

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

2010 - 2011



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, 2011, and 2010 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 audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, all material respects, the financial position of Systat Software, Inc., at March 31, 2011 and March 31, 2010 and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Continental Accounting Solutions, Inc.
April 21st, 2011.



BALANCE SHEET

MARCH 31, 2011

PARTICULARS	AS AT 31-3-2011 \$	AS AT 31-3-2010 \$
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	253,620	129,196
Accounts Receivable - Net	Note 2 421,168	416,584
Inter Company Receivable	Note 3 1,274,277	1,146,756
Inventory	Note 4 13,632	42,636
Prepaid Expenses & Other Current Assets	Note 5 88,056	68,892
Total Current Assets	2,050,753	1,804,064
PROPERTY & EQUIPMENT - NET	Note 6 -	1,650
INTANGIBLE ASSETS - NET	Note 7 18,494,469	19,793,362
OTHER ASSET		
Deferred Tax Asset	Note 1 858,058	281,786
TOTAL ASSETS	21,403,280	21,880,862
LIABILITIES & SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts Payable	149,830	172,501
Accrued Liabilities	Note 8 257,423	225,745
Corporate Tax Liabilities	-	340
Inter Company Payable	Note 9 20,402,399	20,348,514
Total Current Liabilities	20,809,652	20,747,100
SHAREHOLDERS' EQUITY		
Common Stock : \$1.00 par value; 1,000,000 Shares Authorized : 974,166 shares issued and outstanding at March 31, 2011.	974,166	974,166
Additional Paid in Capital	2,920,830	2,920,830
Retained Earnings	(3,301,368)	(2,761,234)
Total Shareholders' Equity	593,628	1,133,762
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	21,403,280	21,880,862

Per our report attached

For and on behalf of the Board

Continental Accounting Solutions, Inc.
Auditor

Richard H. Gall
President

Asif Khader
Treasurer

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

**STATEMENT OF INCOME AND RETAINED EARNINGS**

MARCH 31, 2011

PARTICULARS		AS AT 31-3-2011 \$	AS AT 31-3-2010 \$
REVENUE	Note 10	5,969,393	5,815,060
COST OF REVENUE		1,495,801	1,409,319
GROSS PROFIT		4,473,592	4,405,741
OPERATING EXPENSES			
Personnel Expenses		2,685,177	2,790,244
Sales, General & Administrative Expenses	Note 11	2,897,957	2,988,708
Total Operating Expenses		5,583,134	5,778,952
OPERATING INCOME / (LOSS)		(1,109,542)	(1,373,211)
OTHER INCOME (EXPENSES)			
Loss on Investment		-	(145)
Other Income / (Expenses)	Note 12	(2,019)	3,642
PROFIT / (LOSS) BEFORE INCOME TAX		(1,111,561)	(1,369,714)
Income Tax		(4,845)	(1,140)
Deferred Tax		576,272	691,607
NET PROFIT (LOSS)		(540,134)	(679,247)
Beginning Retained Earnings		(2,761,234)	(2,081,987)
Ending Retained Earnings		(3,301,368)	(2,761,234)

Per our report attached

For and on behalf of the Board

Continental Accounting Solutions, Inc.
AuditorRichard H. Gall
PresidentAsif Khader
Treasurer

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



STATEMENT OF CASH FLOW

MARCH 31, 2011

PARTICULARS	AS AT 31-3-2011 \$	AS AT 31-3-2010 \$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	(540,134)	(679,247)
Adjustment to reconcile net profit (loss) to net cash used in operating activities:		
Increase in deferred tax asset	(576,272)	(691,607)
Depreciation and amortization	1,845,759	1,821,720
Loss on Investment	-	145
Changes in current assets and liabilities:		
(Increase) / Decrease in accounts receivable	(4,584)	341,137
(Increase) / Decrease in inter company receivables	(127,521)	1,297,454
(Increase) / Decrease in inventory	29,004	33,400
(Increase) / Decrease in prepaid expenses & other current assets	(19,164)	(5,205)
Increase / (Decrease) in accounts payable	(22,671)	(153,750)
Increase / (Decrease) in accrued liabilities	31,678	3,261
Increase / (Decrease) in corporate tax liabilities	(340)	(81,690)
Increase / (Decrease) in inter company payables	53,885	(1,968,993)
Net cash provided/(used) in operating activities	669,640	(83,375)
Cash flows from investing activities:		
Software & development	(545,216)	-
Net cash used in investing activities	(545,216)	-
Net increase in cash and cash equivalents	124,424	(83,375)
Cash and cash equivalents at beginning of year	129,196	212,571
Cash and cash equivalents at end of year	253,620	129,196

Per our report attached

For and on behalf of the Board

Continental Accounting Solutions, Inc.
Auditor

Richard H. Gall
President

Asif Khader
Treasurer

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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 GmbH 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 Generally Accepted Accounting Principles, Research and Development cost are written off when incurred.

Cash & 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

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, 2011 the cash balance at these financial institutions did not exceed this amount.



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 \$ 15,000 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, 2011 the company incurred \$389,181 in advertising and marketing costs.

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. However there will not be any income tax liability due to the operating loss sustained for the year ended March 31, 2011.

Deferred Tax

Generally Accepted Accounting Principles 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 \$ 858,058 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, 2011 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. AISN 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, 2011 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, 2011 \$	March 31, 2010 \$
Accounts Receivable - Trade	436,168	431,584
Less: Allowance for Doubtful Accounts	(15,000)	(15,000)
Accounts Receivable - Trade (net)	421,168	416,584

3. INTER COMPANY RECEIVABLE

	March 31, 2011 \$	March 31, 2010 \$
Due From Cranes Software, Inc.	1,274,277	1,146,756
Net Balance Due	1,274,277	1,146,756

4. INVENTORY

The inventory as of March 31, 2011 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, 2011.

	March 31, 2011 \$	March 31, 2010 \$
Refundable Deposits	63,926	65,298
Prepaid Expenses	24,130	3,594
Total	88,056	68,892

Per our report attached

For and on behalf of the Board

Continental Accounting Solutions, Inc.
Auditor

Richard H. Gall
President

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, 2011.

	April 1, 2010	Additions	Disposals	March 31, 2011	April 1, 2010	Dep. For The Year	Acc. Dep. Disposals	March 31, 2011	Net Mar. 31, 2011
	\$	\$	\$	\$	\$	\$	\$	\$	\$
LHI	9,470	-	-	9,470	9,470	-	-	9,470	-
Equipment	65,575	-	-	65,575	65,575	-	-	65,575	-
Software	87,026	-	-	87,026	85,376	1,650	-	87,026	-
Furniture & Fixtures	14,103	-	-	14,103	14,103	-	-	14,103	-
Total	176,174	-	-	176,174	174,524	1,650	-	176,174	-

7. INTANGIBLE ASSETS

As of March 31, 2011, 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, 2010	Additions	Disposals	March 31, 2011	Amortization April 1, 2010	For The Year	Acc. Amortization Disposals	March 31, 2011	Net Mar. 31, 2011
	\$	\$	\$	\$	\$	\$	\$	\$	\$
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	27,116,422	545,216	-	27,661,638	7,323,060	1,844,109	-	9,167,169	18,494,469
Total	27,566,438	545,216	-	28,111,654	7,773,076	1,844,109	-	9,617,185	18,494,469



8. ACCRUED LIABILITIES

Accrued liabilities consist of the following as of March 31, 2011

	March 31, 2011 (\$)	March 31, 2010 (\$)
Sales Tax Payable	4,214	5,657
Accrued Vacation	200,955	167,462
Advances From Customers	4,393	9,806
Commissions Payable	3,000	4,104
Royalties Payable	8,193	8,441
Transport payable	492	-
Payroll Tax Payable - UK	4,957	5,764
Value Added Tax - UK	2,155	6,658
Accrued Expenses - UK	25,019	17,853
Income Tax Payable - UK	4,045	-
Total	257,423	225,745

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, 2011	March 31, 2010
Due to Cranes, India	20,350,550	20,328,701
Due to SS GMBH	51,849	19,813
Total	20,402,399	20,348,514

10. REVENUE

	March 31, 2011 \$	March 31, 2010 \$
Auto signal	12,622	10,981
Table Curve 2D & 3D	112,291	106,536
Peakfit	30,845	42,645
Systat Product Line	684,667	688,696
Sigma Plot	3,064,791	2,802,179
Sigma Stat	-	11,231
Sigma Scan	27,661	6,180
Genomatix	-	134,344
Inter-Company Sales (GmbH)	28,203	48,414
Inter Company Sales (Cranes)	66,111	55,454
Inter Company Sales (SS UK)	17,846	15,255
UK Branch Sales	770,729	729,567
Freight Recovered	65,787	80,459
Service Revenue	7,840	3,119
Management Fees	1,080,000	1,080,000
Total	5,969,393	5,815,060



11. SALES, GENERAL AND ADMINISTRATIVE EXPENSES

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

	March 31, 2011 \$	March 31, 2010 \$
Audit & Accounting Fee	14,000	12,500
Outside Services	7,800	3,000
Provision for Bad & Doubtful Debts	-	11,262
Freight, Postage & Delivery	4,246	5,088
Internet Website Expenses	21,405	34,568
Rent	249,113	212,043
Utilities	2,186	2,291
Telephone	97,658	99,320
Repairs and Maintenance	997	744
Printing	293	2,282
Advertising & Promotion	389,181	444,040
Insurance	3,013	10,916
Travel & Lodging	49,375	35,760
Property & Other Taxes	13,405	15,220
Permits and Licenses	8,839	13,303
Credit Card Merchant Fees	76,835	77,111
Interest & Finance Charges	921	6,721
Bank Charges	15,595	10,567
Professional Development	-	1,651
Legal & Professional fees	12,151	13,510
Sales Commissions	32,296	44,404
Dealers Commissions	-	63,806
Office Expenses	41,419	36,224
Amortization	1,844,109	1,807,759
Depreciation	1,650	13,961
Meals and Entertainment	824	886
Payroll Expenses	10,085	9,771
Miscellaneous Expenses	561	-
Total	2,897,957	2,988,708

Per our report attached

For and on behalf of the Board

Continental Accounting Solutions, Inc.
Auditor

Richard H. Gall
President

Asif Khader
Treasurer



12. OTHER INCOME / EXPENSES

	March 31, 2011	March 31, 2010
	\$	\$
Exchange Fluctuations	(2,089)	(4,473)
Other Expenses	(455)	-
Interest Income	525	236
Other Income	-	7,879
Total	(2,019)	3,642

13. LEASE COMMITMENTS

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

The San Jose commenced on September 15th 2006 was renewed for a further period of three years and calls for a minimum monthly base rent of \$8,808 for the period September 15th, 2010 to September 14th, 2011 & minimum monthly base payment of \$ 9,073 for the period September 15th, 2010 to September 14th, 2012.

the Chicago office lease commenced on July 1, 2007 for a period of five years and calls for a minimum monthly base payment of \$ 3,689 for the period July 1st, 2010 to June 30th, 2011 & minimum monthly base payment of \$ 3,786 for the period July 1st, 2011 to June 30th, 2012.

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

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

Year	Amount
2012	\$ 152,692
2013	56,723

14. 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.

15. SUBSEQUENT EVENTS

Generally accepted accounting principles defines subsequent events as events or transactions that occur after the statement of financial position date, but before the financial statements are issued or are available to be issued. Management has evaluated subsequent events through April 21st, 2011, the date on which the financial statements were available to be issued.

Per our report attached

For and on behalf of the Board

Continental Accounting Solutions, Inc.
Auditor

Richard H. Gall
President

Asif Khader
Treasurer



CRANES SOFTWARE, INC.

