropriated profit.

4. Trade register

The company is registered in the trade register local district court Traunstein HRB 10697. The preceding legal relationships, insofar as they are subject to registration, conform with the registrations in the trade register.

5. Other legal relationships

There exists a rental agreement between the company and the community of owners Beck & Fraundienst GbR for the office at Rosenheim. This is based on the rental agreement from 18 March 2005.

There is a rental agreement for the premises between the company and the married couple Meermann for the office in Hilden. This is based on the rental agreement from 08 September 2005.

There is a rental agreement for the premises between the company and the lcredpartner Sari & Cie. SEGS for the office in Darmstadt. This is based on the rental agreement from 20 December 2007.

There is a commercial lease agreement between the company and the HVB Haus- und GrundstOcksverwaltung for the office in Berlin. This is based on the rental agreement from 30 March 2005.

There is a rental agreement for the premises between the company and the aurelius Silo Harburg AG for the office in Hamburg. This is based on the rental agreement from 09 August 2006. The object was sold to the TMW Pramerica Property Investment GmbH. The new rental agreement was concluded on 16 April 2008 with effective date of 01 May 2008.

There is a rental agreement for the premises between the company and the married couple Pontuss~ KIOter for the appartement Nr. 84 in the Isarstrar..e 4f, 83026 Rosenheim. This is based on the rental agreement from 10 December 2007.

Other contingent liabilities as guaranties, provision of collateral for third~party liabilities, liabilities arising out of acceptance bills, bill and check guaranty etc., didn't exist according to our conclusion and the information we received.



C. Tax regulations

1. Preface

The company is registered at the tax office Rosenheim under the tax number 156/123/80411.

The shareholder (vgl. page 3) is registered at the tax office:

| | Tax office: | tax number: |
|----------------------|---------------------|---------------|
| Systat Software GmbH | DOsseldorf-Mettmann | 147/5872/0147 |

2. Tax Audit

The last tax audit was from 06.02.2008 until 26.05.2008 for the period from 2003 until 2006. The minor amendments were included in the financial statement to the 30.09.2008. In all issues an agreement was reached.

3. VAT

In the calendar year 2009 the company executed only taxable deliverable and performance.

4. Local business tax

The companies revenue is subject to local business tax.

5. Corporation tax

The company is subject to the corporation tax with its taxable revenue according to KSTG 2009.

D. The financial statement as of 31 March 2010

I. Inventory asset list, structure and valuation

1. Inventory asset list

The inventory of the assets and the debts is proved as follows:

| | |
|----------------------|--|
| assets | based on the datev-fixed asset register which lists each asset except the low value assets with date of purchase, initial costs, economic life and rate and kind of depreciation |
| accounts receivable | single open account und balance list |
| cash on hands | cash on hand listings |
| cash at banks | statement of bank account as of effective date |
| provisions | the company provided the documents orderly to us |
| liabilities to banks | statement of bank account as of effective date |
| accounts payable | single open account and balance list |

2. Structure

| | |
|-----------------------|--|
| Definition of sizing | The company is a small capital company in terms of § 267 Abs. 1 HGB, because in the actual and the previous period one of three characteristics of the definition of sizing transcription in terms of § 267 Abs. 1 HGB was exceeded. |
| Structure | Balance sheet according to. § 266 HGB (Accounting form), Profit- and Loss - Statement according to. § 275 HGB (Step-down-report). |
| Simplification rules: | On schedule of the financial statement the simplification rules in terms of § 266 Abs. 1 Satz 3, 288 Satz 1 HGB and for publication in terms of § 326 HGB were used. |



3. Methods of balance accounting and valuation

For the methods of balance accounting and valuation we refer to the explanation in the appendix.

E. Accounting

The accounting contains as per completeness statement of the management of the company all obligatory business transactions. The accounting is made by an own Accounting-iT-System

Based on the financial statement as of 31, March, 2009 created by us we developed after auditing the stated amounts and annual closing entry the balance sheet as of 31, March, 2010 (Appendix 1, Page 2) as well as the Profit- and Loss-Statement for the period from 1, April 2009 to 31, March, 2010 (Appendix 1, Page 3)

F. Final remark and certification

According to order we prepared following special financial statement - containing Balance sheet, Profit-and Loss-Statement and appendix - for the Cubeware GmbH for the business year from 01. April 2009 to 31. March 2010 in compliance with the german commercial regulations and additional terms of the articles. Fundament of the preparation were the supplied documents, books and balance listings - those was not approved but checked for plausibility by us - and the given informations. The accounting, the inventory asset list and the financial statement according to german commercial regulations and the additional terms of the articles belongs to the responsibility of the legal representative of the company.

We executed our mandate in accordance to the announcing of the "Bundessteuerberaterkammer" (Association of german tax accountants) to the basic principle of preparing financial statements. This contains the development of the balance sheet, the Profit- and Loss-Statement and the appendix on the basis of accounting and plant and equipment as well as the guidelines for the use of methods of financial accounting and valuation.

The evaluation of the plausibility of the supplied documents, accounting books and inventory assets listings we made by inquiry and analytical rating to eliminate that they are not according to the rules with a certainly secureness.

Here no circumstances established to us which has shown us, that the provided documents, and the annual report created on this basis by us, would be wrong.

Rosenheim, 13.10.2010



SPECIAL BALANCE SHEET

as on 31, March 2010

Euro

| Particulars | Current year | Previous Year |
|---|---------------------|---------------------|
| A. Fixed assets | | |
| I. Intangible assets | | |
| 1. Concessions, licences and similar rights and values and licences to such rights and values | 67,728.45 | 87,762.64 |
| II. Tangible assets | | |
| 1. Other Plant, Factory and Office Equipment | 100,506.49 | 130,524.20 |
| III. Financial Assets | | |
| 1. Investments | 48,998.55 | 35,909.54 |
| 2. Other loans | 200,000.00 | 0.00 |
| | 248,998.55 | 35,909.54 |
| B. Current assets | | |
| I. Stocks | | |
| 1. Contracts in progress | 0.00 | 18,070.00 |
| 2. Finished goods and merchandise | 0.00 | 8,000.00 |
| | 0.00 | 26,070.00 |
| II. Debtors and other assets | | |
| 1. Trade debtors | 1,732,543.30 | 1,352,234.21 |
| 2. Other assets | 246,265.04 | 339,915.79 |
| | 1,978,808.34 | 1,692,150.00 |
| III. Cheques, cash on hand, federal bank and postal giro accounts, Cash at banks | 996,917.27 | 461,125.07 |
| C. Prepayments and deferred charges | 495,806.67 | 165,257.45 |
| | 3,888,765.77 | 2,598,798.90 |



SPECIAL BALANCE SHEET

as on 31, March 2010

Euro

| Particulars | Currnet year | Previous Year |
|--|---------------------|---------------------|
| A. Equity | | |
| I. Subscribed capital | 36,000.00 | 36,000.00 |
| II. Accumulated Deficit brought forward | -24,891.88 | 324,010.07 |
| III. Profit for the year | 40,554.02 | -348,901.95 |
| B. Accruals | | |
| 1. Tax accruals | 0.00 | 22,393.25 |
| 2. Other accruals | 798,168.12 | 676,810.38 |
| | 798,168.12 | 699,203.63 |
| C. Creditors | | |
| 1. Trade creditors | 313,997.14 | 199,067.27 |
| 2. Amounts due to investee companies | 184,995.62 | 5,482.64 |
| 3. Other Creditors | 476,706.63 | 320,655.97 |
| | 975,699.39 | 525,205.88 |
| D. Prepayments and deferred charges | | |
| | 2,063,236.12 | 1,363,281.27 |
| | 3,888,765.77 | 2,598,798.90 |



PROFIT AND LOSS STATEMENT

from 01.04.2009 to 31.03.2010

Euro

| Particulars | Currnet year | Previous Year |
|---|---------------------|---------------------|
| 1. Sales revenues | 9,418,110.28 | 9,471,923.44 |
| 2. Decrease in inventory of contracts in progress | 18,070.00 | -18,070.00 |
| Total output | 9,400,040.28 | 9,489,993.44 |
| 3. Other operating income | | |
| a) Ordinary operating profit | | |
| aa) Other ordinary income | 164,130.75 | 0.00 |
| b) Income from reversal of accruals | 22,304.73 | 0.00 |
| c) Other extraordinary income in connection with ordinary business activities | 104,217.68 | 178,822.04 |
| | 290,653.16 | 178,822.04 |
| 4. Cost of materials | | |
| a) Cost of raw materials, supplies, consumables and purchased merchandise | 887,452.66 | 1,111,694.15 |
| b) Cost of services | 330,480.88 | 0.00 |
| | 1,217,933.54 | 1,111,694.15 |
| 5. Staff costs | | |
| a) Wages and salaries | 5,313,998.09 | 6,045,122.01 |
| b) Social security costs and pension and welfare expense | 704,662.04 | 0.00 |
| | 6,018,660.13 | 6,045,122.01 |
| 6. Depreciation | | |
| a) on intangible fixed assets, tangible assets and capitalised start-up and expansion costs | 79,401.14 | 88,791.09 |
| 7. Other operating expense | | |
| a) Ordinary operating loss | | |
| aa) Cost of premises | 360,040.45 | 0.00 |
| ab) Insurance premiums, contributions and dues | 33,796.98 | 0.00 |
| ac) Automobile costs | 376,984.04 | 0.00 |
| ad) Travel and advertising costs | 976,262.31 | 0.00 |
| ae) Distribution costs | 47.20 | 0.00 |
| af) Various operating costs | 592,038.52 | 2,857,212.24 |
| b) Loss on disposal of items included in fixed assets | 38,207.00 | 0.00 |



Euro

| Particulars | Current year | Previous Year |
|---|---------------------|---------------------|
| c) Losses on impairments or from the disposal of current assets and general provisions for doubtful receivables | 1,400.00 | 0.00 |
| | 2,378,776.50 | 2,857,212.24 |
| 8. Other interest and similar income | 6,531.86 | 15,008.66 |
| 9. Interest and similar items | 685.34 | 157.30 |
| 10. Profit (loss) from ordinary activities | 1,768.65 | -419,152.65 |
| 11. Extraordinary expense | -0.48 | 0.00 |
| 12. Extraordinary (income) expense | 0.48 | 0.00 |
| 13. Taxes on profit | -45,852.88 | -81,490.70 |
| 14. Other taxes | 7,067.99 | 11,240.00 |
| | -38,784.89 | -70,250.70 |
| 15. Profit for the year | 40,554.02 | -348,901.95 |

APPENDIX

1. General

The company is a small capital company in terms of § 267 Abs. 1 HGB, because in the actual and the previous period one of three characteristics of the definition of sizing transcription in terms of § 267 Abs. 1 HGB was exceeded.

On schedule of the financial statement the simplification rules in terms of § 266 Abs. 1 Satz 3, 288 Satz 1 HGB and for publication in terms of § 326 HGB were used.

Concerning a better and clearer structure in design all positions of balance sheet and profit and loss statement all legitimate annotations which could be made in appendix.

2. Annotations to the balance sheet

The intangible and tangible assets are listed to the initial value reduced by ordinary determined depreciation.

The tangible assets are listed to the initial value reduced by ordinary determined depreciation. The depreciation in the movable tangible assets are made declining and linear.

For the low-value assets from an initial value of Euro 150,01 up to Euro 1.000,00 was made one compound item and this compound item was depreciated equal for a period of five years.

The inventory is listed with the initial value.

The financial assets are listed with the initial value.

The accounts receivables and other assets are listed with the nominal value reduced by specific provision or general provision.

The accounts payable are listed with the redemption amount.

The provisions for liabilities and charges include all visible risks and uncertain liabilities.

Particulars

The time to maturity of the accounts payable are described as follows:

Accounts payable with an term

up to one year Euro 1 978 808 34

All accounts payable have a time to maturity up to one year and are listed with an amount of an Euro 975.699,39.

The company does not secure the accounts payable in any way.

3. Annotations to the Profit- and loss - Statement

- not applicable -

4. Other annotations

Managing directors of the company in 2009/2010 were

Mr. Hermann Hebben, Dipl. Informatiker, Raubling
Mr. Christian Stollinger, Dipl. Informatiker, Rosenheim
Mr. Martin Schlagbauer, Steuerfachangestellter, Zaisering.

Remuneration: not applicable, the special facilities in terms of § 288 HGB was used.

Rosenheim, ...

Hermann Hebben
(Managing director)

Christian Stollinger
(Managing director)

Martin Schlagbauer
(Managing director)



Allgemeine Auftragsbedingungen für Steuerberater, Steuerbevollmächtigte und Steuerberatungsgesellschaften

Stand Februar 2009

Die folgenden "Allgemeinen Auftragsbedingungen" gelten für Verträge zwischen Steuerberatern, Steuerbevollmächtigten und Steuerberatungsgesellschaften (im Folgenden "Steuerberater" genannt) und ihren Auftraggebern, soweit nicht etwas anderes ausdrücklich schriftlich vereinbart oder gesetzlich zwingend vorgeschrieben ist.

I. Umfang und Ausübung des Auftrags

- (1) Für den Umfang der vom Steuerberater zu erbringenden Leistungen ist der erteilte Auftrag maßgebend. Der Auftrag wird nach den Grundsätzen ordnungsgemäßer Berufsausübung ausgeführt.
- (2) Der Steuerberater wird die vom Auftraggeber genannten Tatsachen, insbesondere Zahlenangaben, als richtig zu Grunde gelegt. Soweit er Unrichtigkeiten feststellt, ist er verpflichtet, darauf hinzuweisen. Die Prüfung der Richtigkeit, Vollständigkeit und Ordnungsmäßigkeit der übergebenen Unterlagen und Zahlen, insbesondere der Buchführung und Bilanz, geschehen nur zum Auftrag, wenn dies schriftlich vereinbart ist.
- (3) Der Auftrag stellt keine Vollmacht für die Vertretung vor Behörden, Gerichten und sonstigen Stellen dar. Sie ist gesondert zu erteilen. Ist wegen der Abwesenheit des Auftraggebers eine Abstimmung mit diesem aber die Einlegung von Rechtsbehelfen oder Rechtsmitteln nicht möglich, ist der Steuerberater im Zweifel zu fristwährenden Handlungen berechtigt und verpflichtet.

2. Verschwiegenheitspflicht

- (1) Der Steuerberater ist nach Maßgabe der Gesetze verpflichtet, aber alle Tatsachen, die ihm im Zusammenhang mit der Ausführung des Auftrags zur Kenntnis gelangen, Stillschweigen zu bewahren, es sei denn, dass der Auftraggeber ihn schriftlich von dieser Verpflichtung entbindet. Die Verschwiegenheitspflicht besteht auch nach Beendigung des Vertragsverhältnisses fort. Die Verschwiegenheitspflicht besteht im gleichen Umfang auch für die Mitarbeiter des Steuerberaters.
- (2) Die Verschwiegenheitspflicht besteht nicht, soweit die Offenlegung zur Wahrung berechtigter Interessen des Steuerberaters erforderlich ist. Der Steuerberater ist auch insoweit von der Verschwiegenheitspflicht entbunden, als er nach den Versicherungsbedingungen seiner Berufshaftpflichtversicherung zur Information und Mitwirkung verpflichtet ist.
- (3) Gesetzliche Auskunfts- und Aussageverweigerungsrechte nach § 102 AO, § 53 StPO, § 383 ZPO bleiben unberührt.
- (4) Der Steuerberater ist berechtigt, personenbezogene Daten des Auftraggebers und dessen Mitarbeitern im Rahmen der erteilten Aufgabe maschinell zu erheben und in einer automatisierten Datei zu verarbeiten oder einem Dienstleistungsunternehmen zur weiteren Auftragsdatenverarbeitung zu übertragen.
- (5) Der Steuerberater darf Berichte, Gutachten und sonstige schriftliche Änderungen über die Ergebnisse seiner Tätigkeit Dritten nur mit Einwilligung des Auftraggebers aushändigen. Darüber hinaus besteht keine Verschwiegenheitspflicht, soweit dies für die Durchführung eines Zertifizierungsaudits in der Kanzlei des Steuerberaters erforderlich ist und die insoweit tätigen Personen ihrerseits aber die Verschwiegenheit belehrt worden sind. Der Auftraggeber erklärt sich damit einverstanden, dass durch den Zertifizierer/Auditor Einsicht in seine - vom Steuerberater abgelehnte und geführte Handakte genommen wird.
- (6) Der Steuerberater hat beim Versand bzw. der Übermittlung von Unterlagen, Dokumenten, Arbeitsergebnissen etc. auf Papier oder in elektronischer Form die Verschwiegenheitsverpflichtung zu beachten. Der Auftraggeber stellt seinerseits sicher, dass er als Empfänger ebenfalls alle Sicherungsmaßnahmen beachtet, dass die ihm zugeleiteten Dateien oder Dateien nur den hierfür zuständigen Stellen zugehen, Dies gilt insbesondere auch für den Fax- und E-Mail-Verkehr. Zum Schutz

der aberlassenen Dokumente und Dateien sind die entsprechenden technischen und organisatorischen Maßnahmen zu treffen, Sollten besondere aber das normale Mail hinausgehende Vorkehrungen getroffen werden müssen, so ist eine entsprechende schriftliche Vereinbarung über die Beachtung zusätzlicher sicherheitsrelevanter Maßnahmen zu treffen, insbesondere ob im E-Mail-Verkehr eine Verschlüsselung vorgenommen werden muss.

3. Mitwirkung Dritter

- (1) Der Steuerberater ist berechtigt, zur Ausführung des Auftrags Mitarbeiter, fachkundige Drille sowie datenverarbeitende Unternehmen heranzuziehen. Bei der Heranziehung von fachkundigen Drillen und datenverarbeitenden Unternehmen hat der Steuerberater dafür zu sorgen, dass diese sich zur Verschwiegenheit entsprechend NT. 2 Abs. 3 verpflichten.
- (2) Der Steuerberater ist berechtigt, allgemeinen Vernetzungen (§ 69 StBerG) sowie Praxistreuhandern (§ 71 StBerG) die Erteilung ihrer Restellungen einzuholen in die Handakten iSd. § 66 Abs. 2 StBerG zu verschaffen,
- (3) Der Steuerberater ist berechtigt, in Erfüllung seiner Pflichten nach dem Bundesdatenschutzgesetz, einen Beauftragten für den Datenschutz zu bestellen. Sofern der Beauftragte für den Datenschutz nicht bereits nach Nr. 2 Abs. 1 S 3 der Verschwiegenheitspflicht unterliegt, hat der Steuerberater dafür Sorge zu tragen, dass der Beauftragte für den Datenschutz sich mit Aufnahme seiner Tätigkeit auf das Datengeheimnis verpflichtet

4. Mangelbeseitigung

- (1) Der Auftraggeber hat Anspruch auf Beseitigung etwaiger Mängel. Dem Steuerberater ist Gelegenheit zur Nachbesserung zu geben. Der Auftraggeber hat das Recht - wenn und soweit es sich bei dem Mandat um einen Dienstvertrag im Sinne der §§ 611, 675 BGB handelt - die Nachbesserung durch den Steuerberater abzulehnen, wenn das Mandat durch den Auftraggeber beendet und der Mangel erst nach wirksamer Beendigung des Mandats durch einen anderen Steuerberater festgestellt wird.
- (2) Beseitigt der Steuerberater die geltend gemachten Mängel nicht innerhalb einer angemessenen Frist oder lehnt er die Mangelbeseitigung ab, so kann der Auftraggeber auf Kosten des Steuerberaters die Mängel durch einen anderen Steuerberater beseitigen lassen, bzw. nach seiner Wahl Herabsetzung der Vergütung oder Rückgangsmachung des Vertrags verlangen.
- (3) Offensichtliche Unrichtigkeiten (z. B. Schreibfehler, Rechenfehler) können vom Steuerberater jederzeit auch Dritten gegenüber berichtet werden. Sonstige Mängel darf der Steuerberater Drillen gegenüber mit Einwilligung des Auftraggebers berichten. Die Einwilligung ist nicht erforderlich, wenn berechnete Interessen des Steuerberaters den Interessen des Auftraggebers vorgehen,

5. Haftung

- (1) Der Steuerberater haftet für eigenes sowie für das Verschulden seiner Erfüllungsgehilfen,
- (2) Der Anspruch des Auftraggebers gegen den Steuerberater auf Ersatz eines nach Abs. 1 fahrlässig verursachten Schadens wird auf 1.000.000,00 Euro (= in Worten: Eine Million Euro) begrenzt!.
- (3) Soweit im Einzelfall hiervon abgewichen, insbesondere die Haftung auf einen geringeren als den in Abs. 2 genannten Betrag begrenzt werden soll, bedarf es einer schriftlichen Vereinbarung, die gesondert zu erstellen ist und dem Auftraggeber zusammen mit diesen Allgemeinen Auftragsbedingungen bei Vertragsabschluss ausgehandelt werden soll.
- (4) Soweit ein Schadensersatzanspruch des Auftraggebers kraft Gesetzes nicht einer kürzeren Verjährungsfrist unterliegt, verjährt er a) in drei Jahren von dem Zeitpunkt an, in dem der Anspruch entstanden ist, und der Auftraggeber von den Umständen und der Person des Schuldners Kenntnis erlangt oder ohne grobe Fahrlässigkeit erlangen musste, b) ohne Rücksicht auf die Kenntnis oder grob fahrlässige Unkenntnis in fünf Jahren von seiner Entsetzung an und c) ohne Rücksicht auf seine Entstehung und die Kenntnis grob fahrlässige Unkenntnis in zehn Jahren von der Begehung der Handlung, der Pflichtverletzung oder dem sonstigen den Schaden auslösenden Ereignis an. Maßgeblich ist die frühere endende Frist.



- (5) Die in den Absätzen 1 bis 4 getroffenen Regelungen gelten auch gegenüber anderen Personen als dem Auftraggeber, soweit ausnahmsweise im Einzelfall vertragliche oder außervertragliche Beziehungen auch zwischen dem Steuerberater und diesen Personen begründet worden sind,
- (6) Von der Haftungsbegrenzung ausgenommen sind Haftungsansprüche für Schaden aus der Verletzung des Lebens, des Körpers oder der Gesundheit.

6. Pflichten des Auftraggebers; Unterlassene Mitwirkung und Ausnahmeverzug des Auftraggebers

- (1) Der Auftraggeber ist zur Mitwirkung verpflichtet, soweit es zur ordnungsgemäßen Erledigung des Auftrags erforderlich ist. Insbesondere hat er dem Steuerberater unaufgefordert alle für die Ausführung des Auftrags notwendigen Unterlagen vollständig und so rechtzeitig zu übergeben, dass dem Steuerberater eine angemessene Bearbeitungszeit zur Verfügung steht. Entsprechendes gilt für die Unterrichtung über alle Vorgänge und Umstände, die für die Ausführung des Auftrags von Bedeutung sein können. Der Mandant ist verpflichtet, alle schriftlichen und mündlichen Mitteilungen des Steuerberaters zur Kenntnis zu nehmen und bei Zweifelsfragen Rücksprache zu halten,
- (2) Der Auftraggeber hat alles zu unterlassen, was die Unabhängigkeit des Steuerberaters oder seiner Erfüllungsgehilfen beeinträchtigen könnte
- (3) Der Auftraggeber verpflichtet sich, Arbeitsergebnisse des Steuerberaters nur mit dessen schriftlicher Einwilligung weiterzugeben, soweit sich nicht bereits aus dem Auftragsinhalt die Einwilligung zur Weitergabe an einen bestimmten Dritten ergibt,
- (4) Setzt der Steuerberater beim Auftraggeber in dessen Räumen Datenverarbeitungsprogramme ein, so ist der Auftraggeber verpflichtet, den Hinweisen des Steuerberaters zur Installation und Anwendung der Programme nachzukommen. Des Weiteren ist der Auftraggeber verpflichtet und berechtigt, die Programme nur in dem vom Steuerberater vorgeschriebenen Umfang zu vervielfältigen. Der Auftraggeber darf die Programme nicht verbreiten. Der Steuerberater bleibt Inhaber der Nutzungsrechte. Der Auftraggeber hat alles zu unterlassen, was der Ausübung der Nutzungsrechte an den Programmen durch den Steuerberater entgegensteht.
- (5) Untetsteht der Auftraggeber eine ihm nach Nr. 6 Abs. 1 bis 4 oder sonst in der obliegenden Mitwirkung oder kommt er mit der Annahme der vom Steuerberater angebotenen Leistung in Verzug, so ist der Steuerberater berechtigt, eine angemessene Frist mit der Erklärung zu bestimmen, dass er die Fortsetzung des Vertrags nach Ablauf der Frist ablehnt. Nach erfolglosem Ablauf der Frist darf der Steuerberater den Vertrag fristlos kündigen (vgl. Nr. 8 Abs. 3). Unberührt bleibt der Anspruch des Steuerberaters auf Ersatz der ihm durch den Verzug oder die unterlassene Mitwirkung des Auftraggebers entstandenen Mehraufwendungen sowie des verursachten Schadens, und zwar auch dann, wenn der Steuerberater von dem Kündigungsrecht keinen Gebrauch macht.