FINANCIAL STATEMENTS

2010 - 2011



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, 2011, 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, 2011 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 17th 2011



CONSOLIDATED BALANCE SHEET

MARCH 31, 2011

PARTICULARS	Sch. No.	AS AT 31-3-2011 \$
ASSETS		
Current Assets		
Cash and Cash Equivalents		785,899
Trade Accounts Receivable	4,855,396	
Less: Allowance for Doubtful Accounts	(79,794)	4,775,602
Inventory		312,195
Prepaid Expenses		107,580
Total Current Assets		5,981,276
Property & Equipment	Note 5	235,873
Intangible Assets		
Goodwill	Note 1	13,692,619
Other-Net	Note 6	1,119,329
Other Assets		14,811,948
Advance-InventX Assets	1,000,000	
Refundable Deposits	46,701	
Deferred Expenses	139,736	
Deferred Tax Asset	548,368	
Total Other Assets		1,734,805
TOTAL ASSETS		22,763,902

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"

CRANES[®]**CONSOLIDATED BALANCE SHEET**

MARCH 31, 2011

PARTICULARS	Sch. No.	AS AT 31-3-2011 \$
LIABILITIES & STOCKHOLDER'S EQUITY		
Current Liabilities		
Trade Accounts Payable		1,122,707
Accrued Expenses		1,337,411
Loans Payable - Employees		70,000
Loans Payable - Related Party		210,000
Refundable Advance		8,000
Deferred Revenue		21,010
Revolving Line of Credit		1,698,000
Capital Lease Obligation		5,873
Other Current Liabilities	Note 8	3,670,000
Total Current Liabilities		8,143,001
Long Term Liabilities		
Affiliated Co Loans Payable	Note 4	5,163,196
Capital Lease-Net of Current Portion		5,608
Total Long Term Liabilities		5,168,804
TOTAL LIABILITIES		13,311,805
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		(1,324,830)
Loss Due to Exchange Fluctuations		9,927
Total Stockholder's Equity		9,452,097
TOTAL LIABILITIES & STOCKHOLDER'S EQUITY		22,763,902

Per our report attached

For and on behalf of the Board

Premier Accounting Solutions, Inc.
AuditorRichard H. Gall
PresidentMueed Khader
SecretaryAsif Khader
Director

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



CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS

FOR THE YEAR ENDED MARCH 31, 2011

PARTICULARS	AS AT 31-3-2011 \$
REVENUE	26,735,433
COST OF REVENUE	19,289,072
GROSS PROFIT	7,446,361
OPERATING EXPENSES	
Personnel Expenses	2,970,000
Sales, General & Administrative Expenses	4,841,349
Total Operating Expenses	7,811,349
INCOME FROM OPERATIONS	(364,988)
OTHER INCOME/EXPENSES	
Interest Income	2,456
Interest Expense	(129,539)
Other Income	12,286
Other Expenses	(127)
Total Other Income/Expenses	(114,924)
INCOME BEFORE INCOME TAXES	(479,912)
INCOME TAXES	
Foreign Income Taxes Paid	(41,910)
Deferred Tax Benefit	143,974
NET INCOME	(377,848)
Retained Earnings-Beginning of the Year	(946,982)
Retained Earnings-End of the Year	(1,324,830)

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 STATEMENT OF CASH FLOW**

AS AT MARCH 31, 2011

PARTICULARS	AS AT 31-3-2011 \$
Cash Flows from Operating Activities:	
Net Income/(Loss)	(377,848)
Adjustment to Reconcile Net Profit (Loss) to Net Cash Used in Operational activities:	
Depreciation & Amortization	172,934
Goodwill Impairment	66,993
Changes in Current Assets and Liabilities:	
Accounts Receivable	14,060
Inventory	(1,052,42)
Advances & Prepaid	59,811
Employee Loan	8,000
Refundable Deposits	1,781
Deferred Expenses	35,158
Deferred Tax Asset	(143,974)
Increase in Exchange Fluctuations	16,596
Trade Accounts Payable	389,387
Accrued Expenses	96,776
Refundable Advance	8,000
Deferred Revenue	(338,662)
Affiliated Company Loans Payable	134,360
Net Cash used in Operating Activities	38,130
Cash Flows from Investing Activities:	
Purchase of Equipment	(68,701)
Purchase of Software	(1,954)
Net Cash Used in Investing Activities	(70,655)
Cash Flows from Financing Activities :	
Capital Lease Obligation	(22,121)
Employee Loans	30,000
Net Payment from Line of Credit	(80,000)
Net Cash Used by Financing Activities	(72,121)
Net Increase In Cash and Cash Equivalents	(104,646)
Cash and Cash Equivalents at Beginning of Year	890,545
Cash and Cash Equivalents at End of Year	785,899
Supplemental Disclosure to Financial Statements	
Interest paid	129,539
Foreign Income Tax Paid	41,910

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

AS AT MARCH 31, 2011 AND 2010

PARTICULARS	AS AT 31-3-2011 \$	AS AT 31-3-2010 \$
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	3,469	17,261
Trade Accounts Receivable	75,123	184,075
Affiliated Company Receivable	2,338	-
Total Current Assets	80,930	201,336
INVESTMENT IN SUBSIDIARY	15,696,351	18,000,000
PROPERTY PLANT & EQUIPMENT - Net	-	-
INTANGIBLE ASSETS - Net	1,083,335	1,166,667
OTHER ASSETS		
Advance - InventX Assets	1,000,000	1,000,000
Deferred Tax Asset	586,606	534,338
Total Other Assets	1,586,606	1,534,338
TOTAL ASSETS	18,447,222	20,902,341

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**

AS AT MARCH 31, 2011 And 2010

PARTICULARS	AS AT 31-3-2011 \$	AS AT 31-3-2010 \$
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Trade Accounts Payable	68,975	140,281
Accrued Payroll	67,604	45,324
Affiliated Co Loans Payable	5,242,391	5,102,944
Other Current Liabilities	3,670,000	6,093,582
Total Liabilities	9,048,970	11,382,131
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	(1,368,748)	(1,246,790)
Total Stockholders Equity	9,398,252	9,520,210
TOTAL LIABILITIES & STOCKHOLDER'S EQUITY	18,447,222	20,902,341

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"



STATEMENT OF INCOME AND RETAINED EARNINGS - PARENT CO

FOR THE YEAR ENDED MARCH 31, 2011 AND 2010

PARTICULARS	AS AT MARCH 31, 2011 \$	AS AT MARCH 31, 2010 \$
Income		
Maintenance Income	120,831	244,546
Sales - Domestic	11,522	29,500
Sales -International	100,504	185,130
Service Revenue	24,000	201,047
Contract Labor	-	37,994
Total Income	256,857	698,217
Expense		
Bank Wire Fee	931	1,820
Royalty Expense	6,193	1,699
Office Expense	1,108	1,380
Entertainment	20	1,259
Agent Commission	66,241	106,044
Accounting & Legal Fees	15,715	14,169
Bank Charges	(244)	4,893
Depreciation & Amortization	83,332	88,750
Insurance	347	691
Outside Services	64	252,870
Advertising & Promotion	2,040	4,731
Licenses & Permits	195	120
Distribution Expense	-	1,087
Postage	91	842
Rent	41,894	33,099
Personnel Costs	206,236	282,105
Business Taxes	4,001	7,547
Telephone	3,747	13,591
Travel	1,419	5,409
Moving Expenses	301	1,283
Bad Debts	24,452	
Total Expense	431,083	823,389
Loss From Operations	(174,226)	(125,172)
Other Income		
Currency Fluctuations	-	(163)
Loss Before Income Tax	(174,226)	(125,335)
Deferred Tax Benefit	52,268	7,600
Net Loss	(121,958)	(117,735)
RETAINED EARNINGS-BEGINNING OF THE YEAR	(1,246,790)	(1,229,055)
Prior Period Adjustment	-	100,000
RETAINED EARNINGS-END OF YEAR	(1368,748)	(1,246,790)

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"

**STATEMENT OF CASH FLOW-PARENT CO**

FOR THE YEAR ENDED MARCH 31, 2011 AND 2010

PARTICULARS	AS AT MARCH 31, 2011 \$	AS AT MARCH 31, 2010 \$
OPERATING ACTIVITIES		
Net Loss	(121,958)	(117,735)
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation	83,332	88,750
Prior Period Adjustment	-	100,000
Change in Assets and Liabilities		
Trade Accounts Receivable	108,952	(144,056)
Affiliated Companies Receivable	(2,338)	-
Advances	-	6,722
Security Deposit	-	3,600
Deferred Tax Asset	(52,268)	(7,600)
Trade Accounts Payable	(71,306)	112,101
Accrued Payroll	22,280	14,621
Affiliated Co Loans Payable	139,447	(579,986)
Other Current Liabilities	-	523,723
Net Cash Provided / (Used) by Operating Activities	106,141	140
INVESTING ACTIVITIES		
Investments in ETA	(119,933)	-
Net Cash Provided / (Used) in investing Activities	(119,933)	-
FINANCING ACTIVITIES		
Net Cash Provided / (Used) by Financing Activities	-	-
NET INCREASE / (DECREASE) IN CASH	(13,792)	140
Cash-Beginning of Year	17,261	17,121
Cash-End of Year	3,469	17,261

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"



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.

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, 2011 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, 2011 as a result of current year loss sustained and Net Operating Losses carry forward from the prior years. 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, 2011 in the amount of \$41,910.

Deferred Taxes:

Generally Accepted Accounting Principles 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 an accrual basis tax payer. However a deferred tax asset has been provided in the amount of \$ 548,368 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, 2011 the company incurred \$ 123,620 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, 2011 the cash balance at one financial institution did exceed this amount by \$ 292,322.

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 \$ 79,794 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:

Goodwill recorded in the financial Statements is the difference between the purchase consideration agreed to be paid to acquire the stock of the subsidiaries and the net assets of the subsidiaries as of the date of acquisition of the respective subsidiaries. As stipulated by Generally Accepted Accounting principles the recorded goodwill will not be amortized but will be tested for impairment. In accordance with Generally Accepted Accounting Principles, testing for impairment will be done at least annually or more frequently if certain indications of impairment are obvious.

As of March 31, 2011, the original amount of the goodwill recorded in the financial statements in the amount of \$16,183,194 was reduced to \$13,759,612 due to certain contingent payments taken into the calculation of the purchase consideration that resulted in the overstatement of the purchase consideration that resulted in the overstatement of the purchase consideration in the amount of \$2,423,582, on the acquisition of one of the Company's subsidiaries (Dunn solutions Group, Inc.) on April 1, 2006.

During the year ended March 31, 2011, the Company recognized goodwill impairment in the amount of \$66,993. The impaired goodwill is primarily attributable to the Company's acquisition of Dunn Solutions Group, Inc., on April 1, 2006, and reflects reduction in the estimated fair value of the Subsidiary subsequent to the acquisition.

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 July 1, 2010. This lease calls for a monthly base rent payment of \$ 1,001.

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 \$ 14,080.

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

A year lease agreement to rent office space commenced on January 1, 2011, 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 a base rent payment of \$ 20,705.

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
2012	559,085
2013	350,466
2014	282,903
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.

Capital Leases

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%.

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

Year	Amount
2012	10,704
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 Generally Accepted Accounting Principles-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, 2011.

	March 31, 2011
Cranes Software International Ltd	3,888,919
Systat Software Inc.	1,274,277
Total	\$ 5,163,196



5. PROPERTY & EQUIPMENT

	Cost		Additions		Disposals		Mar 31, 2011		Depreciation		Additions		Disposals		Mar 31, 2011		Net book Value	
	April 1, 2010	\$	\$	\$	\$	\$	\$	\$	April 1, 2010	\$	\$	\$	\$	\$	\$	\$	Mar 31, 2011	\$
Auto & Sign	7,471		-	7,471	-	-	-	7,471	7,471	-	-	-	-	-	-	7,471	-	-
Equipment	629,536		46,761	676,297	-	-	-	676,297	479,291	68,277	-	547,568	-	-	-	547,568	-	128,729
Furn & Fixture	200,789		-	200,789	-	-	-	200,789	189,870	3,773	-	193,643	-	-	-	193,643	-	7,146
Leasehold Impr	134,662		21,940	156,602	-	-	-	156,602	44,500	12,104	-	56,604	-	-	-	56,604	-	99,998
Total	972,458		68,701	1,041,159	-	-	-	1,041,159	721,132	84,154	-	805,286	-	-	-	805,286	-	235,873

6. INTANGIBLE ASSETS

	Cost		Additions		Disposals		Mar 31, 2011		Amortization		Additions		Disposals		Mar 31, 2011		Net book Value	
	April 1, 2010	\$	\$	\$	\$	\$	\$	\$	April 1, 2010	\$	\$	\$	\$	\$	\$	\$	Mar 31, 2011	\$
Customer List	50,000		-	50,000	-	-	-	50,000	20,560	3,336	-	23,896	-	-	-	23,896	-	26,104
Software	1,311,272		1,954	1,313,226	-	-	-	1,313,226	134,557	85,444	-	220,001	-	-	-	220,001	-	1,093,225
Total	1,361,272		1,954	1,363,226	-	-	-	1,363,226	155,117	88,780	-	243,897	-	-	-	243,897	-	1,119,329



7. DEFERRED COMPENSATION PLANS

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

The plan of one subsidiary 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 the employee contributes, up-to \$ 2,000 Employer match limit 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, 2011 the Company owed \$ 3,420,000 and \$ 250,000 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 this time these stockholders, in accordance with the provisions of the respective purchase contracts can exercise their rights and attempt to collect all of the amounts owed to them.

9. REVOLVING LINES OF CREDIT AND PAY DOWN OF LINE OF CREDIT

REVOLVING LINES OF CREDIT

One of the Company's subsidiaries currently has a revolving line o 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, 2011 and is secured by all of the general assets of the Company. As of March 31, 2011 the outstanding balance on this line amounted \$ 1,573,000. The borrowing base on this line is limited to 80% of eligible trade receivable not to exceed the maximum borrowing limit.

PAY DOWN OF REVOLVING LINE OF CREDIT :

One of the Company's subsidiaties had a revolving line of credit with a maximum borrowing limit of \$ 300,000. The line had a variable interest rate and matures on June 30, 2010, and was secured by all of the general assets of the Company, Currently the Company is paying down the line of credit at \$ 25,000 per month until paid in full. As of March 31, 2011, the outstanding balance on this line amounted \$ 125,000.

10. ADVANCE - InventX ASSETS

The advance represents amount paid for a software product referred to as InventX, which is a comprehensive solution that is easy to use on a daily basis and provides contides continuous upstream data to mangement within an organization. Since it is not determined as to where the IP is going to reside (within or outside the United States) and since the product is scheduled to be further developed during the year ending March 31, 2012, it has been accordingly classified as an advance.

11. SUBSEQUET EVENTS

Generally Accepted Accounting Principles defines Subsequent events as events or trasactions that occur after the statement of fincancial position date, but before the financial statemens are issued or are available to be issued. Management has evaluated subsequent events thorough May 17th, 2011, the date on which the financial statements were available to be issued.



NOTES TO FINANCIAL STATEMENTS - PARENT CO.

1. PROPERTY AND EQUIPMENT

	Cost April 1, 2010	Additions	Disposals	Mar 31, 2011	Depreciation April 1, 2010	Additions	Disposals	Mar 31, 2011	Net Book Value Mar 31, 2011
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Furn & Fixture	16,879	-	-	16,879	16,879	-	-	16,879	-
Computers	11,553	-	-	11,553	11,553	-	-	11,553	-
Software	3,949	-	-	3,949	3,949	-	-	3,949	-
Total	32,381	-	-	32,381	32,381	-	-	32,381	-

2. INTANGIBLE ASSET

	Cost April 1, 2010	Additions	Disposals	Mar 31, 2011	Amortization April 1, 2010	Additions	Disposals	Mar 31, 2011	Net Book Value Mar 31, 2011
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Software	1,250,000	-	-	1,250,000	83,333	83,332	-	166,665	1,083,335
Total	1,250,000	-	-	1,250,000	83,333	83,332	-	166,665	1,083,335

**3. 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. The following table reflects affiliated company loans payable as of March 31, 2011 and 2010.

	March 31, 2011	March 31, 2010
Cranes Software International, Ltd.	\$ 3,742,412	\$ 3,643,435
Dunn Solutions Group, Inc.	100,000	100,000
Systat Software, Inc	1,274,277	1,146,756
Engineering Technology Ass. Inc.	125,702	212,753
	\$ 5,242,391	\$ 5,102,944

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 SCHEDULE OF REVENUE, COST OF REVENUE AND SALES, GENERAL ADMINISTRATIVE EXPENSES FOR THE YEAR ENDED MARCH 31, 2011

REVENUE	\$
Maintenance Income	120,831
Service Revenue	3,241,693
Product Sales	6,432,427
Consulting Services	16,609,241
Training	361,559
Returns & Discounts	(30,318)
	26,735,433
COST OF REVENUE	
Salaries & Wages	6,748,109
Contract Labor	8,711,162
Products	2,779,151
Royalty Expenses	798,775
Travel Expenses	56,841
Training Expenses	172,898
Miscellaneous Expenses	22,136
	19,289,072
SALES, GENERAL & ADMINISTRATIVE EXPENSES	
Technology Services Expenses	206,915
Royalty Expenses	6,193
Accounting & Legal Fees	296,425
Permits & Licenses	42,990
Outside Services	72,470
Freight & Postage	19,881
Rent	702,217
Utilities	68,558
Telephone	126,240
Printing	570
Advertising & Promotion	123,620
Insurance	260,500
Meals & Entertainment	230,784
Travel & Lodging	394,470
Business Taxes	45,912
Bank Charges	25,110
Sales Commissions	116,582
Dealer Commissions	1,302,818
Repairs & Maintenance	11,675
Office Expenses	86,993
Depreciation & Amortization	172,934
Goodwill Impairment	66,993



	\$
Dues & Subscriptions	6,783
Recruiting Expenses	34,918
Conferences & Meetings	61,202
Payroll & Pension Plan Fees	12,601
Auto Expenses	78,876
Training Expenses	38,668
Computer Supplies	9,688
Office Supplies	32,671
Charitable Contribution	6,702
Equipment Leases	22,604
Bad Debt Expenses	40,880
Staff Welfare	91,582
Partner Fees	15,858
Miscellaneous Expenses	7,466
<hr/>	
	4,841,349
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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"



ENGINEERING TECHNOLOGY ASSOCIATES, INC.

FINANCIAL STATEMENTS

2010 - 2011



INDEPENDENT AUDITOR'S REPORT

To

The Board of Directors
Engineering Technology Associates, Inc.

We have audited the accompanying consolidated balance sheet of **Engineering Technology Associates, Inc.**, as of March 31, 2011, 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, 2011 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.
May 12, 2011



CONSOLIDATED BALANCE SHEET

MARCH 31, 2011

PARTICULARS	AS AT 31-3-2011 \$
ASSETS	
CURRENT ASSETS	
Cash & Cash Equivalents	666,241
Trade Accounts Receivable	3,616,627
Less: Allowance for Doubtful Accounts	<u>(56,857)</u>
Trade Accounts Receivable - Net	3,559,770
Affiliated Company Receivable	125,702
Inventory	283,211
Advances	32,560
Total Current Assets	4,667,484
PROPERTY & EQUIPMENT - Net	Note 4 193,503
INTANGIBLE ASSETS - Net	Note 5 35,994
OTHER ASSETS	
Refundable Deposits	10,845
Deferred Expenses	139,736
Deferred Income Tax Asset	<u>148,331</u>
Total Other Assets	298,912
TOTAL ASSETS	5,195,893

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 BALANCE SHEET**

MARCH 31, 2011

PARTICULARS	AS AT 31-3-2011 \$
LIABILITIES & STOCKHOLDER'S EQUITY	
CURRENT LIABILITIES	
Trade Accounts Payable	784,012
Accrued Expenses	1,052,286
Loans Payable - Related Party	70,000
Loans Payable - Employee	210,000
Refundable Advance	8,000
Deferred Revenue	21,010
Revolving Line of Credit	1,573,000
Capital Lease Obligation-Current Portion	<u>5,873</u>
Total Current Liabilities	3,724,181
LONG TERM LIABILITIES	
Capital Lease Obligation-Net of Current Portion	<u>5,608</u>
Total Long Term Liabilities	5,608
TOTAL LIABILITIES	3,729,789
STOCKHOLDER'S EQUITY	
Common Stock-\$ 50,000 No Par shares authorized 4,200 shares Issued and Outstanding	7,200
Additional Paid in Capital	258,162
Retained Earnings	1,171,377
Gain Due to Exchange Fluctuation	<u>29,365</u>
Total Stockholder's Equity	1,466,104
TOTAL LIABILITIES & STOCKHOLDER'S EQUITY	5,195,893

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 CONSOLIDATED INCOME & RETAINED EARNINGS

YEAR ENDED MARCH 31, 2011

PARTICULARS	AS AT 31-3-2011 \$
REVENUE	19,734,512
COST OF REVENUE	14,558,871
GROSS PROFIT	5,175,641
OPERATING EXPENSES	
Personnel Expenses	416,996
Sales, General & Administrative Expenses	4,538,353
Total Operating Expenses	4,955,349
OPERATING INCOME	220,292
OTHER INCOME / EXPENSES	
Other Income	12,286
Interest Income	2,456
Other Expenses	(127)
Interest Expense	(117,641)
INCOME BEFORE INCOME TAXES	117,266
INCOME TAX EXPENSE	
Foreign Income Tax	(41,910)
NET INCOME	75,356
RETAINED EARNINGS - Beginning of the Year	1,096,021
RETAINED EARNINGS - End of the Year	1,171,377

Per our report attached

For and on behalf of the Board

Premier Accounting Solutions, Inc.

Abraham N. Keisoglou
President

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**CONSOLIDATED CASH FLOW**
YEAR ENDED MARCH 31, 2011

PARTICULARS	AS AT 31-3-2011 \$
OPERATING ACTIVITIES:	
NET INCOME	75,356
Adjustments to reconcile Net Income to Net Cash Provided by Operating Activities:	
Depreciation & Amortization Expense	62,048
Changes in Assets & Liabilities:	
Increase in Accounts Receivable	(243,253)
Decrease in Affiliated Company Receivable	87,051
Increase in Inventory	(105,242)
Decrease in Advances	68,622
Decrease in Deferred Expenses	35,160
Decrease in Trade Accounts Payable	250,254
Increase in Accrued Expenses	40,600
Increase in Refundable Advance	8,000
Decrease in Deferred Revenue	(289,557)
Increase in Exchange Fluctuation	16,596
Net Cash Provided in Operating Activities	5,635
INVESTING ACTIVITIES:	
Purchase of Equipment / Software	(61,065)
Cash used in Investing Activities	(61,065)
FINANCING ACTIVITIES	
Capital Lease Obligations	(22,121)
Employee Loans	30,000
Borrowings - Line of Credit	95,000
Paid In Capital	119,933
Cash provided by Financing Activities	222,812
NET DECREASE IN CASH	167,382
CASH-Beginning of the Year	498,859
CASH-End of the Year	666,241
SUPPLEMENTAL DISCLOSURES TO CASH FLOW STATEMENT	
Interest Paid	117,641
Foreign Income Tax Paid	41,910

Per our report attached

For and on behalf of the Board

Premier Accounting Solutions, Inc.