7. Bemessung der Vergütung, Vorschuss

- (1) Die Vergütung (Gebühren und Auslagenersatz) des Steuerberaters für seine Berufstätigkeit nach § 33 StBerG bemisst sich nach der Gebührenverordnung für Steuerberater, Steuerbevollmächtigte und Steuerberatungsgesellschaften,
- (2) Für Tätigkeiten, die in der Gebührenverordnung keine Regelung erfahren (z. B. § 57 Abs. 3 Nr. 2 und 3 StBerG), gilt die vereinbarte Vergütung, anderenfalls die obliegende Vergütung (§ 612 Abs. 2 und § 612 Abs. 2 BOB),
- (3) Eine Aufrechnung gegenüber einem Vergütungsanspruch des Steuerberaters ist nur mit unbestrittenen oder rechtskräftig festgestellten Forderungen zulässig,
- (4) Für bereits entstandene und die voraussichtlich entstehenden Gebühren und Auslagen kann der Steuerberater einen Vorschuss fordern. Wird der eingeforderte Vorschuss nicht gezahlt, kann der Steuerberater nach vorheriger Ankündigung seine weitere Tätigkeit für den Mandanten einstellen, bis der Vorschuss eingeht. Der Steuerberater ist verpflichtet, seine Absicht, die Tätigkeit einzustellen, dem Mandanten rechtzeitig bekanntzugeben, wenn dem Auftraggeber Nachteile aus einer Einstellung der Tätigkeit erwachsen können,

8. Beendigung des Vertrags

- (1) Der Vertrag endet durch Erfüllung der vereinbarten Leistungen, durch Ablauf der vereinbarten Laufzeit oder durch Kündigung, Der Vertrag endet nicht durch den Tod, durch den Eintritt der Geschäftsunfähigkeit des Auftraggebers oder im Falle einer Gesellschaft durch deren Auflösung,
- (2) Der Vertrag kann - wenn und soweit er einen Dienstvertrag im Sinne der §§ 611, 615 BGB darstellt - von jedem Vertragspartner außerordentlich nach Maßgabe der §§ 627 BGB gekündigt werden; die Kündigung hat schriftlich zu erfolgen. Soweit im Einzelfall hiervon abgewichen werden soll, bedarf es einer schriftlichen Vereinbarung, die gesondert zu erstellen ist und dem Auftraggeber ausgehändigt werden soll,
- (3) Bei Kündigung des Vertrags durch den Steuerberater sind zur Vermeidung von Rechtsverlusten des Auftraggebers in jedem Fall noch diejenigen Handlungen vorzunehmen, die zumutbar sind und keinen Aufschub dulden (z. B. Fristverlängerungsantrag bei drohendem Fristablauf) Auch für diese Handlungen haftet der Steuerberater nach Nr. 5,
- (4) Der Steuerberater ist verpflichtet, dem Auftraggeber alles, was er zur Ausführung des Auftrags erhalten hat und was er aus der Geschäftsbesorgung erlangt, herauszugeben, Außerdem ist der Steuerberater verpflichtet, dem Auftraggeber die erforderlichen Nachrichten zu geben, auf Verlangen über den Stand der Angelegenheit Auskunft zu erteilen und Rechnung abzulegen,
- (5) Mit Beendigung des Vertrags hat der Auftraggeber dem Steuerberater die bei ihm zur Ausführung des Auftrags eingesetzten Datenverarbeitungsprogramme einschließlich angefertigter Kopien sowie sonstige Programmunterlagen unverzüglich herauszugeben bzw. von der Festplatte zu löschen,
- (6) Nach Beendigung des Mandatsverhältnisses sind die Unterlagen beim Steuerberater abzuholen,

9. Vergütungsanspruch bei vorzeitiger Beendigung des Vertrags

Endet der Auftrag vor seiner vollständigen Ausführung, so richtet sich der Vergütungsanspruch des Steuerberaters nach dem Gesetz, Soweit im Einzelfall hiervon abgewichen werden soll, bedarf es einer schriftlichen Vereinbarung, die gesondert zu erstellen ist und dem Auftraggeber ausgehändigt werden soll,

10. Aufbewahrung, Herausgabe und Zurückbehaltungsrecht von Akten und Unterlagen

- (1) Der Steuerberater hat die Akten auf die Dauer von sieben Jahren nach Beendigung des Auftrags aufzubewahren, Diese Verpflichtung erlischt jedoch schon vor Beendigung dieses Zeitraums, wenn der Steuerberater den Auftraggeber schriftlich aufgefordert hat, die Akten in Empfang zu nehmen, und der Auftraggeber dieser Aufforderung binnen sechs Monaten nach dem er sie erhalten hat, nicht nachgekommen ist.
- (2) Zu den Akten im Sinne dieser Vorschrift gehören alle Schriftstücke, die der Steuerberater aus Anlass seiner beruflichen Tätigkeit von dem Auftraggeber oder für ihn erhalten hat Dies gilt jedoch nicht für den Briefwechsel zwischen dem Steuerberater und seinem Auftraggeber und für die Schriftstücke, die dieser bereits in Urschrift oder Abschrift erhalten hat, sowie für die zu internen Zwecken gefertigten Arbeitspapiere,
- (3) Auf Anforderung des Arbeitgebers, spätestens nach Beendigung des Auftrags, hat der Steuerberater dem Auftraggeber die Akten innerhalb einer angemessenen Frist herauszugeben, Der Steuerberater kann von Unterlagen, die er an den Auftraggeber zurückgibt, Abschriften oder Fotokopien anfertigen und zurückbehalten,
- (4) Der Steuerberater kann die Herausgabe seiner Arbeitsergebnisse und der Akten verweigern, bis er wegen seiner Gebühren und Auslagen befriedigt ist, Dies gilt nicht, soweit die Zurückbehaltung nach den Umständen, insbesondere wegen verhältnismäßiger Geringfügigkeit der geschuldeten Beiträge gegen Treu und Glauben verstößt würde, In diesem Falle ist der Auftraggeber zur Zurückbehaltung eines angemessenen Teils der Vergütung berechtigt



11. Anzuwendendes Recht und Erfüllungsort

- (1) Für den Auftrag, seine Ausführung und die sich /tieraus ergebenden Ansprtl\:he gilt nur deutsches Recht.
- (2) Erfüllungsort ist der Wohnsitz des Auftraggebers, wenn er nicht Kaufmann im Sinne des HGB ist, ansonsten der Sitz des SteuerberatefS

12. Wirksamkeit bei Tcilnichtigkeit; Änderungen und Ergllnzungen

- (1) Falls einzelne Bestimmungen dieser Auftragsbedingungen unwirksam sein oder werden sollten, wird die Wirksamkeit der ubrigen Bestimmungen dadureh nicht berUhr, Die unwirksame Bestimmung ist dureh eine gUltige zu ersetzen, die dem angestrebten Ziel mllgliest nahekommt
- (2) Änderungen und Ergänzungen dieser Auftragsbedingungen bedorfen der Schriftform,





CRANES SOFTWARE INTERNATIONAL PTE LIMITED

FINANCIAL STATEMENTS

2009 - 2010



DIRECTORS' REPORT

For the financial year ended 31 March 2010

The directors present their report to the members together with the audited financial statements of the Company for the financial year ended 31 March 2010.

DIRECTORS

The directors of the Company in office at the date of this report are as follows:

ASIF KHADER
MUEED KHADER
MUKKARAM JAN
ESTHER AU SIEW PENG

Arrangements to enable directors to acquire benefits by means of the acquisition of shares and debentures

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement to which the Company is a party, being arrangements whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' interests in shares or debentures

According to the register of directors' shareholdings kept by the Company for the purpose of Section 164 of the Companies Act, none of the directors holding office at the end of financial year had any interests in the share capital of the Company except as follows:

| Name of Directors | Holdings in which a Director is Deemed to have an Interest | |
|------------------------|---|---------------------------------|
| | At the beginning of financial year | At the end of financial year |
| Ordinary shares | | |
| ASIF KHADER | 165,692 | 165,692 |
| MUEED KHADER | 165,692 | 165,692 |
| MUKKARAM JAN | 165,692 | 165,692 |

Directors' contractual benefits

Since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

Share options

During the financial year, there were:

- no options granted by the Company to any person to take up unissued shares in the Company; and
- no shares issued by virtue of any exercise of option to take up unissued shares of the Company.

At the end of the financial year, there were no unissued shares of the Company under option.

AUDITORS

The auditors, Messrs NG, VUN & COMPANY, have expressed their willingness to accept re-appointment.

On behalf of the Board of Directors

9th September 2010

Asif Khader
Director

Mueed Khader
Director

"The accompanying notes are an integral part of these financial statements"



STATEMENT BY DIRECTORS

For the financial year ended 31st March 2010

In the opinion of the directors,

(a) the accompanying financial statements set out in the following sections of the financial statements:

- Statement of Comprehensive Income
- Statement of Financial Position
- Statement of Changes in Equity
- Statement of Cash Flows
- Notes, comprising a summary of significant accounting policies and other explanatory notes are drawn up so as to give a true and fair view of the state of affairs of the Company as at 31 March 2010 and of the results, changes in equity and cash flows of the Company for the financial year then ended; and

(b) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors

9th September 2010

Asif Khader
Director

Mueed Khader
Director

“The accompanying notes are an integral part of these financial statements”



AUDITORS REPORT

We have audited the accompanying financial statements of **CRANES SOFTWARE INTERNATIONAL PTE LTD**, which comprise the statement of financial position as at 31 March 2010 and the statement of comprehensive income, statement of changes in equity and statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards. This responsibility includes:

- (a) devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets;
- (b) selecting and applying appropriate accounting policies; and
- (c) making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion,

- (a) the financial statements are properly drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards and so as to give a true and fair view of the state of affairs of the Company as at 31 March 2010 and the results, changes in equity and cash flows of the Company for the year ended on that date; and
- (b) the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

NG, VUN & COMPANY
Public Accountants and
Certified Public Accountants

Singapore
9th September 2010



STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 March 2010

| Particulars | Note | 2010 SGD | 2009 SGD |
|---|------|------------------|----------------|
| Revenue | 2.2 | 799,230 | 1,944,809 |
| Cost of Sales | | (681,606) | (1,093,966) |
| Gross Profit | | 117,624 | 850,843 |
| Other Items of Income | | | |
| Other Income | | 2,713 | - |
| Other Items of Expense | | | |
| Other Operating Expenses | | (845,956) | (322,844) |
| Profit (Loss) Before Tax from Continuing Operations | | (725,619) | 527,999 |
| Income Tax Benefit (Expense) | | - | (68,941) |
| Profit (Loss) from Continuing Operations, Net of Tax | 3 | (725,619) | 459,058 |
| Profit (Loss) Net of Tax | | (725,619) | 459,058 |
| Total Comprehensive Income | | (725,619) | 459,058 |

"The accompanying notes are an integral part of these financial statements"



STATEMENT OF FINANCIAL POSITION

As at 31 March 2010

| Particulars | Note | 2010 SGD | 2009 SGD |
|--|------|------------------|------------------|
| ASSETS | | | |
| Non-Current Assets | | | |
| Property, Plant and Equipment, Total | 4 | 64 | 11 |
| Intangible Assets, Total | 5 | 3,699,509 | 4,367,918 |
| Deferred revenue expenditure | | 438,338 | 438,338 |
| Total Non-Current Assets | | 4,137,911 | 4,806,267 |
| Current Assets | | | |
| Inventories | 6 | 65,695 | 42,802 |
| Trade and Other Receivables, Current | | 1,507,628 | 1,463,887 |
| Trade Receivables, Current | 7 | 1,303,521 | 1,273,340 |
| Other Receivables, Current | 8 | 204,107 | 190,547 |
| Cash and Cash Equivalents | 10 | 55,334 | 22,198 |
| Total Current Assets | | 1,628,657 | 1,528,887 |
| Total Assets | | 5,766,568 | 6,335,154 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Share Capital | 11 | 165,692 | 165,692 |
| Retained Earnings (Accumulated Losses) | | (265,884) | 459,735 |
| Other Reserves, Total | | - | - |
| Total Equity | | (100,192) | 625,427 |
| Non-Current Liabilities | | | |
| Borrowings | 12 | 2,410,139 | 2,575,777 |
| Total Non-Current Liabilities | | 2,410,139 | 2,575,777 |
| Current Liabilities | | | |
| Trade and Other Payables, Current | | 244,141 | 254,198 |
| Trade Payables, Current | 13 | 190,157 | 220,389 |
| Other Payables, Current | 14 | 53,984 | 33,809 |
| Amount due to holding company | 9 | 2,020,882 | 1,625,260 |
| Amount due to related party | 12 | 327,180 | 327,180 |
| Borrowings | | 858,592 | 858,592 |
| Provision for taxation | | 5,826 | 68,720 |
| Total Current Liabilities | | 3,456,621 | 3,133,950 |
| Total Liabilities | | 5,866,760 | 5,709,727 |
| Total Equity and Liabilities | | 5,766,568 | 6,335,154 |

"The accompanying notes are an integral part of these financial statements"



STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 March 2010

| Company | Note | Total Equity | Share Capital | Retained Earnings (Accumulated Losses) |
|--|------|------------------|----------------|---|
| | | SGD | SGD | SGD |
| Opening Balance at 01/04/2009 | | 625,427 | 165,692 | 459,735 |
| Total Comprehensive Income for the Period | | (725,619) | - | (725,619) |
| Closing Balance at 31/03/2010 | | (100,192) | 165,692 | (265,884) |
| Opening Balance at 01/04/2008 | | 166,369 | 165,692 | 677 |
| Total Comprehensive Income for the Period | | 459,058 | - | 459,058 |
| Closing Balance at 31/03/2009 | | 625,427 | 165,692 | 459,735 |

“The accompanying notes are an integral part of these financial statements”



STATEMENT OF CASH FLOWS

For the financial year ended 31 March 2010

| Particulars | Note | 2010 SGD | 2009 SGD |
|---|------|-------------|-------------|
| Cash Flows From Operating Activities | | | |
| Profit (Loss) before Tax | | (725,619) | 527,999 |
| Total Adjustments | | 704,726 | 1,525 |
| Depreciation of property, plant and equipment | | 58 | 1,525 |
| Amortisation of intangible assets | | 704,668 | - |
| Operating Cash Flows before Changes in Working Capital | | (20,893) | 529,524 |
| Total Changes in Working Capital | | (76,691) | (1,079,493) |
| Inventories | | (22,893) | 57,474 |
| Trade receivables | | (30,181) | (1,111,525) |
| Other receivables | | (13,560) | (20,484) |
| Other payables | | 20,175 | 17,839 |
| Trade payables | | (30,232) | 204,483 |
| Deferred revenue expenditure | | - | (227,280) |
| Cash Flows From (Used In) Operations | | (97,584) | (549,969) |
| Income Taxes Paid | | (62,894) | (221) |
| Net Cash Flows From (Used In) Operating Activities | | (160,478) | (550,190) |
| Cash Flows From Investing Activities | | | |
| Increase in intangible assets | | (36,259) | (177,864) |
| Purchase of plant & equipment | | (111) | (1,484) |
| Net Cash Flows From (Used In) Investing Activities | | (36,370) | (179,348) |
| Cash Flows From Financing Activities | | | |
| Repayment of loan | | (165,638) | (684,554) |
| Increase in amount due to holding company | | 395,622 | 1,410,498 |
| Net Cash Flows From (Used In) Financing Activities | | 229,984 | 725,944 |
| Net Increase (Decrease) in Cash and Cash Equivalents | | 33,136 | (3,594) |
| Cash and Cash Equivalents, Statement of Cash Flows, Beginning Balance | | 22,198 | 25,792 |
| Cash and Cash Equivalents, Statement of Cash Flows, Ending Balance | 2.8 | 55,334 | 22,198 |

"The accompanying notes are an integral part of these financial statements"



NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2010

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General

Cranes Software International Pte Ltd ("the Company") is a limited liability company, which is incorporated in the Republic of Singapore.

The registered office and principal place of business of the Company is located at No.9 Jurong Town Hall Road, #01-43, Singapore 609431.

The principal activities of the Company are to deal in computer software and hardware of all kinds for users of computers in all fields.

There have been no significant changes in the nature of these activities during the year.

2. Significant Accounting Policies

2.1 Basis of Preparation

The financial statements of the Company have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars (SGD) and all values are rounded to the nearest unit except when otherwise indicated.

In the current financial year, the company has adopted all new and revised FRSs and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for annual periods beginning on or after 1 January 2009. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the company's accounting policies and has no material effect on the amounts reported for the current or prior years.

2.2 Revenue Recognition

Revenue is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer, which generally coincides with delivery and acceptance of the goods sold.

2.3 Plant & Equipment

(a) Measurement

(i) Property, plant & equipment

Property, plant & equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment loss.

(ii) Cost of equipment

The cost of an item of property, plant & equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

(b) Depreciation

Property, plant and equipment are stated at cost less accumulated depreciation. Depreciation is calculated on the straight-line method to write off the cost of the plant and equipment over estimated useful lives. The estimated useful lives have been taken as follows:

| | Year |
|------------------|------|
| Computers | 1 |
| Office equipment | 5 |

Fully depreciated assets are retained in the financial statements until they are no longer in use.



(c) Disposal

On disposal of an item of plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in the income statement.

2.4 Intangible Assets

Intangible assets are separately identifiable intangible intellectual property arising from acquisitions and are stated at cost less accumulated amortisation and impairment losses. Intangible assets with finite useful lives are amortised on a straight-line basis over their estimated useful lives of 6.25 years. Intangible assets with infinite useful lives are subject to yearly impairment reviews.

2.5 Deferred Revenue Expenditure

Deferred revenue expenditure relates to a revenue expenditure which has been incurred during one accounting year which is applicable either wholly or in part to further accounting years. These revenue expenditures are to be charged to profit and loss account upon accrual of the benefit.

2.6 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a First-In-First-Out cost basis. Net realisable value is the estimated selling price in the ordinary course of business less estimated costs necessary to make the sale.

2.7 Financial Assets

(a) Classification

The Company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available for-sale. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition. The designation of financial assets at fair value through profit or loss is irrevocable.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those maturing later than 12 months after the balance sheet date which are presented as non-current assets. Loans and receivables are presented as "trade and other receivables" and "cash and cash equivalents" on the balance sheet.

(ii) Financial assets, available for sales

Financial assets, available-for-sale are non-derivatives that are either designated in this category or not classified in any of the other categories. They are presented as non-current assets unless management intends to dispose of the assets within 12 months after the balance sheet date.

(b) Recognition and de-recognition

Regular way purchases and sales of financial assets are recognised on trade date - the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in the income statement. Any amount in the fair value reserve relating to that asset is transferred to the income statement.

(c) Impairment

At each balance sheet date, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately.



2.8 Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and at bank.

2.9 Holding Company

A holding company is a company, in which it holds more than half of the issued share capital and in whose financial and operating policy decisions the holding company exercises significant influence.

2.10 Financial Liabilities and Equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. Financial liabilities include trade and other payables and bank loans. Trade and other payables are stated at their nominal value. Bank loans are recorded at the proceeds received, net of transaction costs. Finance costs are accounted for on an accrual basis (effective yield method) and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise. Equity instruments are recorded at the proceeds received, net of direct issue costs.

2.11 Income Tax

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

- (i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and
- (ii) based on the tax consequence that will follow from the manner in which the Company expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

Deferred income tax is measured:

Current and deferred income taxes are recognised as income or expense in the income statement, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity.

2.12 Employee Benefits - Defined Contribution Plan

Defined contribution plans are post-employment benefit plans under which the Company pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Company has no further payment obligations once the contributions have been paid. The Company's contributions are recognised as employee compensation expense when they are due, unless they can be capitalised as an asset.

2.13 Foreign Currency Transactions

Foreign currencies transactions are translated into Singapore dollars at rates of exchange closely approximately those ruling on the transaction dates. Foreign currency monetary assets and liabilities are translated at exchange rates ruling at the balance sheet date. All exchange differences arising from translation are included in the profit and loss account.



3. Profit/ (Loss) From Continuing Operations

This was derived after charging/(crediting): -

| | 2010 SGD | 2009 SGD |
|------------------------------|---------------------|---------------------|
| Director's fee | 4,000 | 4,000 |
| Allowance for doubtful debts | 23,236 | - |
| Auditors' remuneration | 2,500 | 2,500 |
| Depreciation | 58 | 1,525 |
| Rental expense | 9,546 | 10,219 |
| Salaries | 64,164 | 69,840 |
| Exchange difference | (7,073) | 170,065 |

4. Plant and Equipment

| | Computers SGD | Office Equipment SGD | Total SGD |
|------------------------------------|------------------|----------------------------|--------------|
| Cost | | | |
| At 01 April 2008 | 2,944 | 203 | 3,147 |
| Additions | 1,484 | - | 1,484 |
| At 31 March 2009 and 01 April 2009 | 4,428 | 203 | 4,631 |
| Additions | 111 | - | 111 |
| At 31 March 2010 | 4,539 | 203 | 4,742 |
| Accumulated Depreciation | | | |
| At 01 April 2008 | 2,944 | 151 | 3,095 |
| Charge for the year | 1,484 | 41 | 1,525 |
| At 31 March 2009 and 01 April 2009 | 4,428 | 192 | 4,620 |
| Charge for the year | 47 | 11 | 58 |
| At 31 March 2010 | 4,475 | 203 | 4,678 |
| Net Book Value | | | |
| At 31 March 2009 | - | 11 | 11 |
| At 31 March 2010 | 64 | - | 64 |

5. Intangible Assets

| | | |
|---|-----------|-----------|
| At beginning of year | 4,367,918 | 4,190,054 |
| Amortisation charged to statement of comprehensive income | (704,668) | - |
| Capitalisation of borrowing costs | 36,259 | 177,864 |
| At end of year | 3,699,509 | 4,367,918 |

6. Inventories

| | | |
|----------------|--------|--------|
| Finished goods | 65,695 | 42,802 |
|----------------|--------|--------|

7. Trade Receivables

| | | |
|----------------|------------------|------------------|
| Third parties | 1,305,420 | 1,269,180 |
| GST refundable | (1,899) | 4,161 |
| | 1,303,521 | 1,273,341 |



| | 2010 SGD | 2009 SGD |
|---|------------------|------------------|
| Trade receivables are denominated in the following currencies:- | | |
| United States Dollars (USD) | 1,283,754 | 1,269,180 |
| Singapore Dollars (SGD) | 19,767 | 4,160 |
| | 1,303,521 | 1,273,340 |
| 8. Other Receivables | | |
| Deposits | 14,260 | 700 |
| Prepayments | 169,363 | 169,363 |
| Others | 20,484 | 20,484 |
| | 204,107 | 190,547 |
| 9. Amount Due To/(From) Holding Company | | |
| Trade | (1,173,361) | (1,058,865) |
| Non Trade | 3,194,243 | 2,684,125 |
| | 2,020,882 | 1,625,260 |
| The non trade amounts above are unsecured, interest free and have no fixed term of repayment. | | |
| 10. Cash and Cash Equivalents | | |
| Cash at bank | 55,334 | 19,219 |
| Cash in hand | - | 2,980 |
| | 55,334 | 22,199 |
| 11. Share Capital | | |
| Issued and fully paid up:- | | |
| Beginning of the financial year | 165,692 | 165,692 |
| End of the financial year | 165,692 | 165,692 |
| All issued ordinary shares are fully paid. There is no par value for these ordinary shares. | | |
| 12. Borrowings | | |
| Within 1 year | 858,592 | 858,592 |
| Between 2-5 years | 2,410,139 | 2,575,777 |
| | 3,268,731 | 3,434,369 |
| The loan is unsecured and repayable within 5 years from the first drawdown on 25 June 2008. The cost of borrowing amounting S\$ 290,283 was paid upfront in the form of exposure, facility and supplier fees. | | |
| 13. Trade Payables | | |
| Third parties | 182,137 | 196,078 |
| Customer deposit | 8,020 | 24,311 |
| | 190,157 | 220,389 |
| Trade payables are denominated in the following currencies:- | | |
| United States Dollars (USD) | 136,157 | 141,572 |
| Singapore Dollars (SGD) | 794 | 13,286 |
| Euro | 53,206 | 65,531 |
| | 190,157 | 220,389 |



14. Other Payables

| | 2010 | 2009 |
|------------------|---------------|---------------|
| | SGD | SGD |
| Other payables | 1,273 | 1,273 |
| Accrued expenses | 52,711 | 32,536 |
| | 53,984 | 33,809 |

15. Related Party Disclosures

An entity or individual is considered a related party of the Company for the purposes of the financial statements:-

- (i) It possesses the ability (directly or indirectly) to control or exercise significant influence over the operating and financial decisions of the Company or vice versa; or
- (ii) It is subject to common control or common significant influence.

The following transactions took place between the Company and related parties during the financial year.

| | | |
|--------------------------------|---------|---------|
| Sales to holding company | 324,039 | 621,563 |
| Purchases from holding company | 204,009 | 552,013 |
| Secretarial fees | 2,300 | 2,300 |

16. Unutilised Tax Losses and Capital Allowances

i) Unutilised Tax Losses

| | | |
|---------------------------------|---------------|---|
| Amount at beginning of year | - | - |
| Amount in current year | 23,225 | - |
| Amount utilised in current year | - | - |
| Amount at end of year | 23,225 | - |

The realisation of the future income tax benefits from tax loss carry forwards is available for an unlimited future period subject to there being no substantial change in the shareholders as required by provisions of the Income Tax Act.

ii) Unutilised Capital Allowances

The Company has tax timing differences from capital allowances available for offsetting against future taxable income as follows:-

| | | |
|---------------------------------|------------|---------|
| Amount at beginning of year | - | - |
| Amount in current year | 111 | 1,484 |
| Amount utilised in current year | - | (1,484) |
| Amount at end of year | 111 | - |

The realisation of the future income tax benefits from timing differences is available for an unlimited future period subject to there being no substantial change in the shareholders as required by provisions of the Income Tax Act.

17. Financial Risk Management

The main risks arising from the Company's financial instruments are foreign currency risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised as below.



17.1 Credit Risk

Credit risk refers to the risk that debtors will default on their obligations to repay the amounts owing to the Company, resulting in a loss to the Company. The Company has adopted procedures in extending credit terms to customers and in monitoring its credit risk.

The maximum exposure to credit risk in the event that the counterparties fail to perform their obligations as at the end of the financial year in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the balance sheet.

(i) Financial assets that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are substantially companies with a good collection track record with the Company.

(ii) Financial assets that are past due but not impaired

There is no other class of financial assets that is past due but not impaired except for trade receivables.

The age analysis of trade receivables past due but not impaired is as follows:

| | 2010 | 2009 |
|---------------------------|------------------|------------------|
| | SGD | SGD |
| Past due but not impaired | | |
| 1-30 days | 34,936 | - |
| 31-60 days | - | - |
| >60 days | 1,230,325 | 1,227,954 |
| | 1,265,261 | 1,227,954 |

17.2 Significant Concentrations of Credit Risk

Concentrations of credit risk exist when changes in economic, industry or geographical factors similarly affect group of counterparties whose aggregate credit exposure is significant in relation to the Company's total credit exposure.

The Company has no significant concentration of credit risk with any single customer or group of customers.

17.3 Liquidity Risk

Liquidity risk arises from the possibility that customers may not be able to settle their obligations to the Company within the normal terms of trade. Management believes that liquidity risk is minimal as they have a good credit policy in place.

17.4 Fair Value of Financial Assets and Financial Liabilities

The fair value of financial assets and financial liabilities reported in the balance sheet approximate their carrying amounts.

18. Authorisation of Financial Statements

The financial statements were authorised for issue in accordance with a resolution of the directors on 9th September 2010.





TILAK AUTOTECH PRIVATE LIMITED

FINANCIAL STATEMENTS

2009 - 2010



DIRECTORS REPORT

Your Directors are pleased to present their 16th Annual Report together with the accounts for the year ended March 31, 2010.

Review of operations

The Company was able to record a turnover of Rs. 156.19 lakhs during the year under review compared to Rs. 27.60 lakhs during the previous year. The Net loss for the year was Rs.16.87 lakhs, compared to a loss of Rs. 53.33 lakhs during the previous year.

Deposits

Your company has not accepted deposits from the public during the current year.

Directorate

Mr. Mueed Khader retires by rotation at the forthcoming Annual General Meeting and being eligible offers himself for reappointment.

Conservation of energy

The operations of the Company are not energy intensive.

Research & Development Activities.

No technology indigenous or imported has yet been acquired at any point of time by the Company. Hence disclosure of particulars with regard to this does not arise.

Foreign Exchange Earnings & Outgo

The foreign exchange earnings during the year amounted to Rs. Nil and Foreign Exchange Outgo during the year amounted to Rs. 12.63 lakhs.

Employees

Your Directors wish to register their deep & sincere appreciation for the services rendered by the employees of your company.

The particulars of employees as per Section 217 (2A) of the Companies Act 1956, read with the Companies (Particulars of Employees), Rules 1975 are not applicable since none of the employees earn remuneration exceeding the amounts specified therein.

Directors' Responsibility Statement

Pursuant to Section 217(2AA) of the Companies Act 1956, the directors hereby confirm that they have:

- i. Followed the applicable accounting standards in the preparation of the annual accounts;
- ii. Selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profits of the company for the year under review;
- iii. Taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 1956, for safeguarding the assets of the company and detecting fraud and other irregularities;
- iv. Prepared the accounts for the financial year on a 'going concern' basis.

**Shifting of Registered Office**

For operational convenience, the registered office of the Company was shifted from No. 301 & 302, 3rd Floor, Corporate Plaza, Senapati Bapat Road, Shivajinagar, Pune - 400 016, to **UNIT NO. 1, RUNWAL SAMEEKSHA, PALLOD PARK II, S. NO.2707/1/18, BANER ROAD, BANER, PUNE 411 045** with effect from December 6, 2009.

Auditors

The Company's Auditors, M/s Marathe, Padhye & Athalye, Chartered Accountants, retire at the ensuing annual general meeting and are eligible for reappointment. The declaration under Section 224(1)(B) of the Companies Act 1956 has been received from them.

For and on behalf of the Board

Bangalore
31st August, 2010

Asif Khader
Director

Mueed Khader
Director



AUDITORS' REPORT

To
THE MEMBERS OF
TILAK AUTOTECH PVT. LTD., PUNE

1. We have audited the attached Balance Sheet of Tilak Autotech Pvt. Ltd., as at 31st March 2010, the Profit and Loss Account and Cash Flow Statement for the year ended on that date both annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) order, 2004 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - iii) the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - iv) in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - v) on the basis of written representations received from the Directors, as on 31st March 2010 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - vi) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2010;
 - (b) in the case of the Profit and Loss Account, of the loss of the Company for the year ended on that date.
 - (c) In case of the Cash Flow Statement, of the cash flows for the year ended on that date.

for MARATHE PADHYE & ATHALYE
Chartered Accountants
F.R. No.111804W, Pune

Milind S Padhye
Partner
Membership No.44183

Pune
31st August, 2010



ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of Auditor's Report of even date for the year ended 31st March, 2010)

- (i) The Company has maintained proper records to show full particulars including quantitative details and situation of its fixed assets. The fixed assets were physically verified by the management during the year and revealed no discrepancies. Further, there was no disposition of the fixed assets during the period covered by audit affecting the going concern.
- (ii) (a) The inventory has been physically verified by the management during the year. In respect of inventory lying with third parties, these have been substantially confirmed by them. In our opinion, the frequency of verification is reasonable.
(b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
(c) On the basis of our examination of inventory records, in our opinion, the company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
- (iii) (a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956. Therefore, question on commenting on whether the terms and conditions are prima-facie prejudicial to the interest of the Company or not does not arise.
(b) The company has taken unsecured loans from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 (its hundred percent holding company) amounting to Rs. 1,98,15,673. No interest payment and period for repayment have been stipulated.
- (iv) In our opinion and according to the information and explanation given to us, there is an adequate internal control system commensurate with the size of the company and the nature of its business, for purchase of inventory, fixed assets and for the sale of goods and services.
- (v) (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Sec. 301 of the Companies Act have been entered in the register maintained under that section.
(b) In case of transactions of purchase of goods and materials and sale of goods, materials and services, made in pursuance of contracts or arrangements entered in the register(s) maintained under section 301 of the Companies Act, 1956, as aggregating during the financial year over Rs. 5,00,000 (Rupees Five Lakhs) in respect of each party, prices were not prima-facie prejudicial to the interests of the company.
- (vi) The Company has not accepted any deposit from the public within the meaning of Sec. 58A and 58AA of the Act and the rules framed there under during the period.
- (vii) The Company is not a listed company and it does not have paid up capital and reserves exceeding Rs. 50 lakhs as at 01.04.2010 or an average annual turnover exceeding Rs. 5 crores for a period of three consecutive financial years immediately preceding the financial year 2008-09. Therefore this clause regarding internal audit system is not applicable to the company.
- (viii) The maintenance the cost records has not been prescribed by the central government under section 209(1)(d) of the Companies Act, 1956.
- (ix) (a) The company is regular in depositing undisputed statutory dues including Income Tax, Sales Tax, Wealth-tax, Service Tax, Custom duty, Cess and other statutory dues with appropriate authorities.
(b) According to the information and explanations given to us and the records of the company examined by us, there are no dues of Wealth Tax, Customs Duty, Income Tax, Excise Duty, Sales Tax, Service Tax and Cess as at 31st March 2010, which have not been accounted on account of any dispute.



- (x) The Company has incurred cash losses during the financial year and in the immediately preceding financial year. It's accumulated losses at the end of the financial year are not less than 50% of its net worth.
- (xi) The Company has not defaulted in making repayment of any dues to any financial institution or bank.
- (xii) The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The provisions of any special statute applicable to Chit Fund/ Nidhi/ Mutual Benefit Fund / Societies are not applicable to the company.
- (xiv) The Company is not a dealer or trader in shares, securities, debentures and other investments.
- (xv) The company has not given any guarantee for loans taken by others by Bank or financial institution during the year.
- (xvi) The company has applied the term loans for the purpose for which such loans were obtained.
- (xvii) The funds raised on short term basis have not been used for long term investment.
- (xviii) The company has not made any preferential allotment of shares during the year to the parties and companies mentioned in the register maintained under Sec.301 of the Companies Act, 1956.
- (xix) The company has not issued any debentures during the year.
- (xx) The Company has not raised any money by public issue during the year.
- (xxi) No fraud on/by the company has been noticed or reported during the year under audit.

for MARATHE PADHYE & ATHALYE
Chartered Accountants
F.R. No.111804W, Pune

Pune
31st August, 2010

Milind S Padhye
Partner
Membership No.44183



BALANCE SHEET

AS AT 31st MARCH, 2010

(In Rupees)

| PARTICULARS | SCH. No. | Current Year | Previous Year |
|--|----------|-------------------|-------------------|
| I. SOURCES OF FUNDS | | | |
| 1. Shareholders' funds : | | | |
| (a) Share Capital | 1 | 100,000 | 100,000 |
| 2. Loan funds : | | | |
| (a) Secured loans | | Nil | Nil |
| (b) Unsecured loans | 2 | 22,130,834 | 19,815,673 |
| 3. Deferred Tax Liability | | 31,156 | 49,542 |
| GRAND TOTAL | | 22,261,990 | 19,965,215 |
| II. APPLICATION OF FUNDS | | | |
| 1. FIXED ASSETS | 3 | | |
| a. Gross block | | 1,037,065 | 1,033,390 |
| b. Less : Accumulated Depreciation | | 765,408 | 672,640 |
| c. Net Block | | 271,657 | 360,750 |
| 2. INVESTMENTS | | Nil | Nil |
| 3. CURRENT ASSETS, LOANS AND ADVANCES | | | |
| a. Inventory | 4 | 5,330,150 | 4,547,521 |
| b. Debtors | 5 | 4,025,935 | 1,625,938 |
| c. Cash and Bank Balances | 6 | 2,288,686 | 1,502,534 |
| d. Loans and advances | 7 | 677,322 | 790,319 |
| TOTAL A | | 12,322,093 | 8,466,312 |
| Less: CURRENT LIABILITIES AND PROVISIONS | 8 | | |
| a. Current Liabilities | | 6,243,698 | 3,069,765 |
| b. Provisions | | - | 17,320 |
| TOTAL B | | 6,243,698 | 3,087,085 |
| NET CURRENT ASSETS (A + B) | | 6,078,395 | 5,379,227 |
| PROFIT & LOSS A/C | 9 | 15,911,938 | 14,225,238 |
| GRAND TOTAL | | 22,261,990 | 19,965,215 |

Schedule Nos 1 to 9 and 15 form an integral part of balance sheet

Subject of our report of even date
For Marathe Padhye & Athalye
Chartered Accountants
F.R. No.111804W, Pune

For and on behalf of the Board

Place : Pune
Date : 31st August 2010

Milind Padhye
Partner
Membership No.44183

Asif Khader
Director

Mueed Khader
Director

**PROFIT AND LOSS ACCOUNT**

FOR THE YEAR ENDED ON 31st MARCH, 2010

(In Rupees)

| PARTICULARS | SCH. No. | Current Year | Previous Year |
|---|--------------|---------------------|---------------------|
| INCOME | | | |
| Sales | 10 | 15,619,292 | 2,759,821 |
| Other Income | 11 | 165,107 | 184,673 |
| | TOTAL | 15,784,399 | 2,944,494 |
| EXPENDITURE | | | |
| Cost of goods sold | 12 | 8,024,736 | 2,135,832 |
| Personnel Expenses | 13 | 3,459,963 | 2,524,137 |
| Administration Expenses | 14 | 5,912,018 | 3,526,416 |
| Depreciation | | 92,768 | 86,892 |
| | TOTAL | 17,489,484 | 8,273,277 |
| Net Profit/(Loss) before Taxation | | (1,705,085) | (5,328,783) |
| Less: Provision for Fringe Benefit Tax | | - | 16,105 |
| Deferred Tax Liability | | (18,386) | (11,655) |
| Profit/(Loss) after taxation | | (1,686,699) | (5,333,233) |
| Balance Profit/(Loss) brought forward from last year | | (14,225,238) | (8,892,005) |
| Balance carried to Balance Sheet | | (15,911,938) | (14,225,238) |
| Earning per share | | (1,687) | (5,333) |
| Significan Accounting Policies and Notes to Accounts | 15 | | |

Schedule Nos 10 to 14 and 15 notes to account form an integral part of Profit and Loss Account

Subject of our report of even date
For Marathe Padhye & Athalye
Chartered Accountants
F.R. No.111804W, Pune

For and on behalf of the Board

Place : Pune
Date : 31st August 2010

Milind Padhye
Partner
Membership No.44183

Asif Khader
Director

Mueed Khader
Director



SCHEDULES ANNEXED TO AND FORMING PART OF BALANCE SHEET

(In Rupees)

| PARTICULARS | Sub-Sch No. | Current Year | Previous Year |
|--|--------------|-------------------|-------------------|
| SCHEDULE 1 : EQUITY SHARE CAPITAL | | | |
| Authorised Capital | | 500,000 | 500,000 |
| 5000 Shares of Rs. 100 each | | | |
| Issued ,Subscribed & Paid up | | | |
| Fully paid up | | | |
| 1000 shares of Rs. 100/- each | | 100,000 | 100,000 |
| | Total | 100,000 | 100,000 |
| SCHEDULE 2: UNSECURED LOANS | | | |
| From Cranes Software International Limited | | 22,130,834 | 19,815,673 |
| | Total | 22,130,834 | 19,815,673 |
| CURRENT ASSETS, LOANS & ADVANCES | | | |
| SCHEDULE 4 :INVENTORY | | | |
| Valuation of work completed & closing stock | | 5,330,150 | 4,547,521 |
| SCHEDULE 5 :DEBTORS (Unsecured , considered good) | | | |
| Debts outstanding for a period exceeding six months | 1 | 149,008 | - |
| Others | 2 | 3,876,927 | 1,625,938 |
| | Total | 4,025,935 | 1,625,938 |
| SCHEDULE 6 CASH AND BANK BALANCES | | | |
| Balance with Scheduled Banks | | | - |
| In Current account -Bank of India | | 191,991 | 103,059 |
| In Deposit account | | 2,089,238 | 1,399,325 |
| Cash in Hand | | 7,457 | 151 |
| | Total | 2,288,686 | 1,502,534 |
| SCHEDULE 7 :LOANS AND ADVANCES | | | |
| Advances recoverable in cash or kind or value to be received | 3 | 677,322 | 790,319 |
| | Total | 677,322 | 790,319 |
| Total current assets and loans and advances | | 12,322,093 | 8,466,312 |



SCHEDULE 3 : FIXED ASSETS

(In Rupees)

| PARTICULARS | GROSS BLOCK | | | DEPRECIATION | | | NET BLOCK | |
|----------------------|--------------------|---------------------------|--------------------|--------------------|-----------------|--------------------|--------------------|--------------------|
| | as on 31.3.2009 | Additions/ (Deletions) | as on 31-3-2010 | as on 31.3.2009 | for the Year | as on 31-3-2010 | as on 31-3-2010 | as on 31-3-2009 |
| Computer software | 285,261 | - | 285,261 | 199,816 | 46,241 | 246,057 | 39,204 | 85,445 |
| Computers | 483,053 | - | 483,053 | 415,497 | 29,025 | 444,522 | 38,531 | 67,556 |
| Plant & Machinery | 149,309 | - | 149,309 | 4,118 | 10,410 | 14,528 | 134,781 | 145,191 |
| Furniture & Fixtures | 115,767 | 3,675 | 119,442 | 53,209 | 7,092 | 60,301 | 59,141 | 62,558 |
| TOTAL | 1,033,390 | 3,675 | 1,037,065 | 672,640 | 92,768 | 765,408 | 271,657 | 360,750 |
| PREVIOUS YEAR | 884,081 | 149,309 | 1,033,390 | 585,748 | 86,892 | 672,640 | 360,750 | 298,333 |



(In Rupees)

| PARTICULARS | Sub-Sch No. | Current Year | Previous Year |
|---|-------------|---------------------|---------------------|
| LESS : CURRENT LIABILITIES & PROVISIONS | | | |
| SCHEDULE 8: | | | |
| CURRENT LIABILITIES : | | | |
| Sundry Creditors for Purchases | 4 | 4,100,588 | 1,970,370 |
| Advance from Debtors | | 1,320,000 | 880,180 |
| Duties and Taxes | 5 | 521,535 | - |
| Statutory Liabilities | 6 | 173,582 | - |
| Outstanding liabilities (Refer Balance Sheet Sub-Schedule 1) | 7 | 127,992 | 219,215 |
| | | 6,243,698 | 3,069,765 |
| PROVISIONS : | | | |
| Fringe Benefit Tax | | - | 17,320 |
| Income Tax | | - | - |
| Total Current Liabilities & Provisions | | 6,243,698 | 3,087,085 |
| NET CURRENT ASSETS | | 6,078,395 | 5,379,227 |
| SCHEDULE 9 : | | | |
| A. Profit & Loss Account | | | |
| Opening Balance | | (14,225,238) | (8,892,005) |
| Profit/ (Loss) for the year | | (1,686,699) | (5,333,233) |
| Profit and loss account to be Carried Forward | | (15,911,938) | (14,225,238) |

Subject of our report of even date
For Marathe Padhye & Athalye
Chartered Accountants
F.R. No.111804W, Pune

For and on behalf of the Board

Place : Pune
Date : 31st August 2010

Milind Padhye
Partner
Membership No.44183

Asif Khader
Director

Mueed Khader
Director



SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT

(In Rupees)

| PARTICULARS | Sub-Sch No. | Current Year | Previous Year |
|---|--------------|-------------------|------------------|
| SCHEDULE 10 : SALES | | | |
| Domestic Sales | 1 | 15,619,292 | 2,759,821 |
| | Total | 15,619,292 | 2,759,821 |
| SCHEDULE 11 : OTHER INCOME | | | |
| Exchange Fluctuation Gain On Imports | | 87,534 | 97,398 |
| Interest On Fixed Deposit (Tds C.Y. Rs. 7660/-) | | 77,573 | 87,275 |
| | Total | 165,107 | 184,673 |
| SCHEDULE 12 : COST OF GOODS SOLD | | | |
| Opening Work In Progress | | 4,547,521 | 3,815,860 |
| Add : Purchases | | 8,807,365 | 2,918,758 |
| Less Closing Work In Progress | | 5,330,150 | 4,547,521 |
| | Total | 8,024,736 | 2,135,832 |
| SCHEDULE 13 : PERSONNEL EXPENSES | | | |
| Salary, Allowances, Incentives Etc. | | 40,940 | 14,400 |
| Staff Welfare | | 35,562 | 58,237 |
| Manpower Cost | | 3,383,461 | - |
| | Total | 3,459,963 | 2,524,137 |
| SCHEDULE 14 : ADMINISTRATIVE EXPENSES | | | |
| Commission & Brokarages | | 49,900 | - |
| Auditor'S Remuneration | | 45,000 | 38,000 |
| Professional Fees | | 2,063,500 | 2,451,500 |
| Repairs & Maintenance | | 48,612 | 35,840 |
| Rates & Taxes | | - | 15,877 |
| Office Expenses | | 22,140 | 56,195 |
| Lodging & Boarding Expenses | | 25,479 | - |
| Bad Debts Written Off | | 540,000 | 33,794 |
| Old Balance Write Off | | 1,953 | - |
| Electricity Expenses | | 180,188 | 317,644 |
| Postage, Phone, Courier & Mobile And Telephone Exp. | | 135,072 | 183,188 |
| Travelling & Conveyance | | 144,211 | 60,277 |
| Office Rent | | 1,862,400 | 2,286,900 |
| House Keeping Expenses | | 97,514 | 68,625 |
| Office Maintenance Charges | | 106,837 | 136,560 |
| Security Charges | | 173,451 | 211,734 |
| General Expenses | 2 | 415,761 | 30,517 |
| | Total | 5,912,018 | 3,526,416 |

Subject of our report of even date
For Marathe Padhye & Athalye
Chartered Accountants
F.R. No.111804W, Pune

For and on behalf of the Board

Place : Pune
Date : 31st August 2010

Milind Padhye
Partner
Membership No.44183

Asif Khader
Director

Mueed Khader
Director

**SCHEDULE NO. 15****SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS.****15.1. SIGNIFICANT ACCOUNTING POLICIES****15.1.1. Basis of Accounting**

The financial statements are prepared and presented in accordance with the Indian Generally Accepted Accounting Principles ("GAAP") under the historical convention on the accrual basis. GAAP comprises mandatory accounting standards issued by the Institute of Chartered Accountants of India (ICAI) and the provisions of the Companies Act, 1956.

15.1.2. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities on the date of the financial statements and reported amounts of revenue and expenses during the period reported. Actual results could differ from those estimates.

15.1.3. Revenue Recognition

- i. Revenue from sale of Hardware products is recognized, in accordance with the sales contract, on delivery of goods to the Customer. Revenue from product sales are shown net of taxes.
- ii. Revenue on Designing services are priced on a time and material and fixed-price contracts. Revenue priced on a time and material contracts are recognized as related services are performed. Revenue from fixed-price, fixed time-frame contracts is recognized in accordance with the percentage of completion method.
- iii. Revenue earned but not billed is classified as Closing Work in Progress.

15.1.4. Cash flow statement

Cash flows are reported using the indirect method, whereby net profits before tax is adjusted for the effects of transactions of a non-cash nature and the changes during the period in inventories and operating receivables and payables. The cash flows from regular revenue generating, investing and financing activities of the Company are shown separately.

15.1.5. Fixed Assets and Capital Work-in-progress

Fixed Assets are stated at historical cost less accumulated depreciation. Cost includes all expenses incurred to bring the assets to its present location and condition.

15.1.6. Intangible Assets -

- i. All intangible assets are stated at cost less accumulated amortization.
- ii. The cost of acquired intangible assets is the consideration paid for acquisition.

15.1.7. Depreciation and Amortization

- i. Depreciation has been provided on Straight Line method at the rates prescribed under Schedule XIV of the Companies Act, 1956. In respect of assets purchased / sold during the year, depreciation is charged on a pro-rata basis.
- ii. Depreciation on individual low cost assets (costing less than Rs.5, 000) is provided for in full in the year of purchase irrespective of date of installation.

15.1.8. Impairment of Assets

The Company assesses at each balance sheet date using internal and external sources, whether there is any indication that an asset (both tangible and intangible) including goodwill may be impaired. If any



such indications exist, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs to is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the profit and loss account. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost. In respect of goodwill the impairment loss will be reversed only when it was caused by specific external events and their effects have been reversed by subsequent external events.

15.1.9. Inventories

The Companies Inventories comprises of raw material, Work in progress and finished hardware products which are valued at cost or net realizable value, whichever is lower. The cost formula used is specific identification basis. Net realizable value is the estimated selling price in ordinary course of business, less estimated cost of completion and estimated cost necessary to make the sale. The cost of inventories is net of VAT credit.

15.1.10. Effect of Exchange Fluctuation on foreign currency transactions

- i. Foreign currency translations are recorded on the basis of exchange rates prevailing on the date of the transaction.
- ii. Exchange differences are recorded when the amount actually received on sales or actually paid when the expenditure is incurred, is converted into Indian Rupees.
- iii. Exchange differences arising on foreign currency transactions are recognized as income or expense in the period in which they arise.
- iv. Period-end balances of monetary foreign currency assets and liabilities are translated at the closing rate. The resulting exchange difference is recorded in the profit and loss account

15.1.11. Employees' Benefits

- i) Post-employment benefit plans

Contributions to defined contribution retirement benefit schemes are recognized as an expense when employees have rendered services entitling them to contributions.

For defined benefit schemes, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in full in the profit and loss account for the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortized on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, and as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to the present value of available refunds and reductions in future contributions to the scheme.

- ii) Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognised during the period when the employee renders the service. These benefits include compensated absences such as paid annual leave, overseas social security contributions and performance incentives.

- iii) Long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognized as a liability at the present value of the defined benefit obligation at the balance sheet date.



15.1.12. Income Tax

- i. Income tax is computed using the tax effect accounting method, where the taxes are accrued in the same period the related revenue and expense arise.
- ii. The current charge for income taxes is calculated in accordance with the relevant tax regulations.
- iii. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to timing differences that result between the profit offered for income taxes and the profit as per the financial statements. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the period that includes the enactment/substantial enactment date. Deferred tax assets on timing differences are recognized only if there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax assets are reassessed for the appropriateness of their respective carrying values at each balance sheet dates.
- iv. Advance taxes and provisions for current income taxes are presented in the balance sheet after off-setting advance taxes paid and income tax provisions arising in the same tax jurisdiction.
- v. The Company offsets deferred tax assets and deferred tax liabilities relating to taxes on income levied by the same governing taxation laws.

15.1.13. Provisions and Contingent Liabilities

The Company creates a provision when there is a present obligation as a result of an obligating event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

15.1.14. Earnings per Share

- i. Basic Earnings per share is calculated by dividing the net earning available to the Equity Shareholders by the weighted average number of Equity Shares outstanding during the year.
- ii. Diluted Earnings per share is same as Basic Earnings per share since there are no potential Equity Shares.

15.1.15. Leases

- i. Lease arrangements where substantial risk and rewards incidental to ownership vests with the lessor, such leases are recognized as operating leases.
- ii. Lease payments under operating lease are recognized as an expense in the profit and loss account.

15.2 NOTES ON ACCOUNTS

15.2.1 Contingent liabilities not provided for and Capital commitments - NIL

15.2.2 Transactions with Key Management Personnel

The aggregate managerial remuneration paid to the directors including managing director is :

(Amount in Rupees)

| Particulars | Year ended March 31, 2010 | Year ended March 31, 2009 |
|-------------------------|------------------------------|------------------------------|
| Directors' Remuneration | Nil | Nil |



15.2.3. Activities in foreign currency

(Amount in Rupees)

| Particulars | Year ended March 31, 2010 | Year ended March 31, 2009 |
|---|------------------------------|------------------------------|
| Earnings in Foreign Currency - FOB value of exports | Nil | Nil |
| Expenditure incurred in Foreign Currency | 1,262,752 | 581,142 |

15.2.4. Debtors and Creditors; Loans and Advances

Periodically, the Company evaluates all Debtors and Creditors balances. However, some of these are subject to confirmation.

All Current Assets, Loans and advances, have at least the value as stated in the Balance Sheet if realized in the ordinary course of the Business.

15.2.5. Dues to Small-scale industrial undertakings

- i. As at March 31, 2010 and March 31, 2009, the Company has no outstanding dues exceeding Rs. 1 Lakh for more than 30 days to Small Scale Industrial undertaking as ascertained and certified by the management.
- ii. As at March 31, 2010 and March 31, 2009, the Company has paid to all entities falling under the provisions of Micro, Small and Medium Enterprises Development Act, 2007 within the due dates as specified in the said Act.

15.2.6. Investments

The Company has not made any investments.

15.2.7. Quantitative Details

Since the company is into design and development of embedded electronics, the Quantitative details of sales and certain information as required under paragraphs 3,4C and 4D of Part II of Schedule VI to the Companies Act, 1956 cannot be ascertained. Also the information on Licensed and installed capacity is not applicable

15.2.8. Repairs and Maintenance includes

(Amount in Rupees)

| Particulars | Year ended March 31, 2010 | Year ended March 31, 2009 |
|----------------|------------------------------|------------------------------|
| (i) Building | - | - |
| (ii) Machinery | - | - |
| (iii) Others | 48,612 | 35,840 |
| Total | 48,612 | 35,840 |

15.2.9. Details of Auditors remuneration

(Amount in Rupees)

| Particulars | Year ended March 31, 2010 | Year ended March 31, 2009 |
|----------------------|------------------------------|------------------------------|
| Statutory Audit fees | 30,000 | 25,000 |
| Others | 15,000 | 13,000 |
| Total | 45,000 | 38,000 |

**15.2.10. Deferred Tax Liability**

Deferred tax at the year end is attributable to the following: (Amount in Rupees)

| Deferred Tax Liabilities | Year ended March 31, 2010 | Year ended March 31, 2009 |
|--|--------------------------------------|--------------------------------------|
| Difference between book and tax depreciation | 31,156 | 49,542 |

15.2.11. Obligations towards long term, non-cancellable operating leases

The Company has leased office under non-cancelable operating lease agreement.

The future minimum lease payments in respect of the above, as at the close of the year is as follows

(Amount in Rupees)

| Lease obligation | Current Year | Previous Year |
|---|---------------------|----------------------|
| Due not later than one year | 2,189,100 | 2,613,600 |
| Due later than one year but not later than five years | Nil | Nil |
| Due after five years | Nil | Nil |
| Total | 2,189,100 | 2,613,600 |

These lease agreements provide for an option to the Company to renew the lease period at the end of the non-cancellable period.

Rental expenses under such lease recognized in the profit and loss account are Rs. 1,862,400 for the year ended March 31, 2010. (Previous year Rs. 2,286,900).

15.2.12. Related Party Disclosures as ascertained by the Management**Year ended March 31, 2010**

(Amount in Rupees)

| Particulars | Holding Company | Total Related Parties |
|--------------------------------|----------------------------|--------------------------------------|
| Receiving of Services | - | - |
| Loans/advances taken | 22,130,834 | 22,130,834 |
| Directors Remuneration | - | - |
| Balance as on 31.03.10 payable | 22,130,834 | 22,130,834 |

Year ended March 31, 2009

(Amount in Rupees)

| Particulars | Holding Company | Total Company Related |
|--------------------------------|----------------------------|--------------------------------------|
| Receiving of Services | - | - |
| Sales | - | - |
| Loans/advances taken | 19,815,673 | 19,815,673 |
| Directors Remuneration | - | - |
| Balance as on 31.03.09 payable | 19,815,673 | 19,815,673 |

**Note:****Names of related parties and description of relationship**

| | |
|---------------------------------------|---------------------------------------|
| Holding Company | Cranes Software International Limited |
| Subsidiaries | Nil |
| Key Management Personnel | Asif Khader Mueed Khader |
| Relatives of Key Management Personnel | Nil |
| Other Related Parties | Nil |

In respect of the above parties, there is no provision for doubtful debts as at the financial year and no amount has been written off/written back during the year in respect of debts due from/to them.

15.2.13. Segment Reporting

The main business of the Company is into design and development of embedded electronics; hence there is no reportable business in product segments.