Abraham N. Keisoglou
President

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BALANCE SHEET-PARENT CO

MARCH 31, 2011

PARTICULARS	AS AT 31-3-2011 \$
ASSETS	
CURRENT ASSETS	
Cash & Cash Equivalents	409,598
Trade Accounts Receivable	3,280,143
Less: Allowance for Doubtful Accounts	<u>(50,000)</u>
Trade Accounts Receivable - Net	3,230,143
Affiliated Company Receivable	125,702
Employee Advances	974
Total Current Assets	3,766,417
INVESTMENT IN SUBSIDIARY	140,000
PROPERTY & EQUIPMENT - Net	Note 1 89,544
INTANGIBLE ASSETS - Net	Note 2 26,104
OTHER ASSETS	
Refundable Deposits	10,845
Deferred Expenses	139,736
Deferred Income Tax Asset	<u>170,552</u>
Total Other Assets	321,133
TOTAL ASSETS	4,343,198

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, 2011

PARTICULARS	AS AT 31-3-2011 \$
LIABILITIES & STOCKHOLDER'S EQUITY	
CURRENT LIABILITIES	
Trade Accounts Payable	690,162
Accrued Expenses	970,175
Loans Payable - Related Party	70,000
Loans Payable - Employee	210,000
Revolving Line of Credit	1,573,000
Refundable Advance	8,000
Advance from Subsidiary	15,210
Deferred Revenue	21,010
Capital Lease Obligation - Current Portion	5,873
Total Current Liabilities	3,563,430
LONG TERM LIABILITIES	
Capital Lease Obligation - Net of Current Portion	5,608
Total Long Term Liabilities	5,608
TOTAL LIABILITIES	3,569,038
STOCKHOLDER'S EQUITY	
Common Stock - \$ 50,000 No Par Shares Authorized 4,200 Shares Issued and Outstanding	7,200
Additional Paid in Capital	258,162
Retained Earnings	508,798
Total Stockholder's Equity	774,160
TOTAL LIABILITIES & STOCKHOLDER'S EQUITY	4,343,198

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, 2011

PARTICULARS	AS AT 31-3-2011 \$
REVENUE	16,849,628
COST OF REVENUE	12,902,744
GROSS PROFIT	3,946,884
OPERATING EXPENSES	
Sales, General & Administrative Expenses	3,898,841
Total Operating Expenses	3,898,841
OPERATING INCOME	48,043
OTHER INCOME / EXPENSES	
Other Income	1,386
Interest Expense	(115,022)
INCOME BEFORE INCOME TAXES	(65,593)
INCOME TAX EXPENSE	
Foreign Income Tax	(15,777)
Deferred Income Tax Benefit	22,221
NET INCOME	(59,149)
RETAINED EARNINGS-Beginning of the Year	567,947
RETAINED EARNINGS-End of the Year	508,798

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, 2011

PARTICULARS	AS AT 31-3-2011 \$
OPERATING ACTIVITIES:	
NET LOSS	(59,149)
Adjustments to reconcile Net Income to Net Cash provided by Operating Activities:	
Depreciation & Amortization Expenses	36,837
Changes in Assets & Liabilities:	
Increase in Accounts Receivable	(230,817)
Decrease in Affiliated Company Receivable	87,051
Decrease in Advances	5,075
Decrease in Deferred Expenses	35,158
Increase in Deferred Tax Assets	(22,221)
Increase in Trade Accounts Payable	256,892
Increase in Accrued Expenses	375,835
Decrease in royalties Payable	(311,855)
Increase in Advance from Subsidiary	15,210
Decrease in Deferred Revenue	(289,557)
Increase in Refundable Advance	8,000
Net Cash Used in Operating Activities	(93,541)
INVESTING ACTIVITIES:	
Purchase of Equipment	(3,021)
Cash used in Investing Activities	(3,021)
FINANCING ACTIVITIES	
Employee Loans	30,000
Borrowings - Line of Credit	95,000
Payment of Capital Lease Obligation	(22,121)
Paid In Capital	119,933
Cash provided by Financing Activities	222,812
NET DECREASE IN CASH	126,250
CASH-Beginning of the Year	283,348
CASH-End of the Year	409,598
SUPPLEMENTAL DISCLOSURES TO CASH FLOW STATEMENT	
Interest Paid	115,022
Foreign Income Tax Paid	15,777

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 CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Contd)

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, 2011 the cash balance at this financial institution exceed this amount by \$ 292,322.

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 \$ 56,857 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, 2011 the company incurred \$ 52,250 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 \$ 57,663 in depreciation expense for the year ended March 31, 2011.

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 \$ 4,387 in amortization expense during the year ended March 31, 2011.

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, 2011 in the United States, due to prior net operating losses of the Company. However income tax in the



amount of \$ 41,910 has been provided based on the Company's taxable income in China, which is payable to the appropriate authorities in China.

Deferred Tax

Generally Accepted Accounting Principles 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 profits in the United States.

Inventory :

Inventory mainly consists of purchased software. The costs of inventory are stated at purchasing cost from suppliers, plus other pertinent cost such as transportation expenses, loading and unloading expenses, relevant customs duty etc. in bringing the inventory to the present location and condition. The inventory is calculated at lower of cost or market value.

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 \$ 14,080.
- 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, 2011. 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.

2012	\$ 136,320
------	------------

Equipment Leases

Capital Leases:

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.

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

2012	10,704
2013	403



4. PROPERTY & EQUIPMENT

	Cost		Depreciation		Disposals		Additions		Net Book Value	
	April 1, 2010	April 1, 2010	April 1, 2010	April 1, 2010	Mar 31, 2011	Mar 31, 2011	Mar 31, 2011	Mar 31, 2011	Mar 31, 2011	Mar 31, 2011
Auto & Sign	7,471	7,471	7,471	7,471	-	-	-	-	7,471	-
Equipment	405,495	37,171	442,666	305,866	-	-	47,793	-	353,659	89,007
Software	47,743	-	47,743	46,682	-	-	1,061	-	47,743	-
Furn & Fixture	170,670	-	170,670	165,047	-	-	1,125	-	166,172	4,498
Leasehold Imp	121,410	21,940	143,350	35,668	-	-	7,684	-	43,352	99,998
Total	752,789	59,111	811,900	560,734	-	-	57,663	-	618,397	193,503

5. INTANGIBLE ASSETS

	Cost		Amortization		Disposals		Additions		Net Book Value	
	April 1, 2010	April 1, 2010	April 1, 2010	April 1, 2010	Mar 31, 2011	Mar 31, 2011	Mar 31, 2011	Mar 31, 2011	Mar 31, 2011	Mar 31, 2011
Customer List	50,000	-	50,000	20,560	-	-	3,336	-	23,896	26,104
Software	9,580	1,954	11,534	593	-	-	1,051	-	1,644	9,890
Total	59,580	1,954	61,534	21,153	-	-	4,387	-	25,540	35,994

6. ACCRUED EXPENSES

Royalties Payable	\$ 5,422
Accrued Payroll	820,852
Payroll Taxes Payable	131,178
HAS/Dependent Care Payable	334
Accrued Interest Payable	7,111
GST Tax Payable	5,278
Accrued Expenses-Subsidiary	82,111
Total	1,052,286



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2011

7. RELATED PARTY NOTES PAYABLE

As of March 31, 2011 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, 2011 the Company had three demand notes payable to employees, each in the amount of \$ 70,000 totaling \$ 210,000. 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, 2011 and is secured by all of the general assets of the Company. As of March 31, 2011 the outstanding balance on this line amounted \$ 1,573,000. The borrowing base on this line is limited to 80 % of eligible trade receivables not to exceed the maximum borrowing limit.

10. 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, 2009 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, 2008, have been eliminated to the extent of the benefits derived and such benefits have been treated in accordance with the Generally Accepted Accounting Principles, as an 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.

11. PENDING LITIGATION

The Company is a defendant in patent infringement suit based on two patents owned by the Plaintiff. The Plaintiff asserts allegations of infringement against the Company (defendant) based on one or more claims of these patents for a method and computer software for designing a tool for deep drawing. Attorneys are in the discovery phase of the litigation. The Company's management continues to aggressively pursue its defenses against the allegations of infringement.

12. ADDITIONAL PAID IN CAPITAL

During the year ended March 31, 2011, there was additional paid in capital in the amount of \$ 119, 933 infused in to the Company by the stockholder.

13. RELATED PARTY TRANSACTIONS - CRANES SOFTWARE INTERNATIONAL LTD.

During the year ended March 31, 2011, the Company sold products (Dynaform) amounting to \$ 89,975 and paid dealer commission amounting to \$ 44,986 to Cranes Software International Ltd.

14. SUBSEQUENT EVENTS

Generally Accepted Accounting Principles defines subsequent events as events or transactions that occur after the statement of financial position date, but before the financial statements are issued or are available to be issued. Management has evaluated subsequent events through May 12th, 2011, the date on which the financial statements were available to be issued.



1. PROPERTY & EQUIPMENT

	Cost		Depreciation		Additions		Disposals		Net Book Value	
	April 1, 2010	April 1, 2011	April 1, 2010	April 1, 2011	Mar 31, 2011	Mar 31, 2011	Mar 31, 2011	Mar 31, 2011	Mar 31, 2011	Mar 31, 2011
Auto & Sign	7,471	7,471	7,471	7,471	-	7,471	-	7,471	-	-
Equipment	305,970	308,991	278,372	278,372	3,021	306,574	-	306,574	-	2,417
Software	47,743	47,743	46,682	46,682	-	47,743	-	47,743	-	-
Furn & Fixture	170,670	170,670	165,047	165,047	-	166,172	-	166,172	-	4,498
Leasehold Imp	121,410	121,410	35,668	35,668	-	38,781	-	38,781	-	82,629
Total	653,264	656,285	533,240	533,240	3,021	566,741	-	566,741	-	89,544

2. INTANGIBLE ASSETS

	Cost		Amortization		Additions		Disposals		Net Book Value	
	April 1, 2010	April 1, 2011	April 1, 2010	April 1, 2011	Mar 31, 2011	Mar 31, 2011	Mar 31, 2011	Mar 31, 2011	Mar 31, 2011	Mar 31, 2011
Customer List	50,000	50,000	20,560	20,560	-	23,896	-	23,896	-	26,104
Total	50,000	50,000	20,560	20,560	-	23,896	-	23,896	-	26,104

3. ACCRUED EXPENSES

Royalties Payable	\$ 5,422
Accrued Payroll	820,852
Payroll Taxes Payable	131,178
HAS/Dependent Care Payable	334
Accrued Interest Payable	7,111
GST Tax Payable	5,278
Total	970,175

**SCHEDULE OF CONSOLIDATED REVENUE, COST OF REVENUE AND SALES, GENERAL AND ADMINISTRATIVE EXPENSES
YEAR ENDED MARCH 31, 2011**

REVENUE	\$
Engineering Services	3,239,693
Contract Labor & Subcontractors	8,113,566
Contract Labor - ETA	3,274,117
S/W Other	5,137,454
Sales Returns & Discounts	(30,318)
	19,734,512
COST OF REVENUE	
Salaries & Related Taxes	2,870,774
Contract Labour	6,018,512
Royalties	798,775
Products	1,656,127
Subcontractors	2,285,815
China	654,159
Fringe Benefits	264,946
Miscellaneous Expenses	9,763
	14,558,871
SALES, GENERAL & ADMINISTRATIVE EXPENSES	
Salaries & Related Taxes	1,095,184
Staff Welfare	91,582
Commissions	116,582
Reseller's Commission	1,236,577
Conferences & Meetings	61,202
Freight & Postage	16,213
Office Expenses	85,885
Audit & Legal Fees	206,371
Technology Service	206,915
Rent	270,052
Utilities	56,929
Property & Other Taxes	41,978
Insurance	65,505
Office Supplies	17,292
Printing	570
Depreciation & Amortization	62,048
Travel	345,202
Seminars & Training	21,761
Meals & Entertainment	224,768
Equipment Leases	19,761
Repairs & Maintenance	10,159
Auto Leases	18,358
Auto Expenses	24,853
Telephone	64,981
Outside Services	49,475
Advertising & Promotion	52,250
Charitable Contributions & Gifts	5,210
Recruiting Expenses	4,562
Dues & Subscriptions	6,783
Licenses & Fees	26,504
Bad Debt Expense	16,428
Bank Fees	15,387
Miscellaneous Expenses	1,026
	4,538,353



**SCHEDULE OF REVENUE, COST OF REVENUE AND SALES, GENERAL AND ADMINISTRATIVE EXPENSES - PARENT CO
YEAR ENDED MARCH 31, 2011**

REVENUE	\$
Engineering Services	3,239,693
Contract Labor & Subcontractors	8,113,566
S/W Other	5,526,687
Sales Returns & Discounts	(30,318)
	16,849,628
COST OF REVENUE	
Salaries & Related Taxes	2,870,774
Contract Labour	6,018,512
Royalties	798,775
Subcontractors	2,285,815
China	654,159
Fringe Benefits	264,946
Miscellaneous Expenses	9,763
	12,902,744
SALES, GENERAL & ADMINISTRATIVE EXPENSES	
Salaries & Related Taxes	1,095,184
Commissions	116,582
Reseller's Commission	1,448,877
Conferences & Meetings	653
Freight & Postage	15,510
Audit & Legal Fees	206,371
Rent	181,531
Utilities	40,326
Property & Business Taxes	41,978
Insurance	65,505
Office Supplies	17,292
Printing	570
Depreciation & Amortization	36,837
Travel	139,873
Seminars & Training	21,761
Meals & Entertainment	177,596
Equipment Leases	19,761
Repairs & Maintenance	10,159
Auto Leases	18,358
Auto Expenses	24,853
Telephone	50,304
Outside Services	49,475
Advertising & Promotion	52,250
Charitable Contributions & Gifts	5,210
Recruiting Expenses	4,562
Dues & Subscriptions	6,783
Licenses & Fees	26,504
Bad Debt Expense	9,571
Bank Fees	14,219
Miscellaneous Expenses	386
	3,898,841