15.2.14. Previous year's figures have been regrouped and reclassified wherever necessary

Subject of our report of even date
For Marathe Padhye & Athalye
Chartered Accountants
F.R. No.111804W, Pune

For and on behalf of the Board

Place : Pune
Date : 31st August 2010

Milind Padhye
Partner
Membership No.44183

Asif Khader
Director

Mueed Khader
Director



STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31st MARCH 2010

| PARTICULARS | 2009-2010 (Rs.) | |
|---|--------------------|--------------------|
| Cash flows from operating activities | | |
| Net profit before taxation | (1,705,085) | |
| Adjustments for: | | |
| Profit / Loss on sale of Investments / assets | | |
| Foreign Exchange Gain | (87,534) | |
| Depreciation and amortization | 92,768 | |
| Preliminary expenses | - | |
| Dividend / interest income (Net) | (77,573) | |
| Interest expense on borrowings | 25 | |
| Operating profit before working capital changes | (1,777,399) | |
| Adjustments for working capital | | |
| Inventory | (782,629) | |
| Debtors | (2,399,997) | |
| Loans and advances | 112,997 | |
| Other current assets | 87,534 | |
| Current liabilities | 3,156,613 | |
| Cash generated from operations | (1,602,882) | |
| Adjustments | | |
| Direct Taxes paid | - | |
| Net cash from Operating Activities | | (1,602,882) |
| Cash flows from investing activities | | |
| Purchase of Investments | | |
| Proceeds from sale of Investments | | |
| Interest received | 77,573 | |
| Proceeds from sale of Fixed assets | | |
| Purchase of fixed assets (including advances) | (3,675) | |
| Net cash from Investing Activities | | 73,898 |
| Cash flows from financing activities | | |
| Share Capital | | |
| Share Premium | | |
| Dividend and Dividend Tax | | |
| Interest on borrowed funds | (25) | |
| Secured Loans / Borrowings | | |
| Unsecured Loans | 2,315,161 | |
| Net cash from Financing Activities | | 2,315,136 |
| Net increase/(decrease) in Cash and Cash Equivalents | | 786,152 |
| Opening cash and cash equivalents | | 1,502,534 |
| Closing cash and cash equivalents | | 2,288,686 |

Subject of our report of even date
For Marathe Padhye & Athalye
Chartered Accountants
F.R. No.111804W, Pune

For and on behalf of the Board

Place : Pune
Date : 31st August 2010

Milind Padhye
Partner
Membership No.44183

Asif Khader
Director

Mueed Khader
Director

**BALANCE SHEET ABSTRACT & COMPANY'S GENERAL BUSINESS PROFILE****I Registration Details**

| | | | |
|--------------------|----------|------------|----|
| Registration No. | 11-81421 | State Code | 11 |
| Balance Sheet Date | 310310 | | |

II Capital Raised during the year: (Amount in Rupees Thousands)

| | | | |
|--------------|-----|--|-----|
| Public Issue | NIL | Rights Issue | NIL |
| Bonus Issue | NIL | Private Placement / Preferential issue | NIL |

III Position of mobilization and deployment of funds (Amount in Rs. Thousands)

| | | | |
|-------------------|-------|--------------|-------|
| Total Liabilities | 22262 | Total Assets | 22262 |
|-------------------|-------|--------------|-------|

IV Sources of funds

| | | | |
|------------------------|-----|--------------------|-------|
| Paid Up Capital | 100 | Reserves & Surplus | NIL |
| Secured Loans | NIL | Unsecured Loans | 22131 |
| Deferred tax liability | 31 | | |

V Application of funds

| | | | |
|--------------------|-------|------------------------------------|-----|
| Net Fixed Assets | 272 | Investments | NIL |
| Net Current Assets | 6078 | Deferred tax Assets | NIL |
| Accumulated losses | 15912 | Including capital work in progress | |

VI Performance of Company (Amount in Rs. Thousands)

| | | | |
|---------------------------|-------|---------------------------|-------|
| Turnover | 15784 | Total Expenditure | 17489 |
| Profit / Loss before Tax | -1705 | Profit / (Loss) after Tax | -1687 |
| Earnings per share in Rs. | NIL | Dividend Rate (%) | 0% |
| Basic | -1687 | Diluted | -1687 |

Generic name of principal products/service of the Company (As per monetary terms)

| | |
|---------------------------|-------------------|
| Item Code no. (ITC code) | 852449002 |
| Product description | COMPUTER SOFTWARE |

Subject of our report of even date
For Marathe Padhye & Athalye
Chartered Accountants
F.R. No.111804W, Pune

For and on behalf of the Board

Place : Pune
Date : 31st August 2010

Milind Padhye
Partner
Membership No.44183

Asif Khader
Director

Mueed Khader
Director



PROLAND SOFTWARE PRIVATE LIMITED

FINANCIAL STATEMENTS 2009-2010



DIRECTORS REPORT

Your Directors are pleased to present their 19th Annual Report together with the accounts for the year ended March 31, 2010.

Review of operations

The Company was able to record a turnover of Rs. 42.16 lakhs during the year under review compared to Rs. 53 lakhs during the previous year. The Net Loss for the year was Rs. 22.22 lakhs, compared to a loss of Rs. 31.36 lakhs during the previous year.

Deposits

Your company has not accepted deposits from the public during the current year

Directorate

Mr. Mueed Khader retires by rotation in the forthcoming Annual General Meeting and being eligible offers himself for reappointment.

Conservation of energy

The operations of the Company are not energy intensive.

Research & Development Activities.

No technology indigenous or imported has yet been acquired at any point of time by the Company. Hence disclosure of particulars with regard to this does not arise.

Foreign Exchange Earnings & Outgo

The foreign exchange earnings during the year amounted to Rs.40.15 lakhs and Foreign Exchange Outgo during the year amounting to Rs 5.28 lakhs.

Employees

Your Directors wish to register their deep & sincere appreciation for the services rendered by the employees of your company.

The particulars of employees as per Section 217 (2A) of the Companies Act 1956, read with the Companies (Particulars of Employees), Rules 1975 are not applicable since none of the employees earn remuneration exceeding the amounts specified therein.

Directors' Responsibility Statement

Pursuant to Section 217(2AA) of the Companies Act 1956, the directors hereby confirm that they have:

- i. Followed the applicable accounting standards in the preparation of the annual accounts;
- ii. Selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profits of the company for the year under review;
- iii. Taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 1956, for safeguarding the assets of the company and detecting fraud and other irregularities;
- iv. Prepared the accounts for the financial year on a 'going concern' basis.

Auditors

The Company's Auditors M/s S. Janardhan & Associates, Chartered Accountants, retire at the ensuing annual general meeting and are eligible for reappointment.

For and on behalf of the Board

Bangalore
26th August, 2010

Asif Khader
Director

Mueed Khader
Director



AUDITORS' REPORT

To
The members of
M/s. PROLAND SOFTWARE PRIVATE LIMITED, India

1. We have audited the attached Balance Sheet of **M/s. Proland Software Private Limited**, Bangalore as at 31st March 2010, the Profit and Loss Account and the annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) order, 2004 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - iii) the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - iv) in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - v) on the basis of written representations received from the Directors, as on 31st March 2010 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - vi) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2010;
 - (b) in the case of the Profit and Loss Account, of the loss of the Company for the year ended on that date.

for S.JANARDHAN & ASSOCIATES

Chartered Accountants
F.R.No. 005310S

Balakrishna S. Bhat
Partner

Membership No.202976

Bangalore
26th August, 2010



ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) All the Fixed Assets have not been physically verified by the management during the year but there is a regular program of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
 - (c) The Company has not disposed off substantial part of fixed assets during the year, and therefore, do not affect the going concern assumption.
- (ii) (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
 - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
 - (c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the books records were not material.
- (iii) The Company has not granted/taken any loans, secured or unsecured, to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. In view of the above, clause 4 (iii)(b),(c),(d),(e),(f) and (g) are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weakness in the internal control system.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the particulars of all contracts and arrangements referred to in section 301 of the Companies Act 1956, have been entered into the register required to be maintained under that section.
 - (b) In our opinion and according to the information and explanations given to us, the contracts and arrangements entered in the register maintained under section 301 of the Companies Act 1956, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposit from the public and as such the provisions of clause 4(vi) of the said Order are not applicable.
- (vii) In our opinion, the Company has an in house internal audit system commensurate with the size and nature of its business.
- (viii) The Central Government has not prescribed the maintenance of cost records as required under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956.
- (ix) (a) According to the information and explanations given to us, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' state Insurance, Income-tax, Sales-tax, Service tax, Wealth-tax, Custom duty and Cess have been regularly deposited during the year by the Company with the appropriate authorities.
 - (b) According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' state Insurance, Income-tax, Sales-tax, Service Tax, Wealth Tax, Customs Duty and Cess were in arrears as at 31st March 2010 for a period of more than six months from the date they became payable.



- (c) According to the information and explanations given to us, there are no dues of Sales tax, Service tax, Income tax, Customs duty, Wealth-tax and Cess with the appropriate authorities which have not been deposited on account of any dispute.
- (x) The Company has incurred cash losses during the financial year and in the immediately preceding financial year. It's accumulated losses are more than 50% of its net worth at the end of the financial year.
- (xi) The Company has not defaulted in repayment of dues to any financial institution and banks and there are no dues to debenture holders as at the balance sheet date.
- (xii) According to information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, and according to the information and explanations given to us, the Company is not a chit fund or a nidhi /mutual benefit fund/society.
- (xiv) In our opinion, and according to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
- (xv) In our opinion and according to information and explanations given to us, and as per our examination of relevant records, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) The Company has not borrowed any term loan during the year and hence the provisions of clause 4 (xvi) of the said Order are not applicable.
- (xvii) According to the information and explanations given to us and on an over all examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) During the year the Company has not made preferential allotment of shares to a Companies/firms/parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) During the period, the Company has not raised any funds by issue of debentures during the year.
- (xx) The Company has not raised any money by way of public issue during the year.
- (xxi) During the course of our examination of the books of accounts carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

for S.JANARDHAN & ASSOCIATES
Chartered Accountants
F.R.No. 005310S

Bangalore
26th August, 2010

Balakrishna S. Bhat
Partner
Membership No.202976

**BALANCE SHEET**

AS AT MARCH 31, 2010

(In Rupees)

| PARTICULARS | Sch. No. | Current Year | Previous Year |
|--|----------|-------------------|-------------------|
| SOURCES OF FUNDS | | | |
| 1. Shareholder's Funds | | | |
| Share Capital | 1 | 484,000 | 484,000 |
| Reserves & Surplus | 2 | (1,520,943) | 700,852 |
| 2. Loan Funds | | | |
| Unsecured Loans | 3 | 16,318,942 | 12,801,755 |
| 3. Deferred Tax Liability | | | |
| | | 249,923 | 403,382 |
| GRAND TOTAL | | 15,531,922 | 14,389,989 |
| APPLICATION OF FUNDS | | | |
| 4. Fixed Assets | | | |
| Gross Block | 4 | 12,336,528 | 12,336,528 |
| Less: Accumulated Depreciation | | 10,289,598 | 9,980,645 |
| Net Block | | 2,046,930 | 2,355,883 |
| 5. Investments | | | |
| | | Nil | Nil |
| 6. Current Assets, Loans & Advances | | | |
| Sundry Debtors | 5 | 386,340 | 576,305 |
| Cash & Bank Balance | 6 | 14,763 | 157,916 |
| Loans & Advances | 7 | 17,292,160 | 14,922,003 |
| TOTAL | | 17,693,263 | 15,656,224 |
| 7. Less: Current Liabilities | | | |
| Liabilities | 8 | 2,895,576 | 3,081,862 |
| Provisions | | 1,312,695 | 540,256 |
| TOTAL | | 4,208,271 | 3,622,118 |
| 8. NET CURRENT ASSETS | | | |
| Miscellaneous Expenditure (to the extent not written off or adjusted) | | Nil | Nil |
| GRAND TOTAL | | 15,531,922 | 14,389,989 |
| Significant Accounting Policies and Notes to Accounts | 14 | | |

Schedules 1 to 8 and 14 form an integral part of Balance Sheet

As per our report of even date
For S. Janardhan & Associates
Chartered Accountants
F.R.No. 005310S

For and on behalf of the Board

Bangalore
26th August 2010

Balakrishna S. Bhat
Partner
M.No. 202976

Asif Khader
Director

Mueed Khader
Director



PROFIT & LOSS ACCOUNT

for year ended March 31st, 2010

(In Rupees)

| PARTICULARS | Sch. No. | Current Year | Previous Year |
|--|----------|--------------------|--------------------|
| I. INCOME | | | |
| Sales | 9 | 4,215,689 | 5,299,572 |
| Other Income | 10 | 9,017 | 64,020 |
| TOTAL (I) | | 4,224,706 | 5,363,592 |
| II. EXPENDITURE | | | |
| Software Development Expenses | 11 | 4,419,876 | 4,643,916 |
| Administrative Expenses | 12 | 1,730,149 | 972,604 |
| Financial Charges | 13 | 140,981 | 1,315,000 |
| Depreciation | 4 | 308,953 | 612,463 |
| TOTAL (II) | | 6,599,959 | 7,543,983 |
| Profit (Loss) for the period (I)-(II) | | (2,375,254) | (2,180,391) |
| Less : Provision for | | | |
| (i) Income Tax | | - | |
| (ii) Deferred Tax | | 153,459 | (887,742) |
| (iii) Fringe benefit Tax | | 0 | 34,621 |
| Profit(Loss) After Tax | | (2,221,795) | (3,102,754) |
| Add/(Less): Prior Year Adjustments | | - | 22,572 |
| (ADD)/Less: Adjustment for Excess/short provision | | - | 10,214 |
| Less: Provision for Income Tax of earlier years | | | - |
| Net Profit/ (Loss) | | (2,221,795) | (3,135,540) |
| Balance transferred - Balance Sheet | | (2,221,795) | (3,135,540) |
| Equity Shares (No.s) | | 4,840 | 4,840 |
| Earning Per Share - Basic | | (459) | (648) |
| Significant Accounting Policies and Notes to Accounts | 14 | | |

Schedule to 9, 13 & 14 form an integral part of the Profit and Loss Account

As per our report of even date
For S.Janardhan & Associates
Chartered Accountants
F.R.No. 005310S

For and on behalf of the Board

Bangalore
26th August 2010

Balakrishna S. Bhat
Partner
M.No. 202976

Asif Khader
Director

Mueed Khader
Director



SCHEDULES FORMING PART OF BALANCE SHEET

As on 31st March 2010

(In Rupees)

| PARTICULARS | Current Year | Previous Year |
|---|--------------------|-------------------|
| SCHEDULE - 1: SHARE CAPITAL | | |
| Authorized: | | |
| 5000 Equity Shares of Rs.100/- each (Previous year 5000 equity shares of Rs.100/- each | 500,000 | 500,000 |
| Issued, Subscribed & Paid up: | | |
| 4840 Equity Shares of Rs.100/- each fully paid-up (Previous year 4840 equity shares of Rs.100/-) | 484,000 | 484,000 |
| TOTAL | 484,000 | 484,000 |
| SCHEDULE - 2: GENERAL RESERVE | | |
| Opening Balance | 700,852 | 3,836,392 |
| Add: Amount transferred from Profit & Loss A/C | (2,221,795) | (3,135,540) |
| TOTAL | (1,520,943) | 700,852 |
| SCHEDULE - 3: UNSECURED LOANS: | | |
| From others | 16,318,942 | 12,801,755 |
| TOTAL | 16,318,942 | 12,801,755 |
| SCHEDULE - 5: SUNDRY DEBTORS: | | |
| (Unsecured - Considered Good) | | |
| (i) Outstanding for a period exceeding 6 Months | 130,000 | 1,190 |
| (ii) Others | 256,340 | 575,115 |
| TOTAL | 386,340 | 576,305 |
| SCHEDULE - 6: CASH AND BANK BALANCES: | | |
| (a) Balances with Scheduled Banks | | |
| (i) EEFC A/c Accounts | - | 457 |
| (i) Current Accounts | 4,763 | 157,458 |
| Bank Gurantee | 10,000 | |
| TOTAL | 14,763 | 157,916 |
| SCHEDULE - 7: LOANS AND ADVANCES: | | |
| (Unsecured and considered Good) | | |
| (a) Advances receivable in cash or kind or for value to be received | 17,282,160 | 13,360,653 |
| (b) Deposits | 10,000 | 1,561,350 |
| TOTAL | 17,292,160 | 14,922,003 |
| SCHEDULE - 8: CURRENT LIABILITIES & PROVISIONS: | | |
| Current Liabilities: | | |
| Sundry Creditors for goods, services and expenses | | |
| Due to Others | 2,812,514 | 3,052,444 |
| Taxes payable | 83,062 | 29,418 |
| TOTAL | 2,895,576 | 3,081,862 |
| Provisions | | |
| Income Tax | 10,944 | 10,944 |
| Fringe Benefit Tax | Nil | 34,621 |
| Leave Encashment | 56,721 | 105,905 |
| Gratuity | 119,047 | 313,107 |
| Other expenses | 1,125,983 | 75,679 |
| TOTAL | 1,312,695 | 540,256 |



SCHEDULES - 4 DEPRECIATION SCHEDULE FOR APR-MAR 2010

(In Rupees)

| PARTICULARS | GROSS BLOCK | | | DEPRECIATION | | | NET BLOCK | |
|-------------------------|------------------------------------|---------------------------|---------------------------|--------------------|----------------|---------------------|---------------------|---------------------|
| | Cost of Assets As on 01.04.2009 | Additions/ (Deletions) | Total As on 31.03.2010 | Upto 01.04.2009 | For the year | Total 31.03.2010 | As on 31.03.2010 | As on 31.03.2009 |
| Computers & Peripherals | 8,124,521 | - | 8,124,521 | 8,124,521 | - | 8,124,521 | - | - |
| Furniture & Fixtures | 1,112,714 | - | 1,112,714 | 602,736 | 70,435 | 673,171 | 439,543 | 509,978 |
| Office Equipments | 421,233 | - | 421,233 | 177,439 | 20,009 | 197,448 | 223,785 | 243,794 |
| Vehicles | 1,922,150 | - | 1,922,150 | 913,449 | 182,604 | 1,096,053 | 826,097 | 1,008,700 |
| Electrification | 117,910 | - | 117,910 | 56,008 | 5,601 | 61,609 | 56,301 | 61,902 |
| Network/webhost | 638,000 | - | 638,000 | 106,492 | 30,305 | 136,797 | 501,203 | 531,508 |
| TOTAL | 12,336,528 | - | 12,336,528 | 9,980,645 | 308,953 | 10,289,598 | 2,046,930 | 2,355,882 |
| Previous year | 12,328,628 | 7,900 | 12,336,528 | 9,368,161 | 612,463 | 9,980,645 | 2,355,882 | 2,960,446 |



SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT

(In Rupees)

| PARTICULARS | Current Year | Previous Year |
|--|------------------|------------------|
| SCHEDULE - 9 | | |
| SALES | | |
| Exports | 4,014,674 | 5,056,544 |
| Domestic | 201,015 | 243,028 |
| TOTAL | 4,215,689 | 5,299,572 |
| SCHEDULE - 10 | | |
| OTHER INCOME | | |
| Depreciation Written back | - | - |
| Foreign Exchange Fluctuation | - | 58,126 |
| Mis. Income | 9,017 | 5,893 |
| TOTAL | 9,017 | 64,020 |
| SCHEDULE - 11 | | |
| SOFTWARE DEVELOPMENT EXPENSES | | |
| Salaries, Allowances & Incentives | 3,872,879 | 4,638,631 |
| Leave Encashment | - | (657,553) |
| Gratuity | - | 8,895 |
| Internet Lease Line Charges (STPI) | 18,938 | 112,582 |
| Web Hosting Server Charges | 528,059 | 299,713 |
| Computer consumables | - | 241,648 |
| TOTAL | 4,419,876 | 4,643,916 |
| SCHEDULE - 12 | | |
| ADMINISTRATIVE EXPENSES | | |
| Audit fees | 38,605 | 38,605 |
| Bad debts | 750 | |
| Office Maintenance | - | - |
| Rates & Taxes | 2,668 | |
| Rent | - | - |
| Common expenses - Share of Holding Company | - | 312,294 |
| Insurance | 2,486 | |
| Security Services | - | - |
| STPI Service Charges | - | - |
| Consultancy Charges | 10,170 | |
| Telephone Charges | 11,597 | 309,387 |
| Foreign Exchange Fluctuation | 73,629 | - |
| Travelling & Conveyance | - | 133,128 |
| Membership fees | 38,894 | |
| Miscellaneous Expenses | - | 179,190 |
| Rent Deposit Written off | 1,551,350 | |
| TOTAL | 1,730,149 | 972,604 |
| SCHEDULE - 13 | | |
| FINANCIAL EXPENSES | | |
| Interest - Others | - | 1,315,000 |
| Bank Charges | 140,981 | - |
| TOTAL | 140,981 | 1,315,000 |



SCHEDULE - 14 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS.

1. SIGNIFICANT ACCOUNTING POLICIES

1.1. Basis of Accounting

The accounts have been prepared to comply in all material aspects with applicable accounting principles in India, the Accounting Standards and the relevant provisions of the Companies Act, 1956

1.2. Use of Estimates

The preparation of financial statements, in conformity with the generally accepted accounting principles, requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of financial statements and the reported amounts of revenues and expenses during the reported year. Differences between the actual results and estimates are recognised in the year in which the results are known/materialised.

1.3. Revenue Recognition

Revenue from software services include revenue earned from services performed on 'time and material' basis, time bound fixed price engagements and system integration projects.

The related revenue is recognized as and when services are performed. Income from services performed by the Company pending receipt of purchase orders from customers, which are invoiced subsequently on receipt thereof, are recognized as unbilled revenue.

Revenue from fixed-price, fixed time-frame contracts is recognized in accordance with the percentage of completion method.

1.4. Fixed Assets and Capital Work-in-progress

Fixed assets are stated at cost less depreciation. Costs comprise of purchase price and attributable costs, if any.

1.5. Intangible Assets -

- i. All intangible assets are stated at cost less accumulated amortization.
- ii. The cost of acquired intangible assets is the consideration paid for acquisition.

1.6. Depreciation and Amortization

- i. Depreciation has been provided on Straight Line method at the rates prescribed under Schedule XIV of the Companies Act, 1956. In respect of assets purchased / sold during the year, depreciation is charged on a pro-rata basis.
- ii. Depreciation on individual low cost assets (costing less than Rs.5,000) is provided for in full in the year of purchase irrespective of date of installation.

1.7. Impairment of Assets

At the end of each year, the Company determines whether a provision should be made for impairment loss on assets by considering the indications that an impairment loss may have occurred in accordance with Accounting Standard 28 on "Impairment of Assets". Where the recoverable amount of any asset is lower than its carrying amount, a provision for impairment loss on assets is made for the difference. Recoverable amount is the higher of an assets net selling price and value in use. In assessing value in use, the estimated future cash flows expected from the continuing use of the asset and from its disposal are discounted to their present value using a pretax discount rate that reflects the current market assessments of time value of money and the risks specific to the asset.

Reversal of impairment loss if any, is recognized immediately as income in the profit and loss account.

**1.8. Inventories**

The Companies Inventories comprises of raw material, Work in progress and finished hardware products which are valued at cost or net realizable value, whichever is lower. The cost formula used is specific identification basis. Net realizable value is the estimated selling price in ordinary course of business, less estimated cost of completion and estimated cost necessary to make the sale. The cost of inventories is net of VAT credit.

1.9. Effect of Exchange Fluctuation on foreign currency transactions

- i. Foreign currency translations are recorded on the basis of exchange rates prevailing on the date of the transaction.
- ii. Exchange differences are recorded when the amount actually received on sales or actually paid when the expenditure is incurred, is converted into Indian Rupees.
- iii. Exchange differences arising on foreign currency transactions are recognized as income or expense in the period in which they arise.
- iv. Period-end balances of monetary foreign currency assets and liabilities are translated at the closing rate. The resulting exchange difference is recorded in the profit and loss account

1.10. Employees' Benefits

- i. Provident fund - Employees receive benefits from a provident fund, a defined contribution plan. The employee and employer each make monthly contribution to the plan equal to 12% of the covered employee's salary. The Company's contribution to Provident Fund remitted to the Government is charged against the revenue on accrual basis.
- ii. Gratuity - In accordance with applicable Indian laws, the Company provides for gratuity, a defined benefit retirement plan. The Gratuity plan provides a lump sum payment to vested employees, at retirement or termination of employment, an amount based on the respective employee's last drawn salary and the years of employment with the Company. The Company determines Gratuity liability based on the valuation of an independent at the year end.
- iii. Leave encashment - is provided for the profit and loss account based on the valuation of an independent actuary at the year end.

1.11. Income Tax

- i. Income tax is computed using the tax effect accounting method, where the taxes are accrued in the same period the related revenue and expense arise.
- ii. Current tax and Deferred tax are accounted for in accordance with Accounting Standard 22 on "Accounting For Taxes on Income", (AS-22). Current tax is measured at the amount expected to be paid to/recovered from the tax authorities, using the applicable tax rates.
- iii. Advance taxes and provisions for current income taxes are presented in the balance sheet after off-setting advance taxes paid and income tax provisions arising in the same tax jurisdiction.
- iv. The Company offsets deferred tax assets and deferred tax liabilities relating to taxes on income levied by the same governing taxation laws.

1.12. Provisions and Contingent Liabilities

These, if any, are disclosed in the notes on accounts. Provision is made in the accounts if it becomes probable that any outflow of resources embodying economic benefits will be required to settle the obligation arising out of past events.



1.13. Earnings per Share

- i. Basic Earnings per share is calculated by dividing the net earning available to the Equity Shareholders by the weighted average number of Equity Shares outstanding during the year.
- ii. Diluted Earnings per share is same as Basic Earnings per share since there are no potential Equity Shares.

1.14. Leases

Assets taken on lease are accounted for as fixed assets in accordance with Accounting Standard 19 on "Leases", (AS-19).

i. Finance Lease

Assets taken on finance lease are accounted for as fixed assets at fair value. Lease payments are apportioned between finance charge and reduction of outstanding liability.

ii. Operating Lease

Assets taken on lease under which all risks and rewards of ownership are effectively retained by the lessor are classified as operating lease. Lease payments under operating leases are recognized as expenses on accrual basis in accordance with the respective lease agreements.

2 NOTES ON ACCOUNTS

- 2.1 In compliance with Accounting Standard (AS) 22 relating to 'Accounting for taxes on income' issued by the Institute of Chartered Accountants of India, the Company has created the deferred tax asset and deferred tax liability as under:

| Particulars | (Amount in Rupees) | |
|--|------------------------------|------------------------------|
| | Year ended March 31, 2010 | Year ended March 31, 2009 |
| Closing Deferred Tax Asset \ (Liability) | (249,923) | (403,382) |

2.2 Transactions with Key Management Personnel

The aggregate managerial remuneration paid to the directors including managing director is :

| Particulars | (Amount in Rupees) | |
|-------------------------|------------------------------|------------------------------|
| | Year ended March 31, 2010 | Year ended March 31, 2009 |
| Directors' Remuneration | Nil | Nil |

2.3. Activities in foreign currency

| Particulars | (Amount in Rupees) | |
|---|------------------------------|------------------------------|
| | Year ended March 31, 2010 | Year ended March 31, 2009 |
| Earnings in Foreign Currency - FOB value of exports | 40,14,674 | 50,56,544 |
| Expenditure incurred in Foreign Currency | 5,28,059 | 2,43,028 |

2.4. Debtors and Creditors; Loans and Advances

Periodically, the Company evaluates all Debtors and Creditors balances. However, some of these are subject to confirmation.

All Current Assets, Loans and advances, have at least the value as stated in the Balance Sheet if realized in the ordinary course of the Business.



2.5. Dues to Small-scale industrial undertakings

- i. As at March 31, 2010 and March 31, 2009, the Company has no outstanding dues exceeding Rs. 1 Lakh for more than 30 days to Small Scale Industrial undertaking as ascertained and certified by the management.
- ii. As at March 31, 2010 and March 31, 2009, the Company has paid to all entities falling under the provisions of Micro, Small and Medium Enterprises Development Act, 2006 within the due dates as specified in the said Act.

2.6. Investments

The Company has not made any investments.

2.7. Quantitative Details

The Company is engaged in the business of development of computer software and services. The production and sale of such Software and services cannot be expressed in any generic unit and hence the quantitative details of such production/sale and the information required under paragraph 3, and 4C of Part II of Schedule VI of the Companies Act, 1956, are not furnished.

2.8. Details of Auditors remuneration

(Amount in Rupees)

| Particulars | Year ended March 31, 2010 | Year ended March 31, 2009 |
|----------------------|------------------------------|------------------------------|
| Statutory Audit fees | 38,605 | 38,605 |
| Total | 38,605 | 38,605 |

2.9 Earning per Shares

The following reflects the income and share data used in the computation of Earnings per share.

| Particulars | Year ended March 31, 2010 | Year ended March 31, 2009 |
|-------------------------------|------------------------------|------------------------------|
| Profit after tax (Rs.) | (2,221,795) | (3,135,540) |
| Number of Equity Shares | 4,840 | 4,840 |
| EPS - Basic and Diluted (Rs.) | (459) | (648) |
| Nominal Value per share (Rs.) | 100 | 100 |

2.10. Related Party Disclosures as ascertained by the Management

Year ended March 31, 2010

(Amount in Rupees)

| Particulars | Holding Company | Relatives of Key Management Personnal | Holding Company's Subsidiaries | Total Related Parties |
|-----------------------------------|--------------------|--|--------------------------------------|-----------------------------|
| Loans/advances taken | 7,768,942 | NIL | 2,525,912 | 10,294,854 |
| Directors Remuneration | NIL | NIL | NIL | NIL |
| Loans/Advances given | NIL | NIL | 594,453 | 594,453 |
| Balance as on 31.03.10 payable | 7,768,942 | NIL | 2,525,912 | 10,294,854 |
| Balance as on 31.03.10 receivable | NIL | NIL | 594,453 | 594,453 |



Year ended March 31, 2009

(Amount in Rupees)

| Particulars | Holding Company | Relatives of Key Management Personnel | Holding Company's Subsidiaries | Total Related Parties |
|-----------------------------------|-----------------|---------------------------------------|--------------------------------|-----------------------|
| Loans/advances taken | 4,251,755 | NIL | 2,775,361 | 7,027,116 |
| Directors Remuneration | NIL | NIL | NIL | NIL |
| Loans/Advances given | NIL | NIL | 608,727 | 608,727 |
| Balance as on 31.03.09 payable | 4,251,755 | NIL | 2,775,361 | 7,027,116 |
| Balance as on 31.03.09 receivable | NIL | NIL | 608,727 | 608,727 |

Note:**Names of related parties and description of relationship**

| | |
|---------------------------------------|--|
| Holding Company | Cranes Software International Limited |
| Subsidiaries | Nil |
| Key Management Personnel | Mr. Asif Khader Mr. Mueed Khader |
| Relatives of Key Management Personnel | Nil |
| Holding Company's Subsidiaries | Caravel Info Systems Private Ltd Esqube Communication Solutions Private Ltd Systat Software Asia Pacific Ltd |

In respect of the above parties, there is no provision for doubtful debts as at the financial year end and no amount has been written off/written back during the year in respect of debts due from/to them.

2.11. Segment Reporting

All business is of only one segment and hence this does not apply

2.12. Previous year's figures have been regrouped and reclassified wherever necessary

As per our report of even date
For S.Janardhan & Associates
Chartered Accountants
F.R.No. 005310S

For and on behalf of the Board

Bangalore
26th August 2010

Balakrishna S. Bhat
Partner
M.No. 202976

Asif Khader
Director

Mueed Khader
Director

**BALANCE SHEET ABSTRACT & COMPANY'S GENERAL BUSINESS PROFILE****I Registration Details**

| | | | |
|--------------------|-----------|------------|----|
| Registration No. | 120519192 | State Code | 08 |
| Balance Sheet Date | 310310 | | |

II Capital Raised during the year: (Amount in Rs. Thousands)

| | | | |
|--------------|-----|------------------------|-----|
| Public Issue | NIL | Rights Issue | NIL |
| Bonus Issue | NIL | Promoters Contribution | NIL |

III Position of mobilization and deployment of funds (Amount in Rs. Thousands)

| | | | |
|-------------------|-------|--------------|-------|
| Total Liabilities | 15532 | Total Assets | 15532 |
|-------------------|-------|--------------|-------|

IV Sources of funds

| | | | |
|------------------------|-----|--------------------|-------|
| Paid Up Capital | 484 | Reserves & Surplus | 1521 |
| Secured Loans | NIL | Unsecured Loans | 16319 |
| Deferred tax liability | 250 | | |

V Application of funds

| | | | |
|--------------------|-------|---------------------|-----|
| Net Fixed Assets | 2047 | Investments | NIL |
| Net Current Assets | 13485 | Deferred tax Assets | NIL |

VI Performance of Company (Amount in Rs. Thousands)

| | | | |
|---------------------------|-------|-------------------------|-------|
| Total Income | 4225 | Total Expenditure | 6600 |
| Profit / Loss before Tax | -2375 | Profit / Loss after Tax | -2222 |
| Earnings per share in Rs. | NIL | Dividend Rate (%) | 0% |

VII Generic name of principal products/service of the Company

| | |
|---------------------------|-------------------|
| Item Code no. (ITC code) | 852449002 |
| Product description | COMPUTER SOFTWARE |

As per our report of even date
For S.Janardhan & Associates
Chartered Accountants
F.R.No. 005310S

For and on behalf of the Board

Bangalore
26th August 2010

Balakrishna S. Bhat
Partner
M.No. 202976

Asif Khader
Director

Mueed Khader
Director



STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31st MARCH 2010

(In Rupees)

| PARTICULARS | Current Year | Previous year |
|--|--------------------|---------------------|
| Cash flows from operating activities | | |
| Net profit before taxation | (2,375,254) | (2,180,391) |
| Adjustments for: | | |
| Prior period adjustment | - | (32,786) |
| Exchange fluctuation difference | - | 87,509 |
| Depreciation and amortization | 308,953 | 612,463 |
| Interest expense on borrowings | | - |
| Operating profit before working capital changes | (2,066,300) | (1,600,714) |
| Adjustments for working capital | | |
| Debtors | 189,965 | (85,862) |
| Loans and advances | (2,370,157) | (13,292,652) |
| Current liabilities | 586,152 | 2,120,586 |
| Cash generated from operations | (3,660,340) | (12,858,642) |
| Adjustments | | |
| Direct Taxes paid | - | (34,621) |
| Net cash from Operating Activities | (3,660,340) | (12,893,263) |
| Cash flows from investing activities | | |
| Acquisition of property, fixed assets (including advances) | | (7,900) |
| Net cash from Investing Activities | - | (7,900) |
| Cash flows from financing activities | | |
| Interest on borrowed funds | - | - |
| Secured Loans / Borrowings | 3,517,187 | 12,730,548 |
| Net cash from Financing Activities | 3,517,187 | 12,730,548 |
| Net increase/(decrease) in Cash and Cash Equivalents | (143,154) | (170,615) |
| Opening cash and cash equivalents | 157,916 | 328,533 |
| Exchange fluctuation difference | - | - |
| Closing cash and cash equivalents | 14,763 | 157,916 |

As per our report of even date
For S.Janardhan & Associates
Chartered Accountants
F.R.No. 005310S

For and on behalf of the Board

Bangalore
26th August 2010

Balakrishna S. Bhat
Partner
M.No. 202976

Asif Khader
Director

Mueed Khader
Director





CARAVEL INFO SYSTEMS PRIVATE LIMITED

FINANCIAL STATEMENTS

2009 - 2010



DIRECTORS REPORT

Your Directors are pleased to present their 12th Annual Report together with the accounts for the year ended March 31, 2010.

Review of operations

The Company was able to record a turnover of Rs. 177.37 lakhs during the year under review compared to Rs. 235.33 lakhs during the previous year. The Net Profit / (Loss) for the year was Rs. (73.18) lakhs, compared to a profit / (loss) of Rs. (70.47) lakhs during the previous year.

Deposits

Your company has not accepted deposits from the public during the current year

Directorate

Mr. Mueed Khader retires by rotation in the forthcoming Annual General Meeting and being eligible offers himself for reappointment.

Conservation of energy

The operations of the Company are not energy intensive.

Research & Development Activities.

No technology indigenous or imported has yet been acquired at any point of time by the Company. Hence disclosure of particulars with regard to this does not arise.

Foreign Exchange Earnings & Outgo

The foreign exchange earnings during the year amounted to Rs. 4.12 lakhs and there was NIL lakhs Foreign Exchange Outgo during the year.

Employees

Your Directors wish to register their deep & sincere appreciation for the services rendered by the employees of your company.

The particulars of employees as per Section 217 (2A) of the Companies Act 1956, read with the Companies (Particulars of Employees), Rules 1975 are not applicable since none of the employees earn remuneration exceeding the amounts specified therein.

Directors' Responsibility Statement

Pursuant to Section 217(2AA) of the Companies Act 1956, the directors hereby confirm that they have:

- i. Followed the applicable accounting standards in the preparation of the annual accounts;
- ii. Selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profits of the company for the year under review;
- iii. Taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 1956, for safeguarding the assets of the company and detecting fraud and other irregularities;
- iv. Prepared the accounts for the financial year on a 'going concern' basis.

AUDITORS

The Company's Auditors M/s S. Janardhan & Associates Chartered Accountants, retire at the ensuing annual general meeting and are eligible for reappointment.

For and on behalf of the Board,

Bangalore
26th August, 2010

Asif Khader
Director

Mueed Khader
Director



AUDITORS' REPORT

To
The members
Caravel Info Systems Private Limited

1. We have audited the attached Balance Sheet **Caravel Info Systems Private Limited**, Bangalore as at 31st March 2010, the Profit and Loss Account for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) order, 2004 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, is annexed to this report
4. Further to our comments in the Annexure referred to above, we report that:
 - i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - iii) the Balance Sheet and the Profit and Loss Account dealt with by this report are in agreement with the books of account;
 - iv) in our opinion, the Balance Sheet and the Profit and Loss Account dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - v) on the basis of written representations received from the Directors, as on 31st March 2010 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - vi) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2010;
 - (b) in the case of the Profit and Loss Account, of the loss of the Company for the year ended on that date.

for S.JANARDHAN & ASSOCIATES
Chartered Accountants
F.R.No. 005310S

Balakrishna S. Bhat
Partner
Membership No.202976

Bangalore
26th August, 2010



ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) All the Fixed Assets have not been physically verified by the management during the year but there is a regular program of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No Material discrepancies were noticed on such verification.
 - (c) The Company has not disposed off substantial part of fixed assets during the year, and therefore, do not affect the going concern assumption.
- (ii) (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
 - (b) In our opinion and according the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to size of the company and the nature of its business.
 - (c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the books records were not material.
- (iii) The Company has not granted/taken any loans, secured or unsecured, to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. In view of the above, clause 4 (iii) (b),(c),(d),(e),(f) and (g) are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weakness in the internal control system.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the particulars of all contracts and arrangements referred to in section 301 of the Companies Act 1956, have been entered into the register required to be maintained under that section.
 - (b) In our opinion and according to the information and explanations given to us, the contracts and arrangements entered in the register maintained under section 301 of the Companies Act 1956, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposit from the public and as such the provisions of clause 4(vi) of the said Order are not applicable.
- (vii) In our opinion, the Company has an in house internal audit system commensurate with the size and nature of its business.
- (viii) The Central Government has not prescribed the maintenance of cost records as required under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956.
- (ix) (a) According to the information and explanations given to us, undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Service tax, Wealth-tax, Custom duty and Cess have generally been regularly deposited during the year by the Company with the appropriate authorities.
 - (b) According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Service Tax, Wealth Tax, Customs Duty and Cess were in arrears as at 31st March 2010 for a period of more than six months from the date they became payable.



- (c) According to the information and explanations given to us, there are no dues of Sales tax, Service tax, Income tax, Customs duty, Wealth-tax and Cess with the appropriate authorities which have not been deposited on account of any dispute.
- (x) The Company has incurred cash losses during the financial year and in the immediately preceding financial year. It's accumulated losses are more than 50% of its net worth at the end of the financial year.
- (xi) The Company has not defaulted in repayment of dues to any financial institution and banks and there are no dues to debenture holders as at the balance sheet date.
- (xii) According to information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, and according to the information and explanations given to us, the Company is not a chit fund or a nidhi /mutual benefit fund/society.
- (xiv) In our opinion, and according to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
- (xv) In our opinion and according to information and explanations given to us, and as per our examination of relevant records, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) The Company has not borrowed any term loan during the year and hence the provisions of clause 4 (xvi) of the said Order are not applicable.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) During the year the Company has not made any preferential allotment of shares to a Companies/firms/ parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) During the period, the Company has not raised any funds by issue of debentures during the year.
- (xx) The Company has not raised any monies by way of public issue during the year.
- (xxi) During the course of our examination of the books of accounts carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

for S.JANARDHAN & ASSOCIATES

Chartered Accountants
F.R.No. 005310S

Balakrishna S.Bhat

Partner
Membership No.202976

Bangalore
26th August, 2010



BALANCE SHEET

As at 31st March, 2010

(In Rupees)

| Particulars | Sch no | Current year | Previous year |
|--|--------|-------------------|-------------------|
| I. Sources of Funds: | | | |
| Shareholder's Funds | | | |
| Share Capital | 1 | 1,200,000 | 1,200,000 |
| Reserves & Surplus | 2 | (7,195,785) | 236,115 |
| Loan Funds | | | |
| Secured Loans | 3 | 239,454 | 322,660 |
| Unsecured Loans | 4 | 9,873,351 | 10,105,69 |
| GRAND TOTAL | | 4,117,020 | 11,864,466 |
| II. Application of Funds: | | | |
| Fixed Assets | 5 | | |
| Gross Block | | 10,003,830 | 10,003,829 |
| Less: Depreciation | | 7,218,522 | 6,031,943 |
| Net Block | | 2,785,308 | 3,971,886 |
| Investments | 6 | 5,500 | 5,500 |
| Deferred Tax Asset | | 245,000 | 381,000 |
| Current Assets, Loans and Advances | | | |
| Inventories | 7 | - | 2,181,080 |
| Sundry Debtors | 8 | 10,570,659 | 8,342,170 |
| Cash and Bank Balances | 9 | 2,660,383 | 2,541,911 |
| Loans and Advances | 10 | 2,194,340 | 2,297,738 |
| TOTAL A | | 15,425,382 | 15,362,900 |
| Less: Current Liabilities & Provisions: | | | |
| Current Liabilities | 11 | 12,204,579 | 4,381,419 |
| Provisions | | 2,139,591 | 3,475,401 |
| TOTAL B | | 14,344,170 | 7,856,820 |
| Net Current Assets (A-B) | | 1,081,212 | 7,506,080 |
| (i) Miscellaneous Expenditure (to the extent not written off or adjusted) | | | |
| (ii) Profit and Loss Account | | Nil | Nil |
| GRAND TOTAL | | 4,117,020 | 11,864,466 |
| Significant Accounting Policies and Notes to Accounts | 17 | - | |

Schedule Nos 1 to 11 and 17 form an integral part of Balance Sheet

As per our report of even date
For S.Janardhan & Associates
Chartered Accountants
F.R.No. 005310S

For and on Behalf of the Board

Bangalore
26th August 2010

Balakrishna S. Bhat
Partner
M.No. 202976

Asif Khader
Director

Mueed Khader
Director



PROFIT AND LOSS ACCOUNT

For the year ended 31st March 2010

(In Rupees)

| Particulars | Sch No. | Current year | Previous year |
|--|---------|--------------------|--------------------|
| INCOME | | | |
| Sales | 12 | 17,737,156 | 23,533,173 |
| Other Income | 13 | 165,824 | 867,656 |
| Total A | | 17,902,980 | 24,400,829 |
| EXPENDITURE | | | |
| Cost of Goods Sold | 14 | 7,762,230 | 4,088,554 |
| Personnel Expenses | 15 | 15,359,467 | 21,395,750 |
| Administrative Expenses | 16 | 776,606 | 5,598,354 |
| Depreciation | 5 | 1,186,579 | 1,022,673 |
| Total B | | 25,084,882 | 32,105,331 |
| Profit/(Loss) Before Tax (A-B) | | (7,181,902) | (7,704,502) |
| Less: Provision for | | | |
| (i) Income Tax | | - | - |
| (ii) Deferred tax | | 136,000 | (735,000) |
| (iii) Fringe Benefit Tax | | - | 78,000 |
| Profit/(loss) after tax | | (7,317,902) | (7,047,502) |
| Less Prior period expenses | | 113,998 | - |
| | | (7,431,900) | (7,047,502) |
| Add : Balance in the Profit and Loss Account Carried forward | | 236,115 | 7,283,617 |
| Total Profit Carried to Balance Sheet | | (7,195,785) | 236,116 |
| Number of Equity Shares | | 120,000 | 120,000 |
| Earnings per share (Rs.) | | (60.98) | (58.73) |
| Significant Accounting Policies and Notes to Accounts | 17 | | |

Schedule Nos 12 to 16 and 17 form an integral part of the Profit and Loss Account

As per our report of even date
For S. Janardhan & Associates
Chartered Accountants
F.R. No. 005310S

For and on Behalf of the Board

Bangalore
26th August 2010

Balakrishna S. Bhat
Partner
M.No. 202976

Asif Khader
Director

Mueed Khader
Director



SCHEDULES TO BALANCE SHEET

As at 31st March 2010

(In Rupees)

| Particulars | Current year | Previous Year |
|---|--------------------|-------------------|
| SCHEDULE - 1 | | |
| SHARE CAPITAL : | | |
| AUTHORISED : | | |
| 2,00,000 Equity Shares Of Rs. 10/- Each (Previous Year 2,00,000 Equity Shares of Rs.10/- Each) | 2,000,000 | 2,000,000 |
| ISSUED, SUBSCRIBED AND PAID UP: | | |
| 1,20,000 Equity Shares Of Rs. 10/- Each Fully Paid Up (Previous Year 1,20,000 Equity Shares of Rs.10/- Each) | 1,200,000 | 1,200,000 |
| Total | 1,200,000 | 1,200,000 |
| SCHEDULE - 2 | | |
| RESERVES & SURPLUS | | |
| Balance In Profit And Loss Account | (7,195,785) | 236,115 |
| Total | (7,195,785) | 236,115 |
| SCHEDULE - 3 | | |
| SECURED LOAN | | |
| Kotak Mahindra Prime Ltd (Secured Against Vehicle) | 239,454 | 322,660 |
| Total | 239,454 | 322,660 |
| SCHEDULE - 4 | | |
| UNSECURED LOAN | | |
| Cranes Software International Limited | 9,452,701 | 10,105,691 |
| Proland software Private Limited | 420,650 | - |
| Total | 9,873,351 | 10,105,691 |



SCHEDULE TO BALANCE SHEET AS AT 31ST MARCH 2010

SCHEDULES - 5 FIXED ASSETS

(Amount in rupees)

| Description | GROSS BLOCK | | | DEPRECIATION | | | NET BLOCK | | |
|------------------------|---------------------|-----------|-----------|---------------------|---------------------|------------------|-----------|---------------------|---------------------|
| | As at 01.04.2009 | Additions | Deletions | As at 31.03.2010 | As at 01.04.2009 | For the Year | Withdrawn | As at 31.03.2010 | As at 31.03.2009 |
| Furniture and fixtures | 2,345,325 | - | - | 2,345,325 | 921,032 | 148,459 | - | 1,069,491 | 1,424,293 |
| Plant and Machinery | 1,014,314 | - | - | 1,014,314 | 390,742 | 48,180 | - | 438,922 | 623,573 |
| Computers | 3,803,533 | - | - | 3,803,533 | 2,686,899 | 616,553 | - | 3,303,452 | 1,116,634 |
| Electrical Fittings | 264,196 | - | - | 264,196 | 264,195 | 1 | - | 264,196 | - |
| Software and Manuals | 2,011,289 | - | - | 2,011,289 | 1,647,148 | 326,030 | - | 1,973,178 | 364,140 |
| Motor Car | 431,800 | - | - | 431,800 | 54,695 | 41,021 | - | 95,716 | 377,105 |
| Office Equipments | 133,373 | - | - | 133,373 | 67,232 | 6,335 | - | 73,567 | 66,141 |
| TOTAL | 10,003,830 | - | - | 10,003,830 | 6,031,943 | 1,186,579 | - | 7,218,522 | 3,971,886 |
| Previous Year | 10,931,564 | 453,418 | 1,381,153 | 10,003,829 | 5,557,069 | 1,022,673 | 547,799 | 3,971,886 | 5,374,495 |



(In Rupees)

| Particulars | Current year | Previous Year |
|---|-------------------|------------------|
| Schedule - 6 | | |
| Investments | | |
| (Non-Trade - Unquoted) | | |
| - At Cost in Government Securities | 5,500 | 5,500 |
| (Consists Of, National Savings Certificates Rs.5,000/- Have Been Pledged With Sales Tax Authorities) | | |
| Total | 5,500 | 5,500 |
| Schedule - 7 | | |
| Inventories | | |
| (Valued at lower of cost or net realisable value) | | |
| Closing Inventory | - | 2,181,080 |
| | - | 2,181,080 |
| Schedule - 8 | | |
| Sundry Debtors | | |
| (Unsecured - considered good) | | |
| Debts outstanding for a period exceeding six months | 2,470,596 | 138,442 |
| Other debts | 8,100,063 | 8,203,728 |
| | 10,570,659 | 8,342,170 |
| Schedule - 9 | | |
| Cash And Bank Balances | | |
| Cash on Hand | 48,212 | 6,689 |
| Balance With Scheduled Banks: | | |
| - In Current Account | 426,613 | 551,828 |
| - In deposit Accounts | 2,185,558 | 1,983,394 |
| Total | 2,660,383 | 2,541,911 |
| Schedule - 10 | | |
| Loans And Advances | | |
| (Unsecured, Considered Good) | | |
| Advances recoverable in cash or in kind or for value to be received | 336,804 | 281,513 |
| Advance Fringe Benefit tax | - | 268,000 |
| Advance Income Tax | 1,811,557 | 1,691,746 |
| Advances to Employees | 28,484 | 37,484 |
| Deposits | 17,495 | 18,995 |
| Total | 2,194,340 | 2,297,738 |
| Schedule - 11 | | |
| Current Liabilities and Provisions | | |
| Current Liabilities: | | |
| Sundry Creditors: | | |
| Dues of Micro, Small and Medium enterprises | | |
| Due to others | 11,092,824 | 4,094,825 |
| Advance from Customers | 1,111,755 | 286,594 |
| Total | 12,204,579 | 4,381,419 |
| Provisions | | |
| Accrued Leave Encashment Liability | 411,907 | 959,522 |
| Gratuity Liability | 1,135,684 | 1,667,104 |
| Fringe Benefit tax payable | - | 256,775 |
| Income tax provision | 592,000 | 592,000 |
| Total | 2,139,591 | 3,475,401 |



(In Rupees)

| Particulars | Current year | Previous Year |
|---|-------------------|-------------------|
| Schedule - 12 | | |
| Sales | | |
| Export | 411,625 | 4,689,373 |
| Domestic | 17,325,531 | 18,843,800 |
| | 17,737,156 | 23,533,173 |
| Schedule - 13 | | |
| Other Income | | |
| Miscellaneous Income | 20,968 | 324,737 |
| Exchange fluctuation gain | 2,706 | 388,986 |
| Interest Received | 142,149 | 153,933 |
| Total | 165,824 | 867,656 |
| Schedule - 14 | | |
| Cost Of Goods Sold | | |
| Opening Stock | 2,181,080 | 673,586 |
| Add: Purchases | 5,581,150 | 5,596,048 |
| Less: Closing Stock | - | 2,181,080 |
| Total | 7,762,230 | 4,088,554 |
| Schedule - 15 | | |
| Personnel Expenses | | |
| Salaries and Wages | 14,785,521 | 18,417,897 |
| Company Contribution to Provident Fund /ESI | 637,858 | 1,258,749 |
| Leave Encashment Expenses | (547,614) | 450,088 |
| Gratuity Expenses | (341,035) | 412,577 |
| Staff Welfare Expenses | 824,737 | 856,439 |
| Total | 15,359,467 | 21,395,750 |
| Schedule - 16 | | |
| Administrative Expenses | | |
| Repairs and Maintenance: | | |
| Plant and Machinery | - | 1,500 |
| Others | - | 216,518 |
| Travelling and Conveyance | 200,747 | 355,408 |
| Rent | - | 2,399,354 |
| Audit Fees | 35,000 | 35,000 |
| Power & Fuel | - | 261,172 |
| Communication expenses | 130,916 | 363,949 |
| Hire charges | - | 266,075 |
| Liquidated damages | 1,250 | 346,974 |
| Bank and Financial Charges | 84,060 | 106,941 |
| Bad Debt written off | 136,553 | - |
| Insurance | - | 9,427 |
| Office maintenance | - | 241,806 |
| Legal and Professional charges | 76,455 | 95,362 |
| Rates and Taxes | 8,362 | 66,821 |
| Loss on sale of fixed assets | - | 453,354 |
| Printing and Stationery | 17,098 | 54,891 |
| Advertisement expenses | 12,753 | 197,097 |
| Miscellaneous Expenses | 73,412 | 435,456 |
| Total | 776,606 | 5,907,106 |

**SCHEDULE No. 17
SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS****17.1 SIGNIFICANT ACCOUNTING POLICIES****17.1.1 Basis of Accounting**

The financial statements are prepared and presented in accordance with the Indian Generally Accepted Accounting Principles ("GAAP") under the historical convention on the accrual basis. GAAP comprises mandatory accounting standards issued by the Institute of Chartered Accountants of India (ICAI) and the companies (Accounting Standards) Rules, 2006.

17.1.2. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities on the date of the financial statements and reported amounts of revenue and expenses during the period reported. Actual results could differ from those estimates.

17.1.3. Revenue Recognition

Revenue on Designing, development, research, integration of software and computer systems is priced on a time and material and fixed-price contracts. Revenue priced on a time and material contracts are recognized as related services are performed. Revenue from fixed-price, fixed time-frame contracts is recognized in accordance with the percentage of completion method.

17.1.4. Cash flow statement

Cash flows are reported using the indirect method, whereby net profits before tax is adjusted for the effects of transactions of a non-cash nature and the changes during the period in inventories and operating receivables and payables. The cash flows from regular revenue generating, investing and financing activities of the Company are shown separately.

17.1.5. Fixed Assets and Capital Work-in-progress

Fixed Assets are stated at historical cost less accumulated depreciation. Cost includes all expenses incurred to bring the assets to its present location and condition.

17.1.6. Intangible Assets

- i. All intangible assets are stated at cost less accumulated amortization.
- ii. The cost of acquired intangible assets is the consideration paid for acquisition.

17.1.7. Depreciation and Amortization

- i. Depreciation has been provided on Straight Line method at the rates prescribed under Schedule XIV of the Companies Act, 1956. In respect of assets purchased / sold during the year, depreciation is charged on a pro-rata basis.
- ii. Depreciation on individual low cost assets (costing less than Rs.5,000.00) is provided for in full in the year of purchase irrespective of date of installation.

17.1.8. Impairment of Assets

The Company assesses at each balance sheet date using internal and external sources, whether there is any indication that an asset (both tangible and intangible) be impaired. If any such indications exist, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs to is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the profit and loss account. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

**17.1.9. Inventories**

Companies inventories consist of own stocks which are valued at cost or net realizable value, whichever is lower. Net realizable value is the estimated selling price in ordinary course of business, less estimated cost of completion and estimated cost necessary to make the sale. The cost of inventories is net of VAT credit.