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

2010 - 2011

**BALANCE SHEET**

MARCH 31, 2011

PARTICULARS	AS AT 31-3-2011 \$
ASSETS	
CURRENT ASSETS	
Checking / Savings	
11016 - Chase Bank Checking	106,532.60
11018 - State Bank of India Checking	1,000.00
Total Checking / Savings	107,532.60
Accounts Receivable	
11000 - Accounts Receivable	938,611.90
Total Accounts Receivable	938,611.90
OTHER CURRENT ASSETS	
11025 - Fidelity Forfeiture Account	1,531.04
11031 - Allowance for Doubtful Accounts	(22,937.50)
12000 - Undeposited Funds	280,511.29
12100 - Inventory Asset	28,983.61
Total Other Current Assets	288,088.44
Total Current Assets	1,334,232.94
FIXED ASSETS	
12012 - Computer Equipment	222,078.45
12013 - Accum Depr - Computer Equipment	(186,148.80)
12020 - Office Furniture	13,240.06
12022 - Accum Depreciation - Furniture	(10,452.35)
12025 - Leasehold Improvements	13,252.06
12026 - Accum Depr - Leasehold Improvement	(7,200.76)
12028 - Accumulated Depreciation - Lease	(6,050.88)
Total Fixed Assets	38,717.78
OTHER ASSETS	
13010 - Deposits - Rent	35,856.28
13040 - prepaid Expenses	
13041 - Pre-paid Rent	39,668.44
13040 - Prepaid Expenses - Other	33,471.12
Total 13040 - Prepaid Expenses	73,139.56
13050 - Deferred Tax Assets	223,726.00
Total Other Assets	332,721.84
TOTAL ASSETS	1,705,672.56



BALANCE SHEET

MARCH 31, 2011

PARTICULARS	AS AT 31-3-2011 \$
LIABILITIES & EQUITY	
LIABILITIES	
CURRENT LIABILITIES	
Accounts Payable	
21010 Accounts Payable	272,629.66
Total Accounts Payable	272,629.66
Credit Cards	
11021 - CC Citibank Gold (Bill's)	10,441.56
11024 - CC Citi Advantage	38,213.39
Total Credit Cards	48,654.95
Other Current Liabilities	
21015 - Accrued Payables	113,530.32
21020 - Refunds	(2,942.11)
21040 - Line of Credit	125,000.00
22025 - Sec 125-Flex Medical Spending	1,175.64
22030 - Dependent Care Assistance	1,374.79
23210 - Sales Tax Payable	14,425.74
24000 - Payroll Liabilities	
24002 - Garnished Wages Payable 2	400.00
24003 - IRS Garnishment	0.01
Total 24000 - Payroll Liabilities	400.01
Total Other Current Liabilities	252,964.39
Total Current Liabilities	574,249.00
LONG TERM LIABILITIES	-
25000 - Wages Payable - Vacation Expense	127,592.22
Total Long Term Liabilities	127,592.22
Total Liabilities	701,841.22
Equity	
31010 - Capital Stock	41,000.00
31030 - Retained Earnings	1,316,724.02
Net Income	(353,892.68)
Total Equity	1,003,831.34
TOTAL LIABILITIES & EQUITY	1,705,672.56

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"

**PROFIT & LOSS**

MARCH 31, 2011

PARTICULARS	AS AT 31-3-2011 \$
Ordinary Income / Expense	
Income	
40000 - Sales	
40020 - Product Sales	1,182,947.21
40040 - Reimbursed Expenses	111,558.89
40060 - Service Revenue - BI	3,796,889.26
40065 - Service Revenue - DM	89,337.50
40070 - Service Revenue - TS	1,335,330.73
40080 - Training - BI	356,359.31
40090 - Training - TS	5,200.00
Total 40000 - Sales	6,877,622.90
Total Income	6,877,622.90
Cost of Goods sold	
51005 - Contract Labor	427,585.33
51200 - Product Costs	1,123,023.91
51220 - Training materials Cost	172,897.54
51224 - Non-Reimbursable Client Tavel	52,630.51
51225 - Open Enrollment Travel	3,833.86
50000 - Cost of Goods Sold - Other	12,373.00
Total 50000 - Cost of Goods Sold	1,792,344.15
51000 - Salaries - COGS	
51001 - Application Development	906,812.80
51002 - Business Intelligence	1,838,448.25
51003 - Salaries - Budgeting and Foreca	106,303.33
51004 - Salaries - Data Mining	106,665.80
Total 51000 - Salaries - COGS	2,958,230.18
51230 - Reimbursable Travel Expenses	111,935.67
51240 - Referral Fees	0.00
Total COGS	4,862,510.00
Gross Profit	2,015,112.90

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"



PROFIT & LOSS

MARCH 31, 2011

PARTICULARS	AS AT 31-3-2011 \$
Expense	
71011 - Auto Expense	29,464.86
71025 - Bank Fee	5,565.72
71027 - Interest Expense	11,897.76
71032 - Depreciation Computer Equipment	22,665.84
71033 - Depreciation Furniture	4,118.76
71034 - Depreciation Leasehold Improvme	4,417.32
71041 - Employee Relations	3,203.75
71045 - Partner Fees	15,858.49
71050 - Equipment Rentals	1,423.00
71060 - Insurance Employee	162,394.39
71061 - Insurance Corporate	30,472.28
71062 - Insurance - Employee - Other	1,782.45
71075 - Legal Fees	65,468.10
71080 - Licenses and Fees	16,290.77
71085 - Marketing - Main Account	
71090 - Marketing Expenses	35,533.56
71092 - Show & Demo Expense	25,080.97
71085 - Marketing - Main Account - Other	8,715.09
Total 71085 - Marketing - Main Account	69,329.62
71100 - Miscellaneous	2,673.84
71110 - Office Supplies	14,149.55
71111 - Copier Expenses	1,229.16
71115 - Outside Services	22,930.60
71120 - Postage	3,577.00
71150 - Rent	414,152.02
71160 - Repairs and Maintenance	1,516.02
71162 - Computer Equip Rental	1,419.60
71163 - Computer Supplies	6,602.83
71165 - Software	3,084.95
71166 - payroll Expenses	
71167 - Salaries Sales	724,375.11
71168 - Salaries HR	99,927.92
71169 - Salaries Management	208,282.84
71170 - Salaries Admin.	203,153.27
Total 71166 - Payroll Expenses	1,235,739.14
71175 - Employer 401K Contribution	31,359.90
71185 - P/R Fees	4,210.91
71190 - Telephone	45,324.97
71191 - Training Expenses	12,899.04
71192 - Tuition Reimbursement	175.00
71193 - Telephone Employee Reimbursed	12,187.50

**PROFIT & LOSS**

MARCH 31, 2011

PARTICULARS	AS AT 31-3-2011 \$
71195 - Electric	11,628.52
71210 - Credit Card Discounts	3,470.36
71220 - Entertainment	4,528.20
71225 - Meal Expense Non-Client	1,467.97
71240 - Parking	6,200.00
71260 - Travel Expenses Client	0.00
71270 - Travel Expenses Non-Client	
71274 - Travel Expense - Marketing	1,674.05
71275 - Travel Expense - Sales	6,687.27
71276 - Travel Expense - Training	877.10
71270 - Travel Expenses - Non-Client - Other	38,610.47
Total 71270 - Travel Expenses Non-client	47,848.89
71280 - Training - Employee	4,008.49
71290 - Charity Expenses	1,491.98
71300 - Recruiting Expenses	29,066.80
71301 - Recruiting Travel	1,288.91
71310 - Company Meetings	487.63
91120 - Sales & Use Taxes	(792.24)
91130 - Other Taxes	694.93
Total Expense	2,368,975.58
Net Ordinary Income	(353,862.68)
Other Income / Expense	
Other Expense	
91110 - State Income Tax (Expense)	30.00
Total Other Expense	30.00
Net Other Income	(30.00)
Net Income	(353,892.68)

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

2010 - 2011

**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, 2011.

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, 2011. This statement is the responsibility of the Company's Management and has been approved by the Board of Directors.

A review of the 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, June 27, 2011
PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Eckard Winnacker
Steuerberater

Ingeborg Steinbring
Steuerberaterin



BALANCE SHEET

MARCH 31, 2011

ASSETS

Particulars	31.03.2011	31.03.2010
A. Fixed assets	€	€
I. Intangible assets		
Concessions, licences and similar rights and values and licences to such rights and values	6.00	6.00
II. Tangible assets	660.00	913.00
Other plant, factory and office equipment		
III. Financial assets		
Participations	18,433,137.39	18,133,137.39
	18,433,803.39	18,134,056.39
B. Current assets		
I. Receivables and other assets		
1. Trade receivables	146,826.73	188,716.06
2. Other assets	14,735.92	13,631.33
	161,562.65	202,347.39
II. Cash on hand, cash in banks	80,375.18	60,873.89
	241,937.83	263,221.28
C. Prepaid expenses	5,944.67	4,818.84
	18,681,685.89	18,402,096.51

**BALANCE SHEET**

MARCH 31, 2011

EQUITY AND LIABILITIES

Particulars	31.03.2011	31.03.2010
A. Equity	€	€
I. Subscribed capital	25,000.00	25,000.00
II. Capital reserve	8,559,870.50	6,050,000.00
III. Accumulated loss brought forward	(553,458.47)	(243,846.96)
iv. Net loss for the year	(355,675.97)	(309,611.51)
	7,675,736.06	5,521,541.53
B. Accruals		
Other accruals	56,708.99	35,657.00
C. Liabilities		
1. Trade accounts payable (thereof with a residual term of up to one year € 169,805.80; prior year € 173,622.77)	169,805.80	173,622.77
2. Liabilities against affiliated companies (thereof with a residual term of up to one year € 238,750.00; prior year € 200,000.00)	238,750.00	200,000.00
3. Other liabilities (therof with a residual term of up to one year € 10,390,120.43; prior year € 12,330,798.91) (thereof for social security € 1,295.66; prior year € 631.88) (there for taxes € 8,991.71; prior year € 10,539.02) (thereof against shareholder € 10,378,902.23; prior year € 10,316,304.40)	10,390,120.43	12,330,798.91
	10,798,676.23	12,704,421.68
D. Deferred income	150,564.61	140,476.30
	18,681,685.89	18,402,096.51



INCOME STATEMENT

For the period April 1, 2010 to March 31, 2011

Particulars	2010/2011	2009/2010
	€	€
1. Sales	929,616.88	914,786.75
2. Otehr operating income	27.29	5,381.06
3. Cost of materials		
a) Cost of raw materials, consumables and supplies and of purchased merchandise	(297,220.43)	(270,119.49)
b) Cost of services	(1,330.46)	(1,958.82)
4. Personnel expenses		
a) Wages and salaries	(338,893.67)	(329,172.34)
b) Social security and pension cost (thereof for old-age-pensions € 2,625.00; prior year € 4,200.00)	(63,336.96)	(63,935.27)
5. Depreciation on intangible asssets and tangible assets	(253.00)	(357.00)
6. Other operating expenses	(233,239.91)	(221,855.26)
7. Interest and similar expenses (thereof to affiliated companies € 62,597.83; prior year € 0.00)	(350,906.70)	(342,381.14)
8. Result from ordinary activities	(355,536.96)	(309,611.51)
9. Other taxes	(139.01)	0.00
10. Net loss for the year	(355,675.97)	(309,611.51)



NOTES AS OF MARCH 31, 2011

I. General Information

The company prepared for the first time its statutory financial statements as at March 31, 2011 by consideration of the provisions of German Commercial Law (HGB), amended by the German Accounting Law Modernization Act (BilMoG). The first-time application of the provisions for accounting and valuation of German Accounting Law as amended by BilMoG has to follow the requirements of the Introductory Law of German Commercial Law (Article 66 ff. EGHGB). According to article 67, sec. 8 EGHGB, the prior year amounts do not need altered by applying the amended accounting and valuation provisions. The company made use of this option and did not make any amendments.

The structure of the balance sheet follows the structure for small size limited liability companies. The income statement has been prepared using the type of expenditure format.

The company is a small size one according to para. 267 sec. 1 HGB.

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, 2011 the company held participations as follows :

	Shares %	Equity T€	Net income of 2011 T€
Cubeware GmbH, Rosenheim (closing date 31.03.2011)	100	122	-176

2. Shareholder

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

3. General Managers

During the financial year 2010-2011 the general management was performed by
Mr. Syed Arif Hashmi, Bangalore / Indian (up to July 6, 2010),
Mr. Saligram Rajashekar Suresh, Duisburg (since July 7, 2010).



4. Consolidated Accounts

The company is included into the consolidated accounts of Cranes ofware International Limited, Bangalore/India. The parent company, which prepares the consolidated accounts for the greatest group of complanies 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 2011 to new account.

Düsseldorf, in June 2011

(Transtator's notes are in square brackets)

GENERAL ENGAGEMENT TERMS

for

Wirtschaftsprüfer an Wirtschaftsprüfungsgesellschaften

(German Public Auditors and Public Audit firms)

as of January 1, 2002

This is an English translation of the German text, which is the sole authoritative version

1. Scope

- 1) Those engagement terms are applicable to contracts between Wirtschaftsprüfer (German Public Auditors) or Wirtschaftsprüfungsgesellschaften (German Public Audit Firms) (Hereinafter Collectively referred to as the 'Wirtschaftsprüfer') and their clients for audits, Consulting and other engagements to the extent that something else has not been expressly agreed to in writing or is not compulsory due to legal requirements.
- 2) If, in an individual case, as an exception contractual relations have also been established between the Wirtschaftsprüfer and persons other than the client, the provisions of No. 9 below also apply to such third parties.

2. Scope and performance of the engagement

- 1) Subject of the Wirtschaftsprüfer's engagement is the performance of agreed services - not a particular economic result. The engagement is performed in accordance with the Grundsätze ordnungsmäßiger Berufsausübung (Standards of proper professional Conduct). The Wirtschaftsprüfer is entitled to use qualified persons to conduct the engagement.
- 2) The application of foreign law requires - except for financial attestation engagements - an express written agreement.
- 3) The engagement does not extend - to the extent it is not directed thereto to an examination of the issue of whether the requirements of tax law or special regulations, such as for example, laws on price controls, laws limiting competition and Bewirtschaftungsrecht (laws controlling certain aspects of specific business operations) were observed; the same applies to the determination as to whether subsidies, allowances or other benefits may be claimed. The performance of an engagement encompasses auditing procedures aimed at the detection of the defalcation of books and records and other irregularities only if during the conduct of audits grounds therefor arise or this has been expressly agreed to in writing
- 4) if the legal position changes subsequent to the issuance of the final professional statement, the Wirtschaftsprüfer is not obliged to inform the client of changes of any consequences resulting therefrom.

3. The Client's duty to inform

- 1) The client must ensure that the Wirtschaftsprüfer - even without his special request - is provided, on a timely basis, with all supporting documents and records required for and is informed of all events and circumstances which may be significant to the performance of the engagement. This also applies to those supporting documents and records, events and circumstances which first become known during the Wirtschaftsprüfer's work.
- 2) Upon the Wirtschaftsprüfer's request, the client must confirm in a written statement drafted by the Wirtschaftsprüfer that the supporting documents and records and the information and explanations provided are complete.

4. Ensuring Independence

The Client guarantees to refrain from everything which may endanger the independence of the Wirtschaftsprüfer's staff. This particularly applies to offers of employment and offers to undertake engagements on one's own account.

5. Reporting and Verbal information

In the Wirtschaftsprüfer is required to present the results of his work in writing. Only that written presentation is authoritative. For audit engagements the long inform report should be submitted in writing to the extent



that nothing else has been agreed to. Verbal statements and information provided by the Wirtschaftsprüfer's staff beyond the engagement agreed to are never binding.

6. Protection of the Wirtschaftsprüfer's intellectual property

The client guarantees that expert opinions, organizational charts, drafts, sketches, schedules and calculations - especially quantity and cost computations - prepared by the Wirtschaftsprüfer within the scope of the engagement will be used only for his own purposes.

7. Transmission of the Wirtschaftsprüfer's professional statement

(1) The transmission of a Wirtschaftsprüfer's professional statements (long-form reports, expert opinions and the like) to a third party requires the Wirtschaftsprüfer's written consent to the extent that the permission to transmit to a certain third party does not result from the engagement terms. The Wirtschaftsprüfer is liable (within the limits of No. 9) towards third parties only if the prerequisites of the first sentence are given.

(2) The use of the Wirtschaftsprüfer's professional statements for promotional purposes is not permitted: an infringement entitles the Wirtschaftsprüfer to immediately cancel all engagements not yet conducted for the client.

8. Correction of deficiencies

(1) Where there are deficiencies, the client is entitled to subsequent fulfillment (of the contract). The client may demand a reduction in fees or the cancellation of the contract only for the failure to subsequently fulfill (the contract); if the engagement was awarded by a person carrying on a commercial business as part of that commercial business, a government-owned legal person under public law or a special government-owned fund under public law, the client may demand the cancellation of the contract only if the services rendered are of no interest to him due to the failure to subsequently fulfill (the contract). No. 9 applies to the extent that claims for damages exist beyond this.

(2) The client must assert his claim for the correction of deficiencies in writing without delay. Claims pursuant to the first paragraph not arising from an intentional act cease to be enforceable one year after the commencement of the statutory time limit for enforcement.

(3) Obvious deficiencies, such as typing and arithmetical errors and formal defects (deficiencies associated with technicalities) contained in a Wirtschaftsprüfer's professional statements (long-form reports, expert opinions and the like) may be corrected - and also be applicable versus third parties by the Wirtschaftsprüfer at any time. Errors which may call into question the conclusions contained in the Wirtschaftsprüfer's professional statements entitle the Wirtschaftsprüfer to withdraw - also versus third parties - such statements. In the cases noted the Wirtschaftsprüfer should first hear the client, if possible.

9. Liability

(1) The liability limitation of § ("Article") 323 (2) ("paragraph 2") HGB ("Handelsgesetzbuch": German Commercial Code) applies to statutory audits required by law.

(2) Liability for negligence: An individual case of Damages

If neither No. 1 is applicable nor a regulation exists in an individual case. Pursuant to § 54a (1) No. 2 WPO ("Wirtschaftsprüferordnung". Law regulating the Profession of Wirtschaftsprüfer) the liability of the Wirtschaftsprüfer for Claims of Compensatory damages of any kind - except for damages resulting from injury to life, body or health - for an individual case of damages resulting from negligence is limited to E 4 million, this also applies if liability to a person other than the client should be established. An individual case of damages also exists in relation to a uniform damage arising from a number of breaches of duty. The individual case of damages encompasses all consequences from a breach of duty without taking into account whether the damages occurred in one year or in a number of successive years. In this case multiple acts or omissions of acts based on a similar source of error or on a source of error of an equivalent nature are deemed to be a uniform breach of duty if the matters in question are legally or economically connected to one another. In this event the claim against the Wirtschaftsprüfer is limited to E 5 million. The limitation to the fivefold of the minimum amount insured does not apply to compulsory audits required by law.

(3) Preclusive deadlines

A compensatory damages claim may only be lodged within a preclusive deadline of one year of the rightful claimant having become aware of the damage and of the event giving rise to the claim - at the very latest, however, within 5 years subsequent to the event giving rise to the claim. The claim expires if legal action is not taken within a six month deadline subsequent to the written refusal of acceptance of the indemnity and the client was informed of this consequence.

The right to assert the bar of the preclusive deadline remains unaffected. Sentences 1 to 3 also apply to legally required audits with statutory liability limits.

10. Supplementary provisions for audit engagements

- (1) A subsequent amendment or abridgement of the financial statements or management report audited by a Wirtschaftsprüfer and accompanied by an auditor's report requires the written consent of the Wirtschaftsprüfer even if these documents are not published. If the Wirtschaftsprüfer has not issued an auditor's report, a reference to the audit conducted by the Wirtschaftsprüfer in the management report or elsewhere specified for the general public is permitted only with the Wirtschaftsprüfer's written consent and using the wording authorized by him.
- (2) If the Wirtschaftsprüfer revokes the auditor's report, it may no longer be used. If the client has already made use of the auditor's report, he must announce its revocation upon the Wirtschaftsprüfer's request.
- (3) The client has a right to 5 copies of the long-form report. Additional copies will be charged for separately.

11. Supplementary provisions for assistance with tax matters

- (1) When advising on an individual tax issue as well as when furnishing continuous tax advice, the Wirtschaftsprüfer is entitled to assume that the facts provided by the client - especially numerical disclosures - are correct and complete; this also applies to bookkeeping engagements. Nevertheless, he is obliged to inform the client of any errors he has discovered.
- (2) The tax consulting engagements does not encompass procedures required to meet deadlines, unless the Wirtschaftsprüfer has explicitly accepted the engagement for this. In this event the client must provide the Wirtschaftsprüfer, on a timely basis, all supporting documents and records - especially tax assessments - material to meeting the deadlines, so that the Wirtschaftsprüfer has an appropriate time period available to work therewith.
- (3) In the absence of other written agreements, continuous tax advice encompasses the following work during the contract period:
 - a) Preparation of annual tax returns for income tax, corporation tax and business tax, as well as net worth tax returns on the basis of the annual financial statements and other schedules and evidence required for tax purposes to be submitted by the client
 - b) Examination of tax assessments in relation to the taxes mentioned in (a)
 - c) Negotiations with tax authorities in connection with the returns and assessments mentioned in (a) and (b)
 - d) Participation in tax audits and evaluation of the results of tax audits with respect to the taxes mentioned in (a)
 - e) Participation in Einspruchs- und Beschwerdeverfahren (appeals and complaint procedures) with respect to the taxes mentioned in (a).

In the aforementioned work the Wirtschaftsprüfer takes material published legal decisions and administrative interpretations into account.

- (4) If the Wirtschaftsprüfer receives a fixed fee for continuous tax advice, in the absence of other written agreements the work mentioned under paragraph 3 (d) and 9e) will be charged separately.



- (5) Services with respect to special individual issued for income tax, corporate tax, business tax, valuation procedures for property and net worth taxation, and net worth tax as well as all issues in relation to sales tax, wages tax, other taxes and dues require a special engagement. This also applies to :
- a) the treatment of nonrecurring tax matters, e.g. in the field of estate tax, capital transactions tax, real estate acquisition tax
 - b) Participation and representation in proceedings before tax and administrative courts and in criminal proceedings with respect to taxes, and
 - c) the granting of advice and work with respect to expert opinions in connection with conversions of legal form, mergers, capital increases and reductions, financial reorganizations, admission and retirement of partners of shareholders. sale of a business, liquidations and the like.
- (6) To the extent that the annual sales tax return is accepted as additional work, this does not include the review of any special accounting prerequisites nor of the issue as to whether all potential legal sales tax reductions have been claimed. No guarantee is assumed for the completeness of the supporting documents and records to validate the deduction of the input tax credit.

12. Confidentiality towards third parties and data security

- (1) Pursuant to the law the Wirtschaftsprüfer is obliged to treat all facts that he comes to know in connection with his work as confidential, irrespective of whether these concern the client himself or his business associations, unless the client releases him from this obligation.
- (2) The Wirtschaftsprüfer may only release long-form reports, expert opinions and other written statements on the results of his work to third parties with the consent of his client.
- (3) The Wirtschaftsprüfer is entitled - within the purposes stipulated by the client - to process personal data entrusted to him or allow them to be processed by third parties.

13. Default of acceptance and lack of cooperation on the part of the client if the client defaults in accepting the services offered by the Wirtschaftsprüfer or if the client does not provide the assistance incumbent on him pursuant to No. 3 or otherwise, the Wirtschaftsprüfer is entitled to cancel the contract immediately. The Wirtschaftsprüfer's right to compensation for additional expenses as well as for damages caused by the default or the lack of assistance is not affected, even if the Wirtschaftsprüfer does not exercise his right to cancel.

14. Remuneration

- (1) In addition to his claims for fees or remuneration, the Wirtschaftsprüfer is entitled to reimbursement of his outlays: sales tax will be billed separately. He may claim appropriate advances for remuneration and reimbursement of outlays and make the rendering of his services dependent upon the complete satisfaction of his claims. Multiple clients awarding engagements are jointly and severally liable.
- (2) Any set off against the Wirtschaftsprüfer's claims for remuneration and reimbursement of outlays is permitted only for undisputed claims or claims determined to be legally valid.

15. Retention and return of supporting documentation and records

- (1) The Wirtschaftsprüfer retains, for ten years, the supporting documents and records in connection with the completion of the engagement - that had been provided to him and that he has prepared himself - as well as the correspondence with respect to the engagement.
- (2) After the settlement of his claims arising from the engagement, the Wirtschaftsprüfer, upon the request of the client, must return all supporting documents and records obtained from him or for him by reason of his work on the engagement. This does not, however, apply to correspondence exchanged between the Wirtschaftsprüfer and his client and to any documents of which the client already has the original or a copy. The Wirtschaftsprüfer may prepare and retain copies or photocopies of supporting documents and records which he returns to the client.

16. Applicable law

Only German law applies to the engagement, its conduct and any claims arising therefrom.

SPECIAL CONDITIONS

Governing the Raising of the Limit of Liability defined
in the General Terms of Engagement for
Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften
as amended January 1, 2001

Instead of the lower liability limit for single cases defined in section 9 (2) of the enclosed General Terms of Engagement a uniform limit of Euro 10 million shall apply.

Where the Client is of the opinion that the engagement involves a risk significantly in excess of Euro 10 million, we are prepared to raise the limit on our liability to a reasonable amount in ex-change for an adequate increase in our fees, provided that insurance cover can be obtained.

The above shall not apply where a higher or lower limit on liability for professional services is prescribed by law, e.g. for a statutory audit.

Where a loss is due to several causes, we shall be liable only if our negligence or the negligence of our staff has contributed to the loss, and only for the proportion of the loss corresponding to the extent of such contribution, subject to the agreed limit on our liability; this provision shall apply in particular to all engagements to be performed jointly with other members of the profession.

In addition to section 7 (1) of the General Terms of Engagement we point out that a limitation of our liability agreed with our client will also apply to any third party who is affected by the engagement.

Exclusive place of jurisdiction for any action or other legal proceedings arising out of or in connection with this engagement shall be the court competent for the office in charge for this engagement.



CUBEWARE GmbH INCLUDING ITS WOS IN AUSTRIA AND SWITZERLAND

FINANCIAL STATEMENTS

2010-2011



AUDIT REPORT TO CUBEWARE GROUP

We have reviewed the accompanying financial statements of Cubeware Group for the quarter ended and as 31, Marz 2011. These financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these financial statements based on our review.

We conducted our review in accordance with the IDW Auditing Standards, issued by the institut der Wirtschaftsprufer in Deutschland e.V. (IDW). This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying financial statements or are not presented fairly, in all material respects in accordance with Generally Accepted Accounting Principles.

Rosenheim, 12.05.2011

Eger, Farber & Kollegen
Wirtschaftsprufungs und
Beratungs GmbH
Wirtschaftsprfungsgesellschaft

Ralph Eger
Wirtschaftsprufer



BALANCE SHEET

AS ON MARCH 31, 2011

Euro

Particulars	Financial year 31-3-2011
A. Fixed assets	
I. Intangible assets	
1. Franchises, Trademarks, patents & Similar rights and licenses	62,411.28
II. Tangible assets	
1. Other equipment, operational and Office Equipment	85,742.62
III. Financial Assets	
1. Shares in affiliated companies	(22,820.53)
B. Current assets	
I. Receivables / debtors and other assets	
1. Accounts Receivable trade	1,711,821.59
2. Accounts due form affiliated companies	1,701.63
3. Accounts due from other group companies	11,840.52
4. Other assets	89,992.71
II. Checks, cash on hand, cash in central bank and banks	793,859.51
C. Deferred Charges and prepayments	489,804.65
	3,224,353.98

**BALANCE SHEET**

AS ON MARCH 31, 2011

Euro

Particulars	Financial year 31-3-2011
A. Shareholders Equity	
I. Capital subscribed	52,327.04
II. Capital Surplus	0.00
III. Appropriated Surplus	
1. legal reserve	0.00
2. Reserve for own shares	0.00
3. Statutory reserves	0.00
4. Other reserves	(20,117.80)
IV. Unappropriated brought forward	89,411.50
B. Accruals	
1. Accrued taxes	42,815.45
2. Other accruals	307,999.81
C. Liabilities	
1. Advance payments received on account of orders	110,419.21
2. Accounts Payable trade	(129,395.10)
3. Other liabilities	476,231.57
thereof concerning taxes EUR 287,016.75	
thereof concerning social security EUR 1,887.91	
D. Dererred items	2,294,662.30
	3,224,353.98



PROFIT AND LOSS STATEMENT

from 01.04.2010 to 31.03.2011

Euro

Particulars	Currnet year
1. Sales	11,245,719.36
2. Increase / Decrease in finished goods inventories & work-in-progress	
3. Own work capitalized	
4. Operating performance	11,245,719.36
5. Other operating income	197,885.97
6. Gross performance	11,443,605.33
7. Cost of materials	835,868.03
8. Gross Margin	10,607,737.30
9. Personell expenses	7,617,879.86
10. Depreciation	99,286.16
11. Other operating expenses	3,036,994.47
12. Operating result	(146,423.19)
13. Income from participations thereof affiliated companies	
14. Income from profit transfer	
15. Income from other investments and long terms Loans thereof affiliated companies	
16. Other interest and similar income thereof affiliated companies	42,524.17
17. Depreciation on financial assets and short term investments	
18. Interset and similar expenses therof affiliated companies	1,228.31
19. Expenses loss absorption	
20. Result from equity accounting	
21. Financial result	41,295.86
22. Result from ordinary operating activities	(105,127.33)
23. Extraordinary income	70,752.58
24. Extraordinary expenses	121,145.27
25. Extraordinary result	(50,392.69)
26. Taxes on income	19,944.57
27. Other Taxes	280.00



Euro

Particulars	Currenet year
28. Income from loss absorption	
29. Expenses profit transfer	
30. Net income/loss for the period	(175,744.59)
31. Minority share in the net income/loss	
32. Retained earnings brought forward	585,715.51
33. Distribution of income	(320,559.42)
34. Transfer to revenue reserves	
35. Transfers from revenue reserves	
36. Unappropriated Profit/loss	89,411.50



Allgemeine Auftragsbedingungen für Wirtschaftsprüfer und Wirtschaftsprüfungsgesellschaften

vom 1, Januar 2002

1. Geltungsbereich

- (1) Die auftragsbedingungen gelten für die Verträge zwischen Wirtschaftsprüfern oder wirtschaftsprüfungsgesellschaften (in nachstehenden zusammenfassend Wirtschaftsprüfer genannt) und ihren Auftraggebern über prüfungen, Beratungen und sonstige Aufträge, soweit nicht etwas anderes ausdrücklich schriftlich vereinbart oder gesetzlich zwingend vorgeschrieben ist.
- (2) Werden im Einzelfall ausnahmsweise vertragliche Beziehungen auch zwischen dem Wirtschaftsprüfer und anderen Personen als dem Auftraggeber begründet, so gelten auch gegenüber solchen Dritten die Bestimmungen der nachstehenden Nr. 9.

2. Umfang und Ausführung des Auftrages

- (1) Gegenstand des Auftrages ist die vereinbarte Leistung, nicht ein bestimmter wirtschaftlicher Erfolg. Der Auftrag wird nach den Grundsätzen ordnungsgemäßer Berufsausübung ausgeführt. Der Wirtschaftsprüfer ist berechtigt, sich zur Durchführung des Auftrages sachverständiger Personen zu bedienen.
- (2) Die Berücksichtigung ausländischen Rechts bedarf - außer bei betriebswirtschaftlichen prüfungen - der ausdrücklichen schriftlichen Vereinbarung.
- (3) Der auftrag erstreckt sich, soweit er nicht darauf gerichtet ist, nicht auf die prüfung der Frage, ob die Vorschriften des Steuerrechts oder Sondervorschriften, wie z. B. die Vorschriften des Preis-Wettbewerbsbeschränkungs- und Bewirtschaftungsrechts beachtet sind; das gleiche gilt für die Feststellung, ob Subventionen, Zulagen oder sonstige Vergünstigungen in Anspruch genommen werden können. Die Ausführung eines Auftrages umfasst nur dann Prüfungshandlungen, die gezielt auf die Aufdeckung von Buchfälschungen und sonstigen unregelmäßigkeiten gerichtet sind, wenn sich bei der Durchführung von Prüfungen dazu ein Anlass ergibt oder dies ausdrücklich schriftlich vereinbart ist.
- (4) Ändert sich die Rechtslage nach Abgabe der abschließenden beruflichen Äußerung, so ist der Wirtschaftsprüfer nicht verpflichtet, den Auftraggeber auf Änderungen oder sich daraus ergebende Folgerungen hinzuweisen.

3. Aufklärungspflicht des Auftraggebers

- (1) Der Auftraggeber hat dafür zu sorgen, dass dem Wirtschaftsprüfer auch ohne dessen besondere Aufforderung alle für die Ausführung des Auftrages notwendigen Unterlagen rechtzeitig vorgelegt werden und ihm von allen Vorgängen und Umständen Kenntnis gegeben wird, die für die Ausführung des Auftrages von Bedeutung sein können. Dies gilt auch für die Unterlagen, Vorgänge und Umstände, die erst während der Tätigkeit des Wirtschaftsprüfers bekannt werden.
- (2) Auf Verlangen des Wirtschaftsprüfers hat der Auftraggeber die Vollständigkeit der vorgelegten Unterlagen und der gegebenen Auskunft und Erklärungen in einer vom Wirtschaftsprüfer formulierten schriftlichen Erklärung zu bestätigen.

4. Sicherung der Unabhängigkeit

Der Auftraggeber steht dafür ein, dass alles unterlassen wird, was die Unabhängigkeit der Mitarbeiter des Wirtschaftsprüfers gefährden könnte. Dies gilt insbesondere für Angebote auf Anstellung und für Angebote, Aufträge auf eigene Rechnung zu übernehmen.

5. Berichterstattung und mündliche Auskünfte

Hat der Wirtschaftsprüfer die Ergebnisse seiner Tätigkeit schriftlich darzustellen, so ist nur die schriftliche Darstellung maßgebend. Bei Prüfungsaufträgen wird der Bericht, soweit nichts anderes vereinbart ist, schriftlich erstattet. Mündliche Erklärungen und Auskünfte von Mitarbeitern des Wirtschaftsprüfers außerhalb des erteilten Auftrages sind stets unverbindlich.

6. Schutz des geistigen Eigentums des Wirtschaftsprüfers

Der Auftraggeber steht dafür ein, dass die im Rahmen des Auftrags vom Wirtschaftsprüfer gefertigten Gutachten, Organisationspläne, Entwürfe, Zeichnungen, Aufstellungen und Berechnungen, insbesondere Massen- und Kostenberechnungen, nur für seine eigenen Zwecke verwendet werden.

7. Weitergabe einer beruflichen Auberung des Wirtschaftsprüfers

- (1) Die Weitergabe beruflicher Auberungen des Wirtschaftsprüfers (Berichte, Gutachten und dgl.) an einen Dritten bedarf der schriftlichen Zustimmung des Wirtschaftsprüfers, soweit sich nicht bereits aus dem Auftragsinhalt die Einwilligung zur Weitergabe an einen bestimmten Dritten ergibt.

Gegenüber einem Dritten haftet der Wirtschaftsprüfer (im Rahmen von Nr.9) nur, wenn die Voraussetzungen des Satzes 1 gegeben sind.

- (2) Die Verwendung beruflicher Auberungen des Wirtschaftsprüfers zu Werbezwecken ist unzulässig, ein Verstoß berechtigt den Wirtschaftsprüfer zur fristlosen Kündigung aller noch nicht durchgeführten Aufträge des Auftraggebers.