17.1.10. Effect of Exchange Fluctuation on foreign currency transactions

- i. Foreign currency translations are recorded on the basis of exchange rates prevailing on the date of the transaction.
- ii. Exchange differences are recorded when the amount actually received on sales or actually paid when the expenditure is incurred, is converted into Indian Rupees.
- iii. Exchange differences arising on foreign currency transactions are recognized as income or expense in the period in which they arise.
- iv. Period-end balances of monetary foreign currency assets and liabilities are translated at the closing rate. The resulting exchange difference is recorded in the profit and loss account

17.1.11. Employees' Benefits

- i. Provident fund - Employees receive benefits from a provident fund, a defined contribution plan. The employee and employer each make monthly contribution to the plan equal to 12% of the covered employee's salary. The Company's contribution to Provident Fund remitted to the Government is charged against the revenue on accrual basis.
- ii. Gratuity - In accordance with applicable Indian laws, the Company provides for gratuity, a defined benefit retirement plan. The Gratuity plan provides a lump sum payment to vested employees, at retirement or termination of employment, an amount based on the respective employee's last drawn salary and the years of employment with the Company. The Company determines Gratuity based on the valuation of an independent actuarial value comes to Rs. 1,033,827 as at the year end.
- iii. Leave encashment - is provided for the profit and loss account based on the valuation of an independent actuarial value comes to Rs. 346,191 as at the year end.

17.1.12. Income Tax

- i. Income tax is computed using the tax effect accounting method, where the taxes are accrued in the same period the related revenue and expense arise.
- ii. The current charge for income taxes is calculated in accordance with the relevant tax regulations.
- iii. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to timing differences that result between the profit offered for income taxes and the profit as per the financial statements. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the period that includes the enactment/substantial enactment date. Deferred tax assets on timing differences are recognized only if there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax assets are reassessed for the appropriateness of their respective carrying values at each balance sheet dates.
- iv. Advance taxes and provisions for current income taxes are presented in the balance sheet after offsetting advance taxes paid and income tax provisions arising in the same tax jurisdiction.
- v. The Company offsets deferred tax assets and deferred tax liabilities relating to taxes on income levied by the same governing taxation laws.



17.1.13. Provisions and Contingent Liabilities

The Company creates a provision when there is a present obligation as a result of an obligating event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

17.1.14. Earnings per Share

- i. Basic Earnings per share is calculated by dividing the net earning available to the Equity Shareholders by the weighted average number of Equity Shares outstanding during the year.
- ii. Diluted Earnings per share is same as Basic Earnings per share since there are no potential Equity Shares.

17.1.15. Leases

- i. Lease arrangements where substantial risk and rewards incidental to ownership vests with the lessor, such leases are recognized as operating leases.
- ii. Lease payments under operating lease are recognized as an expense in the profit and loss account.

17.2 NOTES ON ACCOUNTS

17.2.1 Contingent liabilities

(Amount in Rupees)

| PARTICULARS | As at March 31, 2010 | As at March 31, 2009 |
|--------------------------|-------------------------|-------------------------|
| Bank Guarantees | 945,800 | 945,800 |
| PF/ ESI Demand in Appeal | 11,329 | 11,329 |

17.2.2 Details of Auditors Remuneration

| PARTICULARS | As at March 31, 2010 | As at March 31, 2009 |
|---|-------------------------|-------------------------|
| Audit Fees | 35,000 | 35,000 |
| Tax Audit Fees | 10,000 | 10,000 |
| Tax Matters | - | 10,000 |
| Other Services (Including service tax) | - | 20,506 |
| Out of Pocket Expenses | - | - |

17.2.3. Licensed Capacity, Production and Turnover

The Company is engaged in the business of development of computer software and services. The production and sale of such Software and services cannot be expressed in any generic unit and hence the quantitative details of such production/sale and the information required under paragraph 3, and 4C of Part II of Schedule VI of the Companies Act, 1956, are not furnished.

17.2.4 Value of imports on C.I.F. basis

(Amount in Rupees)

| PARTICULARS | As at March 31, 2010 | As at March 31, 2009 |
|-------------------------------|-------------------------|-------------------------|
| Software and Hardware Imports | 3,705,966 | 2,370,575 |


17.2.5 Expenditure in foreign currency (Amount in Rupees)

| PARTICULARS | As at March 31, 2010 | As at March 31, 2009 |
|---------------------|---------------------------------|---------------------------------|
| Travelling Expenses | Nil | Nil |

17.2.6 Earnings in Foreign currency (Amount in Rupees)

| PARTICULARS | As at March 31, 2010 | As at March 31, 2009 |
|--------------------|---------------------------------|---------------------------------|
| Software Exports | 411,625 | 4,689,373 |
| Hardware Exports | - | 2,173,600 |

17.2.7 Managerial remuneration debited to various head of accounts: (Amount in Rupees)

| PARTICULARS | As at March 31, 2010 | As at March 31, 2009 |
|--|---------------------------------|---------------------------------|
| Salary and Allowances | Nil | Nil |
| Company Contribution to Provident Fund | Nil | Nil |

17.2.8 Earnings per Share (Amount in Rupees)

| PARTICULARS | As at March 31, 2010 | As at March 31, 2009 |
|---|---------------------------------|---------------------------------|
| Profit /(Loss) after Tax (Rs.) | (7,431,900) | (7,047,502) |
| Number of Shares outstanding (No`s) | 120,000 | 120,000 |
| Earnings Per Share(Basic & Diluted) (Rs.) | (60.98) | (58.73) |
| Nominal Value (Rs.) | 10.00 | 10.00 |

17.2.9. Related Party Disclosures as ascertained by the Management
Year ended March 31, 2010 (Amount in Rupees)

| Particulars | Holding Company | Other Related Parties | Total Related Parties |
|------------------------------------|----------------------------|----------------------------------|----------------------------------|
| Receiving of Services | - | - | - |
| Loans/advances taken | 9,452,701 | 420,650 | 9,873,351 |
| Directors Remuneration | - | - | - |
| Loans/advances given | - | 32,067 | 32,067 |
| Balance as on 31.03.10 payable | 9,452,701 | 420,650 | 9,873,351 |
| Balance as on 31.3.2010 receivable | - | 32,067 | 32,067 |

Year ended March 31, 2009 (Amount in Rupees)

| Particulars | Holding Company | Other Related Parties | Total Related Parties |
|------------------------------------|----------------------------|----------------------------------|----------------------------------|
| Receiving of Services | - | - | - |
| Loans/advances taken | 10,105,691 | - | 10,105,691 |
| Directors Remuneration | - | - | - |
| Balance as on 31.03.09 payable | 10,105,691 | - | 10,105,691 |
| Balance as on 31.3.2009 receivable | - | - | - |

**Note:****Names of related parties and description of relationship**

| | |
|---------------------------------------|---------------------------------------|
| Holding Company | Cranes Software International Limited |
| Subsidiaries | Nil |
| Key Management Personnel | Mr. Asif Khader Mr. Mueed Khader |
| Relatives of Key Management Personnel | Nil |
| Other Related Parties | Proland Software Private Ltd |

In respect of the above parties, there is no provision for doubtful debts as at the financial year and no amount has been written off/written back during the year in respect of debts due from/to them.

17.2.10 Balance Sheet extract and general business profile of the Company is enclosed.**17.2.11 Dues to Small-scale industrial undertakings:**

- As at March 31, 2010 and March 31, 2009, the Company has no outstanding dues exceeding Rs. 1Lakh for more than 30 days to Small Scale industrial undertaking as ascertained and certified by the management.
- There are no micro and small enterprises, for which the Company owes dues, which owe for more than 45 days as at 31st march, 2010. This information as required to be disclosed under the Micro Small & Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the company.

17.2.12 In accordance with the Accounting Standard-22, issued by ICAI, the deferred tax (net) as at Mar, 31 2010 on account of Depreciation and retirement benefits Rs.245,000 (Previous Year Rs. 381,000)**17.2.13 Previous Years figures have been regrouped and re arranged where ever necessary.**

As per our report of even date
For S.Janardhan & Associates
Chartered Accountants
F.R.No. 005310S

For and on Behalf of the Board

Bangalore
26th August 2010

Balakrishna S. Bhat
Partner
M.No. 202976

Asif Khader
Director

Mueed Khader
Director



BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I Registration Details

| | | | |
|--------------------|----------|------------|----|
| Registration No. | 0823805 | State Code | 08 |
| Balance Sheet Date | 31032010 | | |

II. Capital Raised during the year: (Amount in Rupees Thousands)

| | | | |
|--------------|-----|--------------|-----|
| Public Issue | NIL | Rights Issue | NIL |
| Bonus Issue | NIL | Private Plde | NIL |

III. Position of mobilization and deployment of funds (Amount in Rupees Thousands)

| | | | |
|-------------------|------|--------------|------|
| Total Liabilities | 4117 | Total Assets | 4117 |
|-------------------|------|--------------|------|

IV. Sources of Funds:

| | | | |
|-----------------|------|----------------------|-------|
| Paid up Capital | 1200 | Reserves and Surplus | -7196 |
| Secured Loans | 239 | Unsecured Loans | 9873 |

V. Application of Funds:

| | | | |
|---------------------|------|-------------|----|
| Net Fixed Assets | 2785 | | |
| Net Current Assets | 1081 | Investments | 06 |
| Deferred Tax Assets | 245 | | |

VI. Performance of Company (Amount in Rupees Thousands)

| | | | |
|----------------------------|--------|---------------------------|-------|
| Turnover | 17903 | Total Expenditure | 25085 |
| Profit / (Loss) before Tax | -7182 | Profit / (Loss) after Tax | -7432 |
| Earnings per share in Rs. | -60.98 | | |
| Dividend Rate (%) | NIL | | |

VII. Generic Names of three Principal Products/Services of Company

| | |
|--------------------------|-------------------|
| Item Code No. (ITC CODE) | 85249009 |
| Product Description: | COMPUTER SOFTWARE |

As per our report of even date
For S.Janardhan & Associates
Chartered Accountants
F.R.No. 005310S

For and on Behalf of the Board

Bangalore
26th August 2010

Balakrishna S. Bhat
Partner
M.No. 202976

Asif Khader
Director

Mueed Khader
Director



STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH 2010 (In Rupees)

| PARTICULARS | Current Year | Previous Year |
|---|---------------------|----------------------|
| Cash flows from operating activities | | |
| Net profit(Loss) before taxation | (7181902) | (7,704,502) |
| Adjustments for: | | |
| Prior period adjustment | (113,998) | - |
| Profit / Loss on sale of Fixed assets | - | 453,354 |
| Exchange difference on translation of foreign currency cash & cash equivalents. | - | - |
| Depreciation and amortization | 1,186,579 | 1,022,673 |
| Preliminary expenses / Deferred revenue expenditure | - | - |
| Dividend / interest income (Net) | (142,149) | (153,933) |
| Interest expense on borrowings | - | - |
| Operating profit before working capital changes | (6,251,471) | (6,382,408) |
| Adjustments for working capital | | |
| Inventory | 2,181,080 | (1,507,494) |
| Debtors | (2,228,489) | 13,704,191 |
| Loans and advances | 103,399 | 1,175,658 |
| Current liabilities & provisions | 6,487,350 | 347,920 |
| Cash generated from operations | 291,870 | 7,337,867 |
| Adjustments | | |
| Direct Taxes paid | - | (78,000) |
| Net cash flow from Operating Activities | 291,870 | 7,259,867 |
| Cash flows from investing activities | | |
| Purchase of Investments | - | - |
| Investments in Subsidiaries | - | - |
| Dividend / Interest received | 142,149 | 153,933 |
| Proceeds from sale of Fixed assets | - | 380,000 |
| Acquisition of property, fixed assets (including advances) | - | (453,418) |
| Net cash flow from Investing Activities | 142,149 | 80,515 |
| Cash flows from financing activities | | |
| Share Capital | - | - |
| Share Premium | - | - |
| Dividend and Dividend Tax | - | - |
| Repayment of Secured loan | (83,206) | (76,205) |
| Secured Loans / Borrowings | - | - |
| Unsecured Loans | (232,340) | (6,738,387) |
| Net cash flow from Financing Activities | (315,546) | (6,814,592) |
| Exchange difference on translation of foreign currency cash & cash equivalents. | | - |
| Net increase/(decrease) in Cash and Cash Equivalents | 118,473 | 525,790 |
| Opening cash and cash equivalents | 2,541,911 | 2,016,121 |
| Closing cash and cash equivalents | 2,660,383 | 2,541,911 |

As per our report of even date
For S.Janardhan & Associates
Chartered Accountants
F.R.No. 005310S

For and on Behalf of the Board

Bangalore
26th August 2010

Balakrishna S. Bhat
Partner
M.No. 202976

Asif Khader
Director

Mueed Khader
Director



ESQUBE COMMUNICATION SOLUTIONS PRIVATE LIMITED

FINANCIAL STATEMENT

2009 - 2010



DIRECTORS REPORT

Your Directors are pleased to present their 7th Annual Report together with the accounts for the year ended March 31, 2010.

Review of operations

The Company was able to record a turnover of Rs.25.53 lakhs during the year under review compared to Rs. 47.75 lakhs during the previous year. The Net Profit / (Loss) for the year was Rs.(37.33) lakhs, compared to a Profit / (Loss) of Rs.(45.47) lakhs during the previous year.

Deposits

Your company has not accepted deposits from the public during the current year

Directorate

Mr. Mueed Khader retires by rotation in the forthcoming Annual General Meeting and being eligible offers himself for reappointment.

Conservation of energy

The operations of the Company are not energy intensive.

Research & Development Activities.

No technology indigenous or imported has yet been acquired at any point of time by the Company. Hence disclosure of particulars with regard to this does not arise.

Foreign Exchange Earnings & Outgo

The foreign exchange earnings during the year amounted to Rs. Nil and Foreign Exchange Outgo during the year amounted to Rs. Nil.

Employees

Your Directors wish to register their deep & sincere appreciation for the services rendered by the employees of your company.

The particulars of employees as per Section 217 (2A) of the Companies Act 1956, read with the Companies (Particulars of Employees), Rules 1975 are not applicable since none of the employees earn remuneration exceeding the amounts specified therein.

Directors' Responsibility Statement

Pursuant to Section 217(2AA) of the Companies Act 1956, the directors hereby confirm that they have:

- i. Followed the applicable accounting standards in the preparation of the annual accounts;
- ii. Selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profits of the company for the year under review;
- iii. Taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 1956, for safeguarding the assets of the company and detecting fraud and other irregularities;
- iv. Prepared the accounts for the financial year on a 'going concern' basis.

AUDITORS

The Company's Auditors M/s S. Janardhan & Associates, Chartered Accountants, retire at the ensuing annual general meeting and are eligible for reappointment.

For and on behalf of the Board

Bangalore
26th August, 2010

Asif Khader
Director

Mueed Khader
Director



AUDITORS' REPORT

To

The members

Esqube Communication Solutions Private Limited

1. We have audited the attached Balance Sheet **Esqube Communication Solutions Private Limited**, Bangalore as at 31st March 2010, the Profit and Loss Account for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) order, 2004 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, is annexed to this report
4. Further to our comments in the Annexure referred to above, we report that:
 - i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - iii) the Balance Sheet and the Profit and Loss Account dealt with by this report are in agreement with the books of account;
 - iv) in our opinion, the Balance Sheet and the Profit and Loss Account dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - v) on the basis of written representations received from the Directors, as on 31st March 2010 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - vi) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2010;
 - (b) in the case of the Profit and Loss Account, of the loss of the Company for the year ended on that date.

for S.JANARDHAN & ASSOCIATES

Chartered Accountants

F.R.No. 005310S

Balakrishna S. Bhat

Partner

Membership No.202976

Bangalore
26th August, 2010



ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) All the Fixed Assets have not been physically verified by the management during the year but there is a regular program of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No Material discrepancies were noticed on such verification.
 - (c) The Company has not disposed off substantial part of fixed assets during the year, and therefore, do not affect the going concern assumption.
- (ii) (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
 - (b) In our opinion and according the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to size of the company and the nature of its business.
 - (c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the books records were not material.
- (iii) The Company has not granted/taken any loans, secured or unsecured, to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. In view of the above, clause 4 (iii) (b),(c),(d),(e),(f) and (g) are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weakness in the internal control system.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the particulars of all contracts and arrangements referred to in section 301 of the Companies Act 1956, have been entered into the register required to be maintained under that section.
 - (b) In our opinion and according to the information and explanations given to us, the contracts and arrangements entered in the register maintained under section 301 of the Companies Act 1956, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposit from the public and as such the provisions of clause 4(vi) of the said Order are not applicable.
- (vii) In our opinion, the Company has an in house internal audit system commensurate with the size and nature of its business.
- (viii) The Central Government has not prescribed the maintenance of cost records as required under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956.
- (ix) (a) According to the information and explanations given to us, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' state Insurance, Employees' state Insurance, Income-tax, Sales-tax, Service tax, Wealth-tax, Custom duty and Cess have generally been regularly deposited during the year by the Company with the appropriate authorities.
 - (b) According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' state Insurance, Income-tax, Sales-tax, Service Tax, Wealth Tax, Customs Duty and Cess were in arrears as at 31st March 2010 for a period of more than six months from the date they became payable.



- (c) According to the information and explanations given to us, there are no dues of Sales tax, Service tax, Income tax, Customs duty, Wealth-tax and Cess with the appropriate authorities which have not been deposited on account of any dispute.
- (x) The Company has incurred cash losses during the financial year and in the immediately preceding financial year. It's accumulated losses are more than 50% of its net worth at the end of the financial year.
- (xi) The Company has not defaulted in repayment of dues to any financial institution and banks and there are no dues to debenture holders as at the balance sheet date.
- (xii) According to information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, and according to the information and explanations given to us, the Company is not a chit fund or a nidhi /mutual benefit fund/society.
- (xiv) In our opinion, and according to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
- (xv) In our opinion and according to information and explanations given to us, and as per our examination of relevant records, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) The Company has not borrowed any term loan during the year and hence the provisions of clause 4 (xvi) of the said Order are not applicable.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) During the year the Company has not made any preferential allotment of shares to a Companies/firms/ parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) During the period, the Company has not raised any funds by issue of debentures during the year.
- (xx) The Company has not raised any monies by way of public issue during the year.
- (xxi) During the course of our examination of the books of accounts carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

for S.JANARDHAN & ASSOCIATES

Chartered Accountants
F.R.No. 005310S

Balakrishna S.Bhat

Partner
Membership No.202976

Bangalore
26th August, 2010



BALANCE SHEET

As at 31st March, 2010

(In Rupees)

| Particulars | Sch no | Current year | Previous year |
|--|--------|-------------------|-------------------|
| 1. Sources of Funds : | | | |
| 1. Shareholders Funds | | | |
| (a) Share Capital | 1 | 117,650 | 117,650 |
| (b) Reserves & Surplus | 2 | 9,982,350 | 9,982,350 |
| | | 10,100,000 | 10,100,000 |
| 2. Loan Funds | | | |
| (a) Unsecured Loans | 3 | 23,926,259 | 24,710,402 |
| | | 23,926,259 | 24,710,402 |
| 3. Deferred Tax Liability | | 603,000 | 727,000 |
| GRAND TOTAL | | 34,629,259 | 35,537,402 |
| II. Application of Funds : | | | |
| 1. FIXED ASSETS | 4 | | |
| (a) Gross Block | | 4,830,008 | 7,053,429 |
| (b) Less: Accumulated Depreciation | | 2,993,532 | 2,815,152 |
| (c) Net Block | | 1,836,476 | 4,238,277 |
| 2. Investments | | Nil | Nil |
| 3. Current Assets, Loans and Advances | | | |
| (a) Inventories | | Nil | Nil |
| (b) Sundry Debtors | 5 | 2,654,844 | 2,506,354 |
| (c) Cash and Bank balances | 6 | 51,158 | 873,625 |
| (d) Loans and Advances | 7 | 20,917,032 | 21,203,267 |
| Total A | | 23,623,034 | 24,583,246 |
| Less : Current Liabilities and Provisions | 8 | | |
| (a) Current Liabilities | | 4,417,208 | 3,101,691 |
| (b) Provisions | | 400,000 | 436,000 |
| Total B | | 4,817,208 | 3,537,691 |
| Net Current Assets A-B | | 18,805,826 | 21,045,555 |
| (i) Miscellaneous Expenditure (To the extent not written off or adjusted) | | Nil | Nil |
| (ii) Profit And Loss Account | | 13,986,957 | 10,253,570 |
| | | 13,986,957 | 10,253,570 |
| GRAND TOTAL | | 34,629,259 | 35,537,402 |
| Significant Accounting Policies and Notes to Accounts | 14 | | - |

Schedule Nos. 1 to 9 and 14 form an integral part of Balance Sheet

As per our report of even date
For S.Janardhan & Associates
Chartered Accountants
F.R.No. 005310S

For and on Behalf of the Board

Bangalore
26th August 2010

Balakrishna S. Bhat
Partner
M.No. 202976

Asif Khader
Director

Mueed Khader
Director



PROFIT AND LOSS ACCOUNT

For the year ended 31st March 2010

(In Rupees)

| | Sch No. | Current year | Previous year |
|--|---------|---------------------|---------------------|
| INCOME | | | |
| Sales | 9 | 2,552,799 | 4,775,242 |
| Other Income | 10 | - | 185,157 |
| Total | | 2,552,799 | 4,960,399 |
| EXPENDITURE | | | |
| Cost of Goods Sold | 11 | 93,555 | 172,803 |
| Personnel Expenses | 12 | 2,935,313 | 4,649,058 |
| Administration and Selling Expenses | 13 | 1,181,802 | 3,862,999 |
| Loss on Sale of Assets | | 1,526,543 | - |
| Depreciation | | 823,087 | 867,914 |
| Total | | 6,560,300 | 9,552,774 |
| Profit/(Loss) For The Year | | (4,007,501) | (4,592,376) |
| Less: Provision for Deferred Tax | | (124,000) | 32,000 |
| Fringe Benefit Tax | | - | 36,000 |
| Loss After Taxes | | (3,883,501) | (4,660,376) |
| Less: Adjustment relating to previous year | | (150,114) | (113,175) |
| Net Loss For The Year | | (3,733,387) | (4,547,201) |
| Add: Profit/(Loss) brought forward from previous year | | (10,253,570) | (5,706,370) |
| Profit/(Loss) carried over to Balance Sheet | | (13,986,957) | (10,253,570) |
| Earnings Per Share (Rs.) (Equity Shares: 11,765 face value per share Rs. 10/-) | | (330) | (396) |
| Significant Accounting Policies and Notes to Accounts | 14 | | |

Schedule Nos 9 to 13 and 14 form an integral part of the Profit and Loss Account

As per our report of even date
For S.Janardhan & Associates
Chartered Accountants
F.R.No. 005310S

For and on Behalf of the Board

Bangalore
26th August 2010

Balakrishna S. Bhat
Partner
M.No. 202976

Asif Khader
Director

Mueed Khader
Director



SCHEDULES TO BALANCE SHEET

As at 31st March 2010

(In Rupees)

| Particulars | Current year | Previous Year |
|--|-------------------|-------------------|
| SCHEDULE:1 | | |
| SHARE CAPITAL : | | |
| AUTHORISED : | | |
| 50,000 Equity Shares of Rs. 10/- each (Previous Year 50,000 Equity Shares of Rs. 10/- each) | 500,000 | 500,000 |
| Total | 500,000 | 500,000 |
| ISSUED, SUBSCRIBED AND PAID-UP : | | |
| 11,765 Equity Shares of Rs. 10/- fully paid up (Previous Year 11,765 Equity Shares of Rs. 10/- fully paid up) | 117,650 | 117,650 |
| Total | 117,650 | 117,650 |
| SCHEDULE :2 | | |
| RESERVES & SURPLUS | | |
| Security Premium Account | 9,982,350 | 9,982,350 |
| Total | 9,982,350 | 9,982,350 |
| Schedule :3 | | |
| Unsecured Loans | | |
| Cranes Software International Limited | 23,926,259 | 24,710,402 |
| Total | 23,926,259 | 24,710,402 |
| Schedule :5 | | |
| Sundry Debtors | | |
| (unsecured and considered good) | | |
| Debts outstanding for more than six months | 1,667,594 | 860,495 |
| Other Debts | 987,250 | 1,645,859 |
| Total | 2,654,844 | 2,506,354 |
| Schedule:6 | | |
| Cash And Bank Balances | | |
| Cash on Hand | - | 6,910 |
| Balance with Scheduled Banks in - | | |
| Citi Bank | 13,885 | 41,327 |
| HDFC Bank | 37,273 | 825,389 |
| Total | 51,158 | 873,625 |
| Schedule :7 | | |
| Loans & Advances | | |
| (unsecured and considered good) | | |
| Advances recoverable in cash or kind or for value to be received | 20,906,032 | 20,642,267 |
| Deposits | 11,000 | 561,000 |
| Total | 20,917,032 | 21,203,267 |
| Schedule :8 | | |
| Current Liabilities And Provisions | | |
| Current Liabilities : | | |
| Sundry Creditors | | |
| i) Dues of Micro, Small and Medium enterprises | - | |
| ii) Due of others | 4,417,208 | 3,101,691 |
| Total | 4,417,208 | 3,101,691 |
| Provisions For : | | |
| Income Tax | 400,000 | 400,000 |
| Fringe Benefit Tax | - | 36,000 |
| Total | 400,000 | 436,000 |



SCHEDULE - 4
FIXED ASSETS

| PARTICULARS | GROSS BLOCK | | | DEPRECIATION | | | | NET BLOCK | |
|-------------------------|------------------|--------------------------|-----------------------------------|---------------------|-----------------|----------------|---------------------|---------------------|---------------------|
| | on 01.04.2009 | Additions (Deletions) | Total Cost as at 31.03.2010 | as at 01.04.2009 | for the year | Deletions | TOTAL 31.03.2010 | AS ON 31.03.2010 | AS ON 31.03.2009 |
| Furniture & Fixtures | 1,796,303 | (1,796,303) | - | 484,222 | 38,006 | 522,228 | - | - | 1,312,081 |
| Office Equipments | 344,901 | (344,901) | - | 47,298 | 6,062 | 53,360 | - | - | 297,603 |
| Computers & Peripherals | 3,266,376 | 299,628 | 3,566,004 | 1,618,030 | 568,648 | - | 2,186,678 | 1,379,326 | 1,648,346 |
| Software | 1,264,004 | - | 1,264,004 | 601,959 | 204,895 | - | 806,854 | 457,150 | 662,045 |
| Electrical installation | 381,844 | (381,844) | - | 63,643 | 5,476 | 69,119 | - | - | 318,201 |
| TOTAL | 7,053,429 | (2,223,420) | 4,830,008 | 2,815,152 | 823,087 | 644,707 | 2,993,532 | 1,836,476 | 4,238,276 |
| Previous Year | 6,669,257 | 384,171 | 7,053,429 | 1,947,238 | 867,914 | - | 2,815,152 | 4,238,276 | 4,722,019 |



| Particulars | Current year | Previous Year |
|--|------------------|------------------|
| SCHEDULE :9 | | |
| Sales: | | |
| Software Sales & Services | | |
| Exports | - | - |
| Domestic | 2,552,799 | 4,775,242 |
| TOTAL | 2,552,799 | 4,775,242 |
| SCHEDULE :10 | | |
| Other Income | | |
| Sundry Credit balance written back | - | 13,765 |
| Foreign Exchange Gain | - | 171,392 |
| TOTAL | - | 185,157 |
| SCHEDULE :11 | | |
| Cost of Goods Sold: | | |
| Airtel PRI Line - Asianet | - | 70,346 |
| Airtel PRI Line - Makemy Trip.Com | - | 3,530 |
| Airtel PRI Line - Retail Services | 63,943 | 42,558 |
| Purchase Hardware Local | - | 34,000 |
| Purchase Software Import | - | 18,466 |
| Website Design/hosting Expenses | 29,612 | 3,903 |
| TOTAL | 93,555 | 172,803 |
| SCHEDULE :12 | | |
| Personnel Expenses | | |
| Salary | 2,663,070 | 3,664,753 |
| Employer's Contribution to PF | 190,437 | 421,143 |
| PF Arrears | - | 285,296 |
| Leave Encashment | 75,261 | 6,602 |
| Stipend | - | 90,000 |
| Staff Welfare | 6,545 | 181,264 |
| TOTAL | 2,935,313 | 4,649,058 |
| SCHEDULE :13 | | |
| Administration and Selling Expenses | | |
| Audit fee | 16,545 | 16,545 |
| Car Hire Charges | 10,920 | 158,777 |
| Consultancy charges paid | 224,250 | 1,408,000 |
| Conveyance | 13,360 | 67,678 |
| E mail and Internet & server charges | 111,641 | 433,411 |
| Electricity | 60,998 | 217,512 |
| Insurance | 24,661 | 12,746 |
| Miscellaneous Expenses | 8,673 | 90,747 |
| Office Maintenance & Water Charges | 109,712 | 215,174 |
| Professional charges paid | 25,955 | 104,568 |
| Rates and Taxes | 4,600 | 19,356 |
| Rent | 272,000 | 726,000 |
| Repairs and Maintenance | 136,416 | 54,004 |
| Security charges | 56,432 | 131,291 |
| Telephone and Telex & mobile | 52,339 | 191,516 |
| Travelling expenses | 53,299 | 15,674 |
| TOTAL | 1,181,802 | 3,862,999 |

**SCHEDULE No. 14****SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS.****14.1. SIGNIFICANT ACCOUNTING POLICIES****14.1.1. Basis of Accounting**

The financial statements are prepared and presented in accordance with the Indian Generally Accepted Accounting Principles ("GAAP") under the historical convention on the accrual basis. GAAP comprises mandatory accounting standards issued by the Institute of Chartered Accountants of India (ICAI) and the provisions of the Companies Act, 1956.

14.1.2. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities on the date of the financial statements and reported amounts of revenue and expenses during the period reported. Actual results could differ from those estimates.

14.1.3. Revenue Recognition

Revenue on Designing, development, research, integration of software and computer systems is priced on a time and material and fixed-price contracts. Revenue priced on a time and material contracts are recognized as related services are performed. Revenue from fixed-price, fixed time-frame contracts is recognized in accordance with the percentage of completion method.

14.1.4. Cash flow statement

Cash flows are reported using the indirect method, whereby net profits before tax is adjusted for the effects of transactions of a non-cash nature and the changes during the period in inventories and operating receivables and payables. The cash flows from regular revenue generating, investing and financing activities of the Company are shown separately.

14.1.5. Fixed Assets and Capital Work-in-progress

Fixed Assets are stated at historical cost less accumulated depreciation. Cost includes all expenses incurred to bring the assets to its present location and condition.

14.1.6. Intangible Assets -

- i. All intangible assets are stated at cost less accumulated amortization.
- ii. The cost of acquired intangible assets is the consideration paid for acquisition.

14.1.7. Depreciation and Amortization

- i. Depreciation has been provided on Straight Line method at the rates prescribed under Schedule XIV of the Companies Act, 1956. In respect of assets purchased / sold during the year, depreciation is charged on a pro-rata basis.
- ii. Depreciation on individual low cost assets (costing less than Rs.5,000) is provided for in full in the year of purchase irrespective of date of installation.

14.1.8. Impairment of Assets

The Company assesses at each balance sheet date using internal and external sources, whether there is any indication that an asset (both tangible and intangible) including goodwill may be impaired. If any such indications exist, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs to is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the profit and loss account. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost. In respect of goodwill the impairment loss will be reversed only when it was caused by specific external events and their effects have been reversed by subsequent external events.

**141.9. Inventories**

The Companies Inventories comprises of raw material, Work in progress and finished hardware products which are valued at cost or net realizable value, whichever is lower. The cost formula used is specific identification basis. Net realizable value is the estimated selling price in ordinary course of business, less estimated cost of completion and estimated cost necessary to make the sale. The cost of inventories is net of VAT credit.

14.1.10. Effect of Exchange Fluctuation on foreign currency transactions

- i. Foreign currency translations are recorded on the basis of exchange rates prevailing on the date of the transaction.
- ii. Exchange differences are recorded when the amount actually received on sales or actually paid when the expenditure is incurred, is converted into Indian Rupees.
- iii. Exchange differences arising on foreign currency transactions are recognized as income or expense in the period in which they arise.
- iv. Period-end balances of monetary foreign currency assets and liabilities are translated at the closing rate. The resulting exchange difference is recorded in the profit and loss account

14.1.11. Employees' Benefits

- i. Provident fund - Employees receive benefits from a provident fund, a defined contribution plan. The employee and employer each make monthly contribution to the plan equal to 12% of the covered employee's salary. The Company's contribution to Provident Fund remitted to the Government is charged against the revenue on accrual basis.
- ii. Gratuity - In accordance with applicable Indian laws, the Company provides for gratuity, a defined benefit retirement plan. The Gratuity plan provides a lump sum payment to vested employees, at retirement or termination of employment, an amount based on the respective employee's last drawn salary and the years of employment with the Company. The Company determines Gratuity liability based on the valuation of an independent actuary comes to Rs.(54,301)/- as at the year end .

14.1.12. Income Tax

- i. Income tax is computed using the tax effect accounting method, where the taxes are accrued in the same period the related revenue and expense arise.
- ii. The current charge for income taxes is calculated in accordance with the relevant tax regulations.
- iii. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to timing differences that result between the profit offered for income taxes and the profit as per the financial statements. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the period that includes the enactment/substantial enactment date. Deferred tax assets on timing differences are recognized only if there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax assets are reassessed for the appropriateness of their respective carrying values at each balance sheet dates.
- iv. Advance taxes and provisions for current income taxes are presented in the balance sheet after off-setting advance taxes paid and income tax provisions arising in the same tax jurisdiction.
- v. The Company offsets deferred tax assets and deferred tax liabilities relating to taxes on income levied by the same governing taxation laws.

14.1.13. Provisions and Contingent Liabilities

The Company creates a provision when there is a present obligation as a result of an obligating event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a



possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

14.1.14. Earnings per Share

- i. Basic Earnings per share is calculated by dividing the net earning available to the Equity Shareholders by the weighted average number of Equity Shares outstanding during the year.
- ii. Diluted Earnings per share is same as Basic Earnings per share since there are no potential Equity Shares.

14.1.15. Leases

- i. Lease arrangements where substantial risk and rewards incidental to ownership vests with the lessor, such leases are recognized as operating leases.
- ii. Lease payments under operating lease are recognized as an expense in the profit and loss account.

14.2 NOTES ON ACCOUNTS

14.2.1 Contingent liabilities not provided for and Capital Commitments - NIL

14.2.2 Transactions with Key Management Personnel

The aggregate managerial remuneration paid to the directors including managing director is :

(Amount in Rupees)

| Particulars | Year ended March 31, 2010 | Year ended March 31, 2009 |
|-------------------------|------------------------------|------------------------------|
| Directors' Remuneration | - | - |

14.2.3. Activities in foreign currency

(Amount in Rupees)

| Particulars | Year ended March 31, 2010 | Year ended March 31, 2009 |
|---|------------------------------|------------------------------|
| Earnings in Foreign Currency - FOB value of exports | - | - |
| Expenditure incurred in Foreign Currency | - | 2,83,026 |

14.2.4. Debtors and Creditors; Loans and Advances

Periodically, the Company evaluates all Debtors and Creditors balances. However, some of these are subject to confirmation.

All Current Assets, Loans and advances, have at least the value as stated in the Balance Sheet if realized in the ordinary course of the Business.

14.2.5. Dues to Small-scale industrial undertakings

- i. As at March 31, 2010 and March 31, 2009, the Company has no outstanding dues exceeding Rs. 1 Lakh for more than 30 days to Small Scale Industrial undertaking as ascertained and certified by the management.
- ii. As at March 31, 2010 and March 31, 2009, the Company has paid to all entities falling under the provisions of Micro, Small and Medium Enterprises Development Act, 2006 within the due dates as specified in the said Act.

14.2.6. Investments

The Company has not made any investments.

14.2.7. Quantitative Details

The Company is engaged in the business of development of computer software and services. The production and sale of such Software and services cannot be expressed in any generic unit and hence



the quantitative details of such production/sale and the information required under paragraph 3, and 4C of Part II of Schedule VI of the Companies Act, 1956, are not furnished.

14.2.8. Details of Auditors remuneration

(Amount in Rupees)

| Particulars | Year ended March 31, 2010 | Year ended March 31, 2009 |
|----------------------|------------------------------|------------------------------|
| Statutory Audit fees | 15,000 | 15,000 |
| Service Tax | 1,545 | 1,545 |
| Others | Nil | Nil |
| Total | 16,545 | 16,545 |

14.2.9. Deferred Taxes

In accordance with the Accounting Standard -22, issued by ICAI, the deferred tax liability as at March 31, 2010 on account of Depreciation is Rs. 603,000 /- (Previous Year Rs. 727,000 /-).

14.2.10 Earning per Share

Calculation of EPS Basic & Diluted

The following reflects the income and share data used in the computation of Earnings per share.

| Particulars | Year ended March 31, 2010 | Year ended March 31, 2009 |
|-------------------------------|------------------------------|------------------------------|
| Profit after tax (Rs.) | (3,900,046) | (4,660,376) |
| Number of Equity Shares | 11,765 | 11,765 |
| EPS - Basic and Diluted (Rs.) | (331) | (396) |
| Nominal Value per share (Rs.) | 10 | 10 |

14.2.11. Related Party Disclosures as ascertained by the Management

Year ended March 31, 2010

(Amount in Rupees)

| Particulars | Holding Company | Other Related Parties | Total Related Parties |
|-----------------------------------|--------------------|--------------------------|--------------------------|
| Loans/advances taken | 23,926,259 | 32,067 | 23,958,326 |
| Directors Remuneration | - | - | - |
| Loans/advances given | - | 61,980 | 61,980 |
| Balance as on 31.03.10 receivable | - | 61,980 | 61,980 |
| Balance as on 31.03.10 payable | 23,926,259 | 32,067 | 23,958,326 |

Year ended March 31, 2009

(Amount in Rupees)

| Particulars | Holding Company | Other Related Parties | Total Related Parties |
|-----------------------------------|--------------------|--------------------------|--------------------------|
| Loans/advances taken | 24,710,402 | - | 24,710,402 |
| Directors Remuneration | - | - | - |
| Loans/advances given | - | 61,980 | 61,980 |
| Balance as on 31.03.09 receivable | - | 61,980 | 61,980 |
| Balance as on 31.03.09 payable | 24,710,402 | - | 24,710,402 |

**Note:****Names of related parties and description of relationship**

| | |
|---------------------------------------|--|
| Holding Company | Cranes Software International Limited |
| Subsidiaries | Nil |
| Key Management Personnel | Mr. Asif Khader Mr. Mukkaram Jan Mr. Mueed Khader Dr. K.V.S. Hari |
| Relatives of Key Management Personnel | Nil |
| Other Related Parties | Systat Software Asia Pacific Ltd Caravel Info Systems Private Ltd |

In respect of the above parties, there is no provision for doubtful debts as at the financial year and no amount has been written off/written back during the year in respect of debts due from/to them.

14.2.12. Segment Reporting

All business is of only one segment and hence this does not apply

14.2.13. Previous year's figures have been regrouped and reclassified wherever necessary

As per our report of even date
For S.Janardhan & Associates
Chartered Accountants
F.R.No. 005310S

For and on Behalf of the Board

Bangalore
26th August 2010

Balakrishna S. Bhat
Partner
M.No. 202976

Asif Khader
Director

Mueed Khader
Director

**BALANCE SHEET ABSTRACT & COMPANY'S GENERAL BUSINESS PROFILE****I Registration Details**

Registration No. U72200KA2002PTC031317 State Code 08
Balance Sheet Date 31032010

II. Capital Raised during the year: (Amount in Rs. Thousands)

Public Issue NIL Rights Issue NIL
Bonus Issue NIL Promoters Contribution NIL

III. Position of mobilization and deployment of funds (Amount in Rs. Thousands)

Total Liabilities 34629 Total Assets 34629

IV. Sources of Funds:

Paid up Capital 118 Reserves and Surplus 9982
Secured Loans NIL Unsecured Loans 23926
Deferred Tax Liability 603

V. Application of Funds:

Net Fixed Assets 1836 Investments NIL
Net Current Assets 18806 Misc Expenditure NIL
Accumulated Losses 13987

VI. Performance of Company (Amount in Rs. Thousands)

Total Income 2553 Total Expenditure 6560
Profit / (Loss) before Tax -4008 Profit / (Loss) after Tax -3884
Earnings per share in Rs. 317 Dividend Rate (%) NIL

VII. Generic Names of three Principal Products/Services of Company

Item Code No. (ITC CODE) 85249009
Product Description: SOFTWARE

As per our report of even date
For S.Janardhan & Associates
Chartered Accountants
F.R.No. 005310S

For and on Behalf of the Board

Bangalore
26th August 2010

Balakrishna S. Bhat
Partner
M.No. 202976

Asif Khader
Director

Mueed Khader
Director



STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH 2010

(In Rupees)

| PARTICULARS | Current Year | Previous Year |
|---|--------------------|--------------------|
| Cash flows from operating activities | | |
| Net profit before taxation | (4,007,501) | (4,538,074) |
| Adjustments for: | | |
| Prior period adjustment | 150,114 | 58,874 |
| Loss on sale assets | 1,526,543 | Nil |
| Depreciation and amortization | 823,087 | 867,914 |
| Operating profit before working capital changes | (1,507,757) | (3,611,286) |
| Adjustments for working capital | | |
| Debtors | (148,490) | (612,181) |
| Loans and advances | 286,235 | (4,526,361) |
| Current liabilities | 1,279,517 | (18,261) |
| Cash generated from operations | (90,495) | (8,768,089) |
| Adjustments | | |
| Direct Taxes paid | Nil | (36,000) |
| Net cash from Operating Activities | (90,495) | (8,804,089) |
| Cash flows from investing activities | | |
| Proceeds from sale of Fixed assets | 351,798 | Nil |
| Purchase of fixed assets (including advances) | (299,628) | (384,171) |
| Net cash from Investing Activities | 52,170 | (384,171) |
| Cash flows from financing activities | | |
| Unsecured Loans | (784,143) | 9,780,402 |
| Net cash from Financing Activities | (784,141) | 9,780,402 |
| Net increase/(decrease) in Cash and Cash Equivalents | (822,466) | 592,142 |
| Opening cash and cash equivalents | 873,626 | 281,484 |
| Closing cash and cash equivalents | 51,158 | 873,626 |

As per our report of even date
For S.Janardhan & Associates
Chartered Accountants
F.R.No. 005310S

For and on Behalf of the Board

Bangalore
26th August 2010

Balakrishna S. Bhat
Partner
M.No. 202976

Asif Khader
Director

Mueed Khader
Director





SYSTAT SOFTWARE ASIA PACIFIC LIMITED

FINANCIAL STATEMENTS 2009 - 2010



DIRECTORS REPORT

Your Directors are pleased to present their 10th Annual Report together with the accounts for the year ended March 31, 2010.

Review of operations

The Company recorded turnover of Rs. Nil lakhs during the year under review compared to Rs. Nil lakhs during the previous year. The Net loss for the year was Rs 0.42 lakhs, compared to a loss of Rs.0.42 lakhs during the previous year.

Deposits

Your company has not accepted deposits from the public during the current year.

Directorate

Mr. Mukkaram Jan retires by rotation in the forthcoming Annual General Meeting. He has offered himself for reappointment.

Conservation of energy

The operations of the Company are not energy intensive.

Research & Development Activities

No technology indigenous or imported has yet been acquired at any point of time by the Company. Hence disclosure of particulars with regard to this does not arise.

Foreign Exchange Earnings & Outgo

There was no foreign exchange earnings or Foreign Exchange Outgo during the year.

Employees

Your Directors wish to register their deep & sincere appreciation for the services rendered by the employees of your company.

The particulars of employees as per Section 217 (2A) of the Companies Act 1956, read with the Companies (Particulars of Employees), Rules 1975 are not applicable since none of the employees earn remuneration exceeding the amounts specified therein.

Directors' Responsibility Statement

Pursuant to Section 217(2AA) of the Companies Act 1956, the directors hereby confirm that they have:

- i. Followed the applicable accounting standards in the preparation of the annual accounts;
- ii. Selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profits of the company for the year under review;
- iii. Taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 1956, for safeguarding the assets of the company and detecting fraud and other irregularities;
- iv. Prepared the accounts for the financial year on a 'going concern' basis.

Auditors

The Company's Auditors, M/s S. Janardhan & Associates, Chartered Accountants, retire at the ensuing annual general meeting and are eligible for reappointment.

For and on behalf of the Board

Bangalore
26th August, 2010

Asif Khader
Director

Mueed Khader
Director



AUDITORS' REPORT

To

The members

Systat Software Asia Pacific Limited

1. We have audited the attached Balance Sheet **Systat Software Asia Pacific Limited**, Bangalore as at 31st March 2010, and the Profit and Loss Account for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) order, 2004 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, is annexed to this report.
4. Further to our comments in the Annexure referred to above, we report that:
 - i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - iii) the Balance Sheet and the Profit and Loss Account dealt with by this report are in agreement with the books of account;
 - iv) in our opinion, the Balance Sheet and the Profit and Loss Account dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - v) on the basis of written representations received from the Directors, as on 31st March 2010 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - vi) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2010;
 - (b) in the case of the Profit and Loss Account, of the loss of the Company for the year ended on that date.

for S.JANARDHAN & ASSOCIATES

Chartered Accountants

F.R. No. 005310S

Balakrishna S. Bhat

Partner

Membership No.202976

Bangalore

26th August, 2010



ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our report of even date)

- (i) (a) As there are no Fixed Assets in the books, the clause relating to the maintenance of proper records showing full particulars including quantitative details and situation of Fixed Assets does not arise
- (b) The Company was not holding any Fixed Assets during the year, therefore physical verification of fixed assets by the management are not applicable.
- (c) The Company has not disposed off substantial part of fixed assets during the year, and therefore, do not affect the going concern assumption.
- (ii) Since the Company neither had opening stock nor purchased during the year, hence physical verification of inventories are not applicable.
- (iii) The Company has not granted/taken any loans, secured or unsecured, to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. In view of the above, clause 4 (iii) (b),(c),(d),(e),(f) and (g) are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weakness in the internal control system.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the particulars of all contracts and arrangements referred to in section 301 of the Companies Act 1956, have been entered into the register required to be maintained under that section.
- (b) In our opinion and according to the information and explanations given to us, the contracts and arrangements entered in the register maintained under section 301 of the Companies Act 1956, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposit from the public and as such the provisions of clause 4(vi) of the said Order are not applicable.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) The Central Government has not prescribed the maintenance of cost records as required under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956.
- (ix) (a) According to the information and explanations given to us, undisputed statutory dues Income-tax, Sales-tax, Service tax, Wealth-tax, excise duty, Custom duty and Cess have been regularly deposited during the year by the Company with the appropriate authorities.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' state Insurance, Income-tax, Sales-tax, Service Tax, Wealth Tax, Customs Duty, excise duty and Cess were in arrears as at 31st March 2010 for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, there are no dues of Sales tax, Service tax, Income tax, Customs duty, Wealth-tax and Cess with the appropriate authorities which have not been deposited on account of any dispute.
- (x) The Company does not have any accumulated losses, as at March 31, 2010. The Company does not have any cash losses in the financial year ended on that date and in the immediately preceding the financial year.



- (xi) The Company has not defaulted in repayment of dues to any financial institution and banks and there are no dues to debenture holders as at the balance sheet date.
- (xii) According to information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, and according to the information and explanations given to us, the Company is not a chit fund or a nidhi /mutual benefit fund/society.
- (xiv) In our opinion, and according to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
- (xv) In our opinion and according to information and explanations given to us, and as per our examination of relevant records, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) The Company has not borrowed any term loan during the year and hence the provisions of clause 4 (xvi) of the said order are not applicable.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) During the year the Company has not made any preferential allotment of shares to a Companies/firms/ parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) During the period, the Company has not raised any funds by issue of debentures during the year.
- (xx) The Company has not raised any monies by way of public issue during the year.
- (xxi) During the course of our examination of the books of accounts carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

for S.JANARDHAN & ASSOCIATES

Chartered Accountants
F.R. No. 005310S

Balakrishna S. Bhat

Partner
Membership No.202976

Bangalore
26th August, 2010



BALANCE SHEET

As On 31st March 2010

(In Rupees)

| Particulars | Sch. No | Current Year | Previous Year |
|--|---------|-------------------|-------------------|
| I Sources of Funds | | | |
| Shareholders' funds: | | | |
| (a) Capital | 1 | 3,800,000 | 3,800,000 |
| (b) Reserves and surplus | 2 | 1,749,492 | 1,791,619 |
| | | 5,549,492 | 5,591,619 |
| Loan Funds | | | |
| Unsecured Loans | 3 | 7,748,333 | 9,381,593 |
| Deferred Tax Liability | | 51,534 | 51,534 |
| Total | | 13,349,359 | 15,024,746 |
| II Application of funds | | | |
| Current Assets, Loans and Advances | | | |
| (a) Cash & Bank Balances | 4 | 251,333 | 272,138 |
| (b) Loans & Advances | 5 | 29,456,112 | 15,253,986 |
| | | 29,707,445 | 15,526,124 |
| Less: | | | |
| Current Liabilities and Provisions | 6 | | |
| (a) Current Liabilities | | 16,358,087 | 95,379 |
| (b) Provisions | | - | 406,000 |
| | | 16,358,087 | 501,379 |
| Net current assets | | 13,349,358 | 15,024,745 |
| Miscellaneous Expenditure (To the extent not written off or adjusted) | 7 | - | - |
| Total | | 13,349,358 | 15,024,745 |
| Significant Accounting Policies and Notes to accounts | 8 | | |

Schedule Nos. 1 to 7 and 8 form an intergral part of the Balance Sheet

As per our report of even date
For S.Janardhan & Associates
Chartered Accountants
F.R. No. 005310S

For and on behalf of the Board

Bangalore
26th August 2010

Balakrishna S. Bhat
Partner
M.No. 202976

Asif Khader
Director

Mueed Khader
Director



PROFIT AND LOSS ACCOUNT

For The Year Ended 31st March 2010

(In rupees)

| Particulars | Sch No | Current Year | Previous Year |
|--|--------|------------------|------------------|
| Income | | | |
| Interest received | | - | - |
| Exchange gain | | - | 4,867 |
| Total A | | - | 4,867 |
| Expenditure | | | |
| Administrative Expenses | 8 | 42,127 | 46,584 |
| Total B | | 42,127 | 46,584 |
| Profit / (Loss) for the Year A-B | | (42,127) | (41,716) |
| Less: Provisions for - | | | |
| Income tax | | - | - |
| Deferred tax | | - | - |
| Net Profit/(Loss) after tax | | (42,127) | (41,716) |
| <i>Add:</i> Balance brought forward from previous year | | 1,791,619 | 1,833,335 |
| Balance carried to balance sheet | | 1,749,492 | 1,791,619 |
| Earnings per share (Basic/Diluted) | | (0.11) | (0.11) |
| Significant Accounting Policies and Notes to accounts | 8 | | |

Schedule Nos. 8 and 9 form an intergral part of the Profit and Loss Account

As per our report of even date
For S.Janardhan & Associates
Chartered Accountants
F.R.No. 005310S

For and on behalf of the Board

Bangalore
26th August 2010

Balakrishna S. Bhat
Partner
M.No. 202976

Asif Khader
Director

Mueed Khader
Director



Schedules Annexed To And Forming Part of Balance Sheet

As At March 31, 2010

(In Rupees)

| Particulars | Current Year | Previous Year |
|--|-------------------|-------------------|
| Schedule 1: Share Capital | | |
| Authorised | | |
| 500,000 Equity shares of Rs.10/- each (Previous year 500,000 equity shares of Rs.10/- each) | 5,000,000 | 5,000,000 |
| Issued, subscribed and paid up | | |
| 380,000 Equity shares of Rs.10/- each (Previous year 380,000 equity shares of Rs.10/- each) | 3,800,000 | 3,800,000 |
| Total | 3,800,000 | 3,800,000 |
| Schedule 2: Reserves and Surplus | | |
| Surplus in Profit and Loss Account | 1,749,492 | 1,791,619 |
| Total | 1,749,492 | 1,791,619 |
| Schedule 3: Unsecured Loans : | | |
| - Cranes Software Intl Ltd | 7,748,333 | 9,381,593 |
| Total | 7,748,333 | 9,381,593 |
| Schedule 4: Cash and Bank Balances | | |
| Cash on Hand | - | - |
| Balance with Schedule Banks in Current Account | 251,333 | 272,138 |
| Total | 251,333 | 272,138 |
| Schedule : 5 Loans and advances | | |
| (Unsecured - Considered Good) | | |
| Advances recoverable in cash or in kind or for value to be received | 29,456,112 | 15,253,986 |
| Total | 29,456,112 | 15,253,986 |
| Schedule 6 : Current liabilities and provisions | | |
| Current liabilities | | |
| Sundry Creditors | 16,358,087 | 95,379 |
| | 16,358,087 | 95,379 |
| Provisions | | |
| Income Tax | - | 406,000 |
| Total | - | 406,000 |
| Schedule 7: Miscellaneous Expenditure | | |
| (to the extent not written off) | | |
| Deficit in Profit and Loss account | - | - |
| Total | - | - |


Schedules Annexed To And Forming Part Of Balance Sheet As At March 31, 2010

(In Rupees)

| Particulars | Current Year | Previous Year |
|--|---------------|---------------|
| Schedule 8: Administrative expenses | | |
| Audit fee | 16,545 | 16,545 |
| Bank charges | 19,735 | 21,297 |
| Professional and Consulting charges | 2,500 | 6,742 |
| Sundry balances written off | (71) | - |
| Rates & Taxes | - | 2,000 |
| Exchange Fluctuation Loss | 3,418 | - |
| Total | 42,127 | 46,584 |

**SCHEDULE NO. 8
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS****8.1. SIGNIFICANT ACCOUNTING POLICIES****8.1.1. Basis of Accounting**

The financial statements are prepared and presented in accordance with the Indian Generally Accepted Accounting Principles ("GAAP") under the historical convention on the accrual basis. GAAP comprises mandatory accounting standards issued by the Institute of Chartered Accountants of India (ICAI) and Companies (Accounting Standards) Rules, 2006.

8.1.2. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities on the date of the financial statements and reported amounts of revenue and expenses during the period reported. Actual results could differ from those estimates.

8.1.3. Revenue Recognition

Revenue on Designing, development, research, integration of software and computer systems are priced on a time and material and fixed-price contracts. Revenue priced on a time and material contracts are recognized as related services are performed. Revenue from fixed-price, fixed time-frame contracts is recognized in accordance with the percentage of completion method.

8.1.4. Cash flow statement

Cash flows are reported using the indirect method, whereby net profits before tax is adjusted for the effects of transactions of a non-cash nature and the changes during the period in inventories and operating receivables and payables. The cash flows from regular revenue generating, investing and financing activities of the Company are shown separately.

8.1.5. Fixed Assets and Capital Work-in-progress

Fixed Assets are stated at historical cost less accumulated depreciation. Cost includes all expenses incurred to bring the assets to its present location and condition.

8.1.6. Intangible Assets -

- i. All intangible assets are stated at cost less accumulated amortization.
- ii. The cost of acquired intangible assets is the consideration paid for acquisition.

8.1.7. Depreciation and Amortization

- i. Depreciation has been provided on Straight Line method at the rates prescribed under Schedule XIV of the Companies Act, 1956. In respect of assets purchased / sold during the year, depreciation is charged on a pro-rata basis.
- ii. Depreciation on individual low cost assets (costing less than Rs.5,000) is provided for in full in the year of purchase irrespective of date of installation.