8. Mangelbeseitigung

- (1) Der Auftraggeber hat Anspruch auf Beseitigung etwaiger Mängel durch den Wirtschaftsprüfer. Nur bei Fehlschlägen der Nachbesserung kann er auch Herabsetzung der Vergütung oder Rückgangigmachung des Vertrages verlangen; ist der Auftrag von einem Kaufmann im Rahmen seines Handelsgewerbes, einer juristischen Person des öffentlichen Rechts oder von einem öffentlich-rechtlichen Sondervermögen erteilt worden, so kann der Auftraggeber die Rückgangigmachung des Vertrages nur verlangen, wenn die erbrachte Leistung wegen Fehlschlagens der Nachbesserung für ihn ohne Interesse ist. Soweit darüber hinaus Schadensersatzansprüche bestehen, gilt Nr. 9.
- (2) Der Anspruch auf Beseitigung von Mängeln muss vom Auftraggeber unverzüglich schriftlich geltend gemacht werden. Ansprüche nach Abs. 1 Satz 1 verjähren mit Ablauf von sechs Monaten, nachdem der Wirtschaftsprüfer die berufliche Leistung erbracht hat.
- (3) Offenbare Unrichtigkeiten, wie z. B. Schreibfehler, Rechenfehler und formelle Mängel, die in einer beruflichen Auberung (Bericht, Gutachten und dgl.) des Wirtschaftsprüfers enthalten sind, können jederzeit vom Wirtschaftsprüfer auch Dritten gegenüber berichtigt werden. Unrichtigkeiten, die geeignet sind, in der beruflichen Auberung des Wirtschaftsprüfers enthaltene Ergebnisse in Fragen zu stellen, berechtigen diesen, die Auberung auch Dritten gegenüber zurückzunehmen. In den vorgenannten Fällen ist der Auftraggeber vom Wirtschaftsprüfer tunlichst vorher zu hören.

9. Haftung

- (1) Für gesetzlich vorgeschriebene Prüfungen gilt die Haftungsbeschränkung des § 232 Abs. 2 HGB.
- (2) Haftung bei Fahrlässigkeit; Einzelner Schadensfall Falls weder Abs. 1 eingreift noch eine Regelung im Einzelfall besteht, ist die Haftung des Wirtschaftsprüfers für Schadensersatzansprüche jeder Art, mit Ausnahme von Schaden aus der Verletzung von Leben, Körper und Gesundheit, bei einem fahrlässig verursachten einzelnen Schadensfall gem. § 54a Abs. 1 Nr. 2 WPO auf 4 Mio. € beschränkt; dies gilt auch dann, wenn eine Haftung gegenüber einer anderen Person als dem Auftraggeber begründet sein sollte. Ein einzelner Schadensfall ist auch bezüglich eines aus mehreren Pflichtverletzungen stammenden einheitlichen Schadens gegeben. Der einzelne Schadensfall umfasst sämtliche Folgen einer Pflichtverletzung ohne Rücksicht darauf, ob Schaden in einem oder in mehreren aufeinanderfolgenden



jahren entstanden sind. Dabei gilt mehrfaches auf gleicher oder gleichartiger Fehlerquelle beruhendes Tun oder Unterlassen als einheitliche Pflichtverletzung, wenn die betreffenden Angelegenheiten miteinander in rechtlichem oder wirtschaftlichem Zusammenhang stehen, In diesem Fall kann der Wirtschaftsprüfer nur bis zur Höhe von 5 Mio. E in Anspruch genommen werden. Die Begrenzung auf das Fünffache der Mindestversicherungssumme gilt nicht beigesetzlich vorgeschriebenen Pflichtprüfungen.

(3) **Ausschlussfristen**

Ein Schadensersatzanspruch kann nur innerhalb einer Ausschlussfrist von 12 Monaten geltend gemacht werden, nachdem der Anspruchsberechtigte von dem Schaden und von dem anspruchsbegründenden Ereignis Kenntnis erlangt hat, spätestens aber innerhalb von 5 Jahren nach dem anspruchsbegründenden Ereignis. Der Anspruch erlischt, wenn nicht innerhalb einer Frist von sechs Monaten seit der schriftlichen Ablehnung der Ersatzleistung Klage erhoben wird und der Auftraggeber auf diese Folge hingewiesen wurde. Das Recht, die Einrede der Verjährung geltend zu machen, bleibt unberührt. Die Sätze 1 bis 3 gelten auch bei gesetzlich vorgeschriebenen Prüfungen mit gesetzlicher Haftungsbegrenzung.

10. Ergänzende Bestimmungen für Prüfungsaufträge

- (1) Eine nachträgliche Änderung oder Kürzung des durch den Wirtschaftsprüfer geprüften und mit einem Bestätigungsvermerk versehenen Abschlusses oder Lageberichts bedarf, auch wenn eine Veröffentlichung nicht stattfindet, der schriftlichen Einwilligung des Wirtschaftsprüfers. Hat der Wirtschaftsprüfer einen Bestätigungsvermerk nicht erteilt, ist ein Hinweis auf die durch den Wirtschaftsprüfer durchgeführte Prüfung im Lagebericht oder an anderer für die Öffentlichkeit bestimmter Stelle nur mit schriftlicher Einwilligung des Wirtschaftsprüfers und mit dem von ihm genehmigten Wortlaut zulässig.
- (2) Wird der Wirtschaftsprüfer von dem Auftraggeber mit dem Bestätigungsvermerk beauftragt, so darf der Bestätigungsvermerk nicht weiterverwendet werden, hat der Auftraggeber den Bestätigungsvermerk bereits verwendet, so hat er auf Verlangen des Wirtschaftsprüfers den Widerruf bekanntzugeben.
- (3) Der Auftraggeber hat Anspruch auf Prüfung der Berichte. Weitere Ausfertigungen werden besonders in Rechnung gestellt.

11. Ergänzende Bestimmungen für Hifeleistung in Steuersachen

- (1) Der Wirtschaftsprüfer ist berechtigt, sowohl bei der Beratung in steuerlichen Einzelfragen als auch im Falle der Dauerberatung die vom Auftraggeber genannten Tatsachen, insbesondere Zahlenangaben, als richtig und vollständig zugrunde zu legen; dies gilt auch für Buchführungsaufträge. Er hat jedoch den Auftraggeber auf von ihm festgestellte Unrichtigkeiten hinzuweisen.
- (2) Der Steuerberatungsauftrag umfasst nicht die zur Wahrung von Fristen erforderlichen Handlungen, es sei denn, dass der Wirtschaftsprüfer hierzu ausdrücklich den Auftrag übernommen hat. In diesem Falle hat der Auftraggeber dem Wirtschaftsprüfer alle für die Wahrung von Fristen wesentlichen Unterlagen, insbesondere Steuerbescheide, so rechtzeitig vorzulegen, dass dem Wirtschaftsprüfer eine angemessene Bearbeitungszeit zur Verfügung steht.
- (3) Mangel einer anderweitigen schriftlichen Vereinbarung umfasst die laufende Steuerberatung folgende, in die Vertragsdauer fallenden Tätigkeiten:
 - a) Ausarbeitung der Jahressteuererklärungen für die Einkommensteuer, Körperschaftsteuer und Gewerbesteuer sowie der Vermögensteuererklärungen, und zwar auf Grund der vom Auftraggeber vorzulegenden Jahresabschlüsse und sonstiger, für die Besteuerung erforderlicher Aufstellungen und Nachweise.
 - b) Nachprüfung von Steuerbescheiden zu den unter a) genannten Steuern.
 - c) Verhandlungen mit den Finanzbehörden im Zusammenhang mit den unter a) und b) genannten Erklärungen und Bescheiden.

- d) Mitwirkung bei Betriebsprüfungen und Auswertung der Ergebnisse von Betriebsprüfungen hinsichtlich der unter a) genannten Steuern.
- e) Mitwirkung in Einspruchs- und Beschwerdeverfahren hinsichtlich der unter a) genannten Steuern.

Der Wirtschaftsprüfer berücksichtigt bei den vorgenannten Aufgaben die wesentliche veröffentlichte Rechtsprechung und Verwaltungsauffassung.

- (4) Erhalt der Wirtschaftsprüfer für die laufende Steuerberatung ein Pauschalhonorar, so sind mangels anderweitiger schriftlicher Vereinbarungen die unter Abs. 3 d) und e) genannten Tätigkeiten gesondert zu honorieren.
- (5) Die Bearbeitung besonderer Einzelfragen der Einkommensteuer, Körperschaftsteuer, Gewerbesteuer, Einheitsbewertung und Vermögensteuer sowie aller Fragen der Umsatzsteuer, Lohnsteuer, sonstigen Steuern und Abgaben erfolgt auf Grund eines besonderen Auftrages. Die gilt auch für
 - a) Die Bearbeitung einmaliger anfallender Steuerangelegenheiten, Z. B. auf dem Gebiet der Erbschaftsteuer, Kapitalverkehrsteuer, Grunderwerbsteuer,
 - b) Die Mitwirkung und Vertretung in Verfahren vor den Gerichten der Finanz- und der Verwaltungsgerichtsbarkeit sowie in Steuerstrafsachen und
 - c) die beratende und gutachtliche Tätigkeit im Zusammenhang mit Umwandlung, Verschmelzung, Kapitalerhöhung und -herabsetzung, Sanierung, Eintritt und Auscheiden eines Gesellschafters, Betriebsveräußerung, Liquidation und dergleichen.
- (6) Soweit auch die Ausarbeitung der Umsatzsteuerjahreserklärung als zusätzliche Tätigkeit übernommen wird, gehört dazu nicht die Überprüfung etwaiger besonderer buchmäßiger Voraussetzungen sowie die Frage, ob alle in Betracht kommenden umsatzsteuerrechtlichen Vergünstigungen wahrgenommen worden sind. Eine Gewähr für die vollständige Erfassung der Unterlagen zur Geltendmachung des Vorsteuerabzuges wird nicht übernommen.

12. Schweigepflicht gegenüber Dritten, Datenschutz

- (1) Der Wirtschaftsprüfer ist nach Maßgabe der Gesetze verpflichtet, über alle Tatsachen, die ihm im Zusammenhang mit seiner Tätigkeit für den Auftraggeber bekannt werden, Stillschweigen zu bewahren, gleichviel, ob es sich dabei um den Auftraggeber selbst oder dessen Geschäftsverbindungen handelt, es sei denn, dass der Auftraggeber ihn von dieser Schweigepflicht entbindet.
- (2) Der Wirtschaftsprüfer darf Berichte, Gutachten und sonstige schriftliche Äußerungen über die Ergebnisse seiner Tätigkeit Dritten nur mit Einwilligung des Auftraggebers aushändigen.
- (3) Der Wirtschaftsprüfer ist befugt, ihm anvertraute personenbezogene Daten im Rahmen der Zwechheiten zu lassen.

13. Annahmeverzug und unterlassene Mitwirkung des Auftraggebers

Kommt der Auftraggeber mit der Annahme der vom Wirtschaftsprüfer angebotenen Leistung in Verzug oder unterlässt der Auftraggeber eine ihm nach Nr. 3 oder sonst wie obliegenden Mitwirkung, so ist der Wirtschaftsprüfer zur fristlosen Kündigung des Vertrages berechtigt. Unberührt bleibt der Anspruch des Wirtschaftsprüfers 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 Wirtschaftsprüfer von dem Kündigungsrecht keinen Gebrauch macht.



14. Vergütung

- (1) Der Wirtschaftsprüfer hat neben seiner Gebühren- oder Honorarforderung Anspruch auf Erstattung seiner Auslagen; die Umsatzsteuer wird zusätzlich berechnet. Er kann angemessene Vorschüsse auf Vergütung und Auslagenersatz verlangen und die Auslieferung seiner Leistung von der vollen Befriedigung seiner Ansprüche abhängig machen. mehrere Auftraggeber haften als Gesamtschuldner.
- (2) Eine Aufrechnung gegen Forderungen des Wirtschaftsprüfers auf Vergütung und Auslagenersatz ist nur mit unbestrittenen oder rechtskräftig festgestellten Forderungen zulässig.

15. Aufbewahrung und herausgabe von Unterlagen

- (1) Der Wirtschaftsprüfer bewahrt die in Zusammenhang mit der Erledigung eines Auftrages ihm übergebenen und von ihm selbst angefertigten Unterlagen sowie den über den Auftrag geführten Schriftwechsel sieben Jahre auf.
- (2) Nach Befriedigung seiner Ansprüche aus dem Auftrag hat der Wirtschaftsprüfer auf Verlangen des Auftraggebers alle Unterlagen herauszugeben, die er aus Anlass seiner Tätigkeit für den Auftrag von diesem oder für diesen erhalten hat. Dies gilt jedoch nicht für den Schriftwechsel zwischen dem Wirtschaftsprüfer und seinem Auftraggeber und für die Schriftstücke, die dieser