8.1.8. Impairment of Assets

The Company assesses at each balance sheet date using internal and external sources, whether there is any indication that an asset (both tangible and intangible) including goodwill may be impaired. If any such indications exist, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs to is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the profit and loss account. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost. In respect of goodwill the impairment loss will be reversed only when it was caused by specific external events and their effects have been reversed by subsequent external events.

**8.1.9. Inventories**

The Companies Inventories comprises of raw material, Work in progress and finished hardware products which are valued at cost or net realizable value, whichever is lower. The cost formula used is specific identification basis. Net realizable value is the estimated selling price in ordinary course of business, less estimated cost of completion and estimated cost necessary to make the sale. The cost of inventories is net of VAT credit.

8.1.10. Effect of Exchange Fluctuation on foreign currency transactions

- i. Foreign currency translations are recorded on the basis of exchange rates prevailing on the date of the transaction.
- ii. Exchange differences are recorded when the amount actually received on sales or actually paid when the expenditure is incurred, is converted into Indian Rupees.
- iii. Exchange differences arising on foreign currency transactions are recognized as income or expense in the period in which they arise.
- iv. Period-end balances of monetary foreign currency assets and liabilities are translated at the closing rate. The resulting exchange difference is recorded in the profit and loss account

8.1.11. Employees' Benefits

The short-term employee benefits such as salaries and paid leave is debited to expense as and when an employee has rendered services in exchange for these benefits.

8.1.12. Income Tax

- i. Income tax is computed using the tax effect accounting method, where the taxes are accrued in the same period the related revenue and expense arise.
- ii. The current charge for income taxes is calculated in accordance with the relevant tax regulations.
- iii. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to timing differences that result between the profit offered for income taxes and the profit as per the financial statements. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the period that includes the enactment/substantial enactment date. Deferred tax assets on timing differences are recognized only if there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax assets are reassessed for the appropriateness of their respective carrying values at each balance sheet dates.
- iv. Advance taxes and provisions for current income taxes are presented in the balance sheet after offsetting advance taxes paid and income tax provisions arising in the same tax jurisdiction.
- v. The Company offsets deferred tax assets and deferred tax liabilities relating to taxes on income levied by the same governing taxation laws.

8.1.13. Provisions and Contingent Liabilities

The Company creates a provision when there is a present obligation as a result of an obligating event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

8.1.14. Earnings per Share

- i. Basic Earnings per share is calculated by dividing the net earning available to the Equity Shareholders by the weighted average number of Equity Shares outstanding during the year.
- ii. Diluted Earnings per share is same as Basic Earnings per share since there are no potential Equity Shares.



8.1.15. Leases

- i. Lease arrangements where substantial risk and rewards incidental to ownership vests with the lessor, such leases are recognized as operating leases.
- ii. Lease payments under operating lease are recognized as an expense in the profit and loss account.

8.2. NOTES ON ACCOUNTS

8.2.1 Contingent liabilities not provided for and Capital commitments - NIL

8.2.2 Debtors and Creditors ; Loans and Advances

All Current Assets, Loans and advances, have at least the value as stated in the Balance Sheet if realized in the ordinary course of the Business.

8.2.3 Dues to Small-scale industrial undertakings

- i. As at March 31, 2010 and March 31, 2009, the Company has no outstanding dues exceeding Rs. 1 Lakh for more than 30 days to Small Scale Industrial undertaking as ascertained and certified by the management.
- ii. As at March 31, 2010 and March 31, 2009, the Company has paid to all entities falling under the provisions of Micro, Small and Medium Enterprises Development Act, 2006 within the due dates as specified in the said Act.

8.2.4. Investments

The Company has not made any investments.

8.2.5. Quantitative Details

During the year the Company neither had opening stock nor conducted any trade. Therefore the Quantitative details of sales and certain information as required under paragraphs 3,4C and 4D of Part II of Schedule VI to the Companies Act, 1956 is not applicable. Also the information on Licensed and installed capacity is not applicable

8.2.6 Remuneration to Auditors:

(Amount in Rupees)

| Particulars | Year ended March 31, 2010 | Year ended March 31, 2009 |
|----------------------|------------------------------|------------------------------|
| Statutory Audit fees | 16,545 | 16,854 |

8.2.7 Earning per Share

| Particulars | Year ended March 31, 2010 | Year ended March 31, 2009 |
|-------------------------------|------------------------------|------------------------------|
| Profit after tax (Rs.) | (42,127) | (41,716) |
| Number of Equity Shares | 380,000 | 380,000 |
| EPS - Basic and Diluted (Rs.) | (0.11) | (0.11) |
| Nominal Value per share (Rs.) | 10 | 10 |

8.2.8. Related Party Disclosures as ascertained by the Management

Year ended March 31, 2010

(Amount in Rupees)

| Particulars | Holding Company | Other Related Parties | Total Related Parties |
|-------------------------------------|--------------------|--------------------------|--------------------------|
| Receiving of Services | - | - | - |
| Loans/advances taken | 7,748,333 | 61,980 | 7,748,333 |
| Loans/advances given | - | 3,818,132 | 3,818,132 |
| Directors Remuneration | - | - | - |
| Balance as on 31.03.2010 payable | 7,748,333 | 61,980 | 7,810,313 |
| Balance as on 31.03.2010 receivable | - | 3,818,132 | 3,818,132 |



Year ended March 31, 2009

(Amount in Rupees)

| Particulars | Holding Company | Other Related Parties | Total Related Parties |
|-------------------------------------|-----------------|-----------------------|-----------------------|
| Receiving of Services | - | - | - |
| Loans/advances taken | 9,381,583 | 61,980 | 9,443,573 |
| Loans/advances given | - | 2,775,361 | 2,775,361 |
| Directors Remuneration | - | - | - |
| Balance as on 31.03.2009 payable | 9,381,583 | 61,980 | 9,443,573 |
| Balance as on 31.03.2009 receivable | - | 2,775,361 | 2,775,361 |

Note:**Names of related parties and description of relationship**

| | |
|--------------------------|---|
| Holding Company | Cranes Software International Limited |
| Subsidiaries | Nil |
| Key Management Personnel | Mr. Asif Khader Mr. Mukkaram Jan Mr. Mueed Khader |
| Other Related Parties | Proland Software Private Limited. Systat Software Inc., Esqube Communication Solutions Pvt. Ltd |

In respect of the above parties, there is no provision for doubtful debts as at the financial year and no amount has been written off/written back during the year in respect of debts due from/to them.

8.2.9 Segment Reporting:

Since the business of the Company has been transferred to its parent Company, there is no reportable business or geographical segments

8.2.10. Previous year's figures have been regrouped and reclassified wherever necessary

As per our report of even date
For S. Janardhan & Associates
Chartered Accountants
F.R. No. 005310S

For and on behalf of the Board

Bangalore
26th August 2010

Balakrishna S. Bhat
Partner
M.No. 202976

Asif Khader
Director

Mueed Khader
Director

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE****I Registration Details**

| | | | |
|--------------------|----------|------------|----|
| Registration No. | 29652 | State Code | 08 |
| Balance Sheet Date | 31032010 | | |

II. Capital Raised during the year: (Amount in Rs. Thousands)

| | | | |
|--------------|-----|-------------------|-------|
| Public Issue | NIL | Rights Issue | NIL |
| Bonus Issue | NIL | Private Placement | 40000 |

III. Position of mobilization and deployment of funds (Amount in Rs. Thousands)

| | | | |
|-------------------|-------|--------------|-------|
| Total Liabilities | 13349 | Total Assets | 13349 |
|-------------------|-------|--------------|-------|

IV. Sources of Funds:

| | | | |
|------------------------|------|----------------------|------|
| Paid up Capital | 3800 | Reserves and Surplus | 1749 |
| Deferred Tax Liability | 52 | Unsecured Loans | 7748 |

V. Application of Funds:

| | | | |
|--------------------|-------|---------------------------|-----|
| Net Fixed Assets | NIL | Investments | NIL |
| Net Current Assets | 13349 | Miscellaneous expenditure | NIL |
| Accumulated Losses | NIL | | |

VI. Performance of Company (Amount in Rs. Thousands)

| | | | |
|----------------------------|-----|---------------------------|-----|
| Turnover | NIL | Total Expenditure | 42 |
| Profit / (Loss) before tax | -42 | Profit / (Loss) after Tax | -42 |
| Earnings per share in Rs. | NIL | Dividend Rate (%) | NIL |

VII. Generic Names of three Principal Products/Services of Company

| | |
|--------------------------|----------|
| Item Code No. (ITC CODE) | 85249009 |
| Product Description: | SOFTWARE |

As per our report of even date
For S.Janardhan & Associates
Chartered Accountants
F.R. No. 005310S

For and on behalf of the Board

Bangalore
26th August 2010

Balakrishna S. Bhat
Partner
M.No. 202976

Asif Khader
Director

Mueed Khader
Director



STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31st MARCH 2010

(In Rupees)

| PARTICULARS | Current Year | Previous Year |
|--|--------------------|---------------------|
| Cash flows from operating activities | | |
| Net profit before taxation | (42,127) | (41,716) |
| Adjustments for: | | |
| Operating profit before working capital changes | (42,127) | (41,716) |
| Adjustments for working capital | | |
| Loans and advances | (14,202,126) | (14,848,063) |
| Current liabilities | 15,856,708 | 78,525 |
| Cash generated from operations | 1,654,582 | (14,769,538) |
| Adjustments | | |
| Direct Taxes paid | Nil | Nil |
| Net cash from Operating Activities | 1,612,455 | (14,811,254) |
| Cash flows from investing activities | | |
| Dividend / Interest received | Nil | Nil |
| Net cash from Investing Activities | Nil | Nil |
| Cash flows from financing activities | | |
| Share Capital | | |
| Unsecured Loans | (1,633,260) | 9,381,593 |
| Net cash from Financing Activities | (1,633,260) | 9381593 |
| Net increase/(decrease) in Cash and Cash Equivalents | (20,806) | (5,429,661) |
| Opening cash and cash equivalents | 272,139 | 5,701,800 |
| Closing cash and cash equivalents | 251,333 | 272,139 |

As per our report of even date
For S.Janardhan & Associates
Chartered Accountants
F.R. No. 005310S

For and on behalf of the Board

Bangalore
26th August 2010

Balakrishna S. Bhat
Partner
M.No. 202976

Asif Khader
Director

Mueed Khader
Director





ANALYTIX SYSTEMS PRIVATE LIMITED

FINANCIAL STATEMENTS 2009 - 2010



DIRECTORS REPORT

Your Directors are pleased to present their 13th Annual Report together with the accounts for the year ended March 31, 2010.

Review of Operations

During the year your company has not undergone any operation and hence not recorded any turnover, under review compared to Rs. Nil during the previous year. The Net loss for the year was Rs.275,010 compared to a loss of Rs. 19,579 during the previous year.

Deposits

Your company has not accepted deposits from the public during the current year.

Directorate

Mr. Mueed Khader retires by rotation in the forthcoming Annual General Meeting and being eligible offers himself for reappointment.

Conservation of energy

There were no operations in the Company in the year.

Research & Development Activities.

No technology indigenous or imported has yet been acquired at any point of time by the Company. Hence disclosure of particulars with regard to this does not arise.

Foreign Exchange Earnings & Outgo

There were no foreign exchange earnings during the year and there was no Foreign Exchange Outgo also during the year.

Employees

There were no employees in the Company; also, hence Section 217 (2A) of the Companies Act 1956, read with the Companies (Particulars of Employees), Rules 1975 are not applicable and hence no particulars attached.

Directors' Responsibility Statement

Pursuant to Section 217(2AA) of the Companies Act 1956, the directors hereby confirm that they have:

- i. Followed the applicable accounting standards in the preparation of the annual accounts;
- ii. Selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profits of the company for the year under review;
- iii. Taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 1956, for safeguarding the assets of the company and detecting fraud and other irregularities;
- iv. Prepared the accounts for the financial year on a 'going concern' basis.

Auditors

The Company's Auditors M/s S. Janardhan & Associates, Chartered Accountants, retire at the ensuing annual general meeting and are eligible for reappointment.

For and on behalf of the Board

Bangalore
26th August, 2010

Asif Khader
Director

Mueed Khader
Director



AUDITORS' REPORT

To

The members

Analytix Systems Private Limited

1. We have audited the attached Balance Sheet **Analytix Systems Private Limited**, Bangalore as at 31st March 2010, and the Profit and Loss Account for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) order, 2004 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, the said order is not applicable.
4. Further to our comments in the Annexure referred to above, we report that:
 - i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - iii) the Balance Sheet and the Profit and Loss Account dealt with by this report are in agreement with the books of account;
 - iv) in our opinion, the Balance Sheet and the Profit and Loss Account dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - v) on the basis of written representations received from the Directors, as on 31st March 2010 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - vi) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2010;
 - (b) in the case of the Profit and Loss Account, of the loss of the Company for the year ended on that date.

for S.JANARDHAN & ASSOCIATES

Chartered Accountants
F.R.No. 005310S

Balakrishna S. Bhat

Partner

Membership No.202976

Bangalore
26th August, 2010

**BALANCE SHEET**

AS AT MARCH 31, 2010

(In Rupees)

| PARTICULARS | Sch No. | Current Year | Previous Year |
|--|--------------|------------------|------------------|
| SOURCES OF FUNDS | | | |
| 1. Shareholders' Funds | | | |
| Share Capital | 1 | 200,000 | 200,000 |
| Reserves and Surplus | 2 | 1,072,206 | 1,347,216 |
| | TOTAL | 1,272,206 | 1,547,216 |
| APPLICATION OF FUNDS | | | |
| 2. Current Assets | | | |
| Cash & Bank Balances | 3 | 61,462 | 1,325,804 |
| Loans and Advances | 4 | 1,260,997 | 255,120 |
| | | 1,322,459 | 1,580,924 |
| 3. Less: Current Liabilities & Provisions | 5 | 50,253 | 33,708 |
| 4. Net Current Assets | | 1,272,206 | 1,547,216 |
| Significant Accounting Policies and Notes on Accounts | 7 | | |
| | TOTAL | 1,272,206 | 1,547,216 |

Schedules No. 1 to 5 and 7 form an integral part of Balance Sheet

As per our report of even date
For S.Janardhan & Associates
Chartered Accountants
F.R.No. 005310S

For and on behalf of the Board

Bangalore
26th August 2010

Balakrishna S. Bhat
Partner
M.No. 202976

Asif Khader
Director

Mueed Khader
Director



PROFIT AND LOSS ACCOUNT

for the year ended March 31, 2010

(In Rupees)

| PARTICULARS | Sch No. | Current Year | Previous Year |
|--|---------|----------------|---------------|
| EXPENDITURE | | | |
| Operating Expenses | 6 | 275,010 | 19,579 |
| Total | | 275,010 | 19,579 |
| Loss for the Year | | (275,010) | (19,579) |
| Provision for Tax | | - | - |
| NET PROFIT/ (LOSS) AFTER TAX | | (275,010) | (19,579) |
| Add : Previous year Profit/(Loss) b/fd | | 1,347,216 | 1,366,795 |
| Profit Carried forward to B/S | | 1,072,206 | 1,347,216 |
| Earnings Per Share (Rs.) | | | |
| - Basic | | (13.75) | (0.98) |
| Significant Accounting Policies and Notes on Accounts | 7 | | |

Schedules No. 6 and 7 form an integral part of Profit and Loss Account

As per our report of even date
For S.Janardhan & Associates
Chartered Accountants
F.R.No. 005310S

For and on behalf of the Board

Bangalore
26th August 2010

Balakrishna S. Bhat
Partner
M.No. 202976

Asif Khader
Director

Mueed Khader
Director



SCHEDULES ANNEXED TO AND FORMING PART OF BALANCE SHEET & PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED MARCH 31, 2010

(In Rupees)

| PARTICULARS | Current Year | Previous Year |
|--|------------------|------------------|
| SCHEDULE NO.1 SHARE CAPITAL | | |
| Authorised: | | |
| 20,000 Equity Shares of Rs.10/- each (Previous year 20,000 Equity Shares of Rs.10/- each) | 200,000 | 200,000 |
| Issued,Subscribed and Paid-up: (20,000 Equity Shares of Rs.10/- each) (Previous year 20,000 Equity Shares of Rs.10/- each) | 200,000 | 200,000 |
| TOTAL | 200,000 | 200,000 |
| SCHEDULE NO.2 RESERVES AND SURPLUS: | | |
| Surplus from Profit and Loss account | 1,072,206 | 1,347,216 |
| TOTAL | 1,072,206 | 1,347,216 |
| SCHEDULE NO.3 CASH & BANK BALANCES: | | |
| Balance with Schedule Bank - In Current Account | 61,462 | 1,325,804 |
| TOTAL | 61,462 | 1,325,804 |
| SCHEDULE NO.4 LOANS AND ADVANCES: | | |
| Cranes Software International Limited Tax Deducted At Source | 1,260,997 - | 255,120 |
| TOTAL | 1,260,997 | 255,120 |
| SCHEDULE NO.5 CURRENT LIABILITIES & PROVISIONS: | | |
| Sundry Creditors | 50,253 | 33,708 |
| TOTAL | 50,253 | 33,708 |
| SCHEDULE NO.6 OPERATING EXPENSES | | |
| Bank Charges | 3,345 | 2,725 |
| Advance Not Recoverable | 255,120 | - |
| Audit Fees | 16,545 | 16,854 |
| TOTAL | 275,010 | 19,579 |

**SCHEDULE NO. 7****SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS.****7.1. SIGNIFICANT ACCOUNTING POLICIES****7.1.1. Basis of Accounting**

The financial statements are prepared and presented in accordance with the Indian Generally Accepted Accounting Principles ("GAAP") under the historical convention on the accrual basis. GAAP comprises mandatory accounting standards issued by the Institute of Chartered Accountants of India (ICAI) and the Companies (Accounting Standards) Rules, 2006.

7.1.2. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities on the date of the financial statements and reported amounts of revenue and expenses during the period reported. Actual results could differ from those estimates.

7.1.3. Revenue Recognition

Revenue on Designing, development, research, integration of software and computer systems is priced on a time and material and fixed-price contracts. Revenue priced on a time and material contracts are recognized as related services are performed. Revenue from fixed-price, fixed time-frame contracts is recognized in accordance with the percentage of completion method.

7.1.4. Cash Flow Statement

Cash flows are reported using the indirect method, whereby net profits before tax is adjusted for the effects of transactions of a non-cash nature and the changes during the period in inventories and operating receivables and payables. The cash flows from regular revenue generating, investing and financing activities of the Company are shown separately.

7.1.5. Fixed Assets

The company does not possess any Fixed Assets as on the balance sheet date.

7.1.6. Intangible Assets

- i. All intangible assets are stated at cost less accumulated amortization.
- ii. The cost of acquired intangible assets is the consideration paid for acquisition.

7.1.7. Depreciation and Amortization

Depreciation on individual low cost assets (costing less than Rs.5,000) is provided for in full in the year of purchase irrespective of date of installation.

7.1.8. Impairment of Assets

The Company assesses at each balance sheet date using internal and external sources, whether there is any indication that an asset (both tangible and intangible) including goodwill may be impaired. If any such indications exist, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs to is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the profit and loss account. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost. In respect of goodwill the impairment loss will be reversed only when it was caused by specific external events and their effects have been reversed by subsequent external events.

7.1.9. Inventories

The Companies Inventories comprises of raw material, Work in progress and finished hardware products which are valued at cost or net realizable value, whichever is lower. The cost formula used is specific



identification basis. Net realizable value is the estimated selling price in ordinary course of business, less estimated cost of completion and estimated cost necessary to make the sale. The cost of inventories is net of VAT credit.

7.1.10. Effect of Exchange Fluctuation on foreign currency transactions

- i. Foreign currency translations are recorded on the basis of exchange rates prevailing on the date of the transaction.
- ii. Exchange differences are recorded when the amount actually received on sales or actually paid when the expenditure is incurred, is converted into Indian Rupees.
- iii. Exchange differences arising on foreign currency transactions are recognized as income or expense in the period in which they arise.
- iv. Period-end balances of monetary foreign currency assets and liabilities are translated at the closing rate. The resulting exchange difference is recorded in the profit and loss account

7.1.11. Employees' Benefits

The short-term employee benefits such as salaries and paid leave is debited to expense as and when an employee has rendered services in exchange for these benefits.

7.1.12. Income Tax

- i. Income tax is computed using the tax effect accounting method, where the taxes are accrued in the same period the related revenue and expense arise.
- ii. The current charge for income taxes is calculated in accordance with the relevant tax regulations.
- iii. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to timing differences that result between the profit offered for income taxes and the profit as per the financial statements. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the period that includes the enactment/substantial enactment date. Deferred tax assets on timing differences are recognized only if there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax assets are reassessed for the appropriateness of their respective carrying values at each balance sheet dates.
- iv. Advance taxes and provisions for current income taxes are presented in the balance sheet after off-setting advance taxes paid and income tax provisions arising in the same tax jurisdiction.
- v. The Company offsets deferred tax assets and deferred tax liabilities relating to taxes on income levied by the same governing taxation laws.

7.1.13. Provisions and Contingent Liabilities

The Company creates a provision when there is a present obligation as a result of an obligating event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

7.1.14. Earnings per Share

- i. Basic Earnings per share is calculated by dividing the net earning available to the Equity Shareholders by the weighted average number of Equity Shares outstanding during the year.
- ii. Diluted Earnings per share is same as Basic Earnings per share since there are no potential Equity Shares.



7.1.15. Leases

- i. Lease arrangements where substantial risk and rewards incidental to ownership vests with the lessor, such leases are recognized as operating leases.
- ii. Lease payments under operating lease are recognized as an expense in the profit and loss account.

7.2 NOTES ON ACCOUNTS

7.2.1 Contingent liabilities provided for and Capital commitments - NIL

7.2.2 Transactions with Key Management Personnel

The aggregate managerial remuneration paid to the directors including managing director is :

(Amount in Rupees)

| Particulars | Year ended March 31, 2010 | Year ended March 31, 2009 |
|-------------------------|------------------------------|------------------------------|
| Directors' Remuneration | Nil | Nil |

7.2.3. Activities in foreign currency

(Amount in Rupees)

| Particulars | Year ended March 31, 2010 | Year ended March 31, 2009 |
|--|------------------------------|------------------------------|
| Earnings in Foreign Currency - FOB value of exports | Nil | Nil |
| Expenditure incurred in Foreign Currency | Nil | Nil |

7.2.4. Debtors and Creditors; Loans and Advances

All Current Assets, Loans and advances, have at least the value as stated in the Balance Sheet if realized in the ordinary course of the Business.

7.2.5. Dues to Small-scale industrial undertakings

- i. As at March 31, 2010 and March 31, 2009, the Company has no outstanding dues exceeding Rs. 1 Lakh for more than 30 days to Small Scale Industrial undertaking as ascertained and certified by the management.
- ii. As at March 31, 2010 and March 31, 2009, the Company has paid to all entities falling under the provisions of Micro, Small and Medium Enterprises Development Act, 2006 within the due dates as specified in the said Act.

7.2.6. Investments

The company has not made any investments.

7.2.7. Quantitative Details

During the year the Company neither had opening stock nor conducted any trade. Therefore the Quantitative details of sales and certain information as required under paragraphs 3,4C and 4D of Part II of Schedule VI to the Companies Act, 1956 is not applicable. Also the information on Licensed and installed capacity is not applicable

7.2.8. Details of Auditors remuneration

(Amount in Rupees)

| Particulars | Year ended March 31, 2010 | Year ended March 31, 2009 |
|----------------------|------------------------------|------------------------------|
| Statutory Audit fees | 16,545 | 16,854 |
| Total | 16,545 | 16,854 |

**7.2.9 Earning per Share**

The following reflects the income and share data used in the computation of Earnings per share.

| Particulars | Year ended March 31, 2010 | Year ended March 31, 2009 |
|-------------------------------|--------------------------------------|--------------------------------------|
| Profit after tax (Rs.) | (275,010) | (19,579) |
| Number of Equity Shares | 20,000 | 20,000 |
| EPS - Basic and Diluted (Rs.) | (13.75) | (0.98) |
| Nominal Value per share (Rs.) | 10 | 10 |

7.2.10. Related Party Disclosures as ascertained by the Management

Year ended March 31, 2010

(Amount in Rupees)

| Particulars | Holding Company Personnel | Total Related Parties |
|-----------------------------------|--|--------------------------------------|
| Loans/advances given | 1,260,997 | 1,260,997 |
| Directors Remuneration | - | - |
| Balance as on 31.03.10 payable | - | - |
| Balance as on 31.03.10 receivable | 1,260,997 | 1,260,997 |

Note :**Names of related parties and description of relationship**

| | |
|--------------------------|---------------------------------------|
| Holding Company | Cranes Software International Limited |
| Subsidiaries | Nil |
| Key Management Personnel | Mr. Asif Khader Mr. Mueed Khader |

In respect of the above parties, there is no provision for doubtful debts as at the financial year and no amount has been written off/written back during the year in respect of debts due from/to them.

7.2.11. Segment Reporting

There is no business conducted by the Company

7.2.12. Previous year's figures have been regrouped and reclassified wherever necessary

As per our report of even date
For S.Janardhan & Associates
Chartered Accountants
F.R. No. 005310S

For and on behalf of the Board

Bangalore
26th August 2010

Balakrishna S. Bhat
Partner
M.No. 202976

Asif Khader
Director

Mueed Khader
Director



BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I REGISTRATION DETAILS

Registration No. : 023011 State Code 08
 Balance Sheet Date : 31032010

II Capital Raised during the year (Amount in Rs. Thousands)

Public Issue NIL Rights Issue NIL
 Bonus Issue NIL Private Placement NIL

III Position of Mobilisation and Deployment of funds (Amounts in Rs. Thousands)

Total Liabilities 1272 Total Assets 1272

Sources of funds

Paid-up Capital 200 Reserves and Surplus 1072
 Secured Loans NIL Unsecured Loans NIL

Application of funds

Net Fixed Assets NIL Investments NIL
 Net Current Assets 1272 Miscellaneous Expenditure NIL
 Accumulated Losses NIL Deferred Tax Assets NIL

IV Performance of Company (Amount in Rs. Thousands)

Turnover NIL Total Expenditure 275
 Profit Before Tax -275 Profit After Tax -275
 Earnings per Share in Rupees -1375 Dividend Rate % NIL

V Generic Names of three Principal Products /Services of Company

Item Code No. (ITC CODE) 85243990
 Product Description: SOFTWARE

As per our report of even date
 For S.Janardhan & Associates
 Chartered Accountants
 F.R. No. 005310S

For and on behalf of the Board

Bangalore
 26th August 2010

Balakrishna S. Bhat
 Partner
 M.No. 202976

Asif Khader
 Director

Mueed Khader
 Director

**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31st MARCH 2010**

| PARTICULARS | Current Year | Previous Year |
|--|---------------------|----------------------|
| Cash flows from operating activities | | |
| Net profit (Loss) before taxation | (275,010) | (19,579) |
| Operating profit before working capital changes | (275,010) | (19,579) |
| Adjustments for working capital | | |
| Loans and advances | (1,005,877) | - |
| Current liabilities | 16,545 | 16,854 |
| Cash generated from operations | (1,264,342) | (2,725) |
| Net cash from Operating Activities | (1,264,342) | (2,725) |
| Net increase/(decrease) in Cash and Cash Equivalents | (1,264,342) | (2,725) |
| Opening cash and cash equivalents | 1,325,804 | 1,328,529 |
| Closing cash and cash equivalents | 61,462 | 1,325,804 |

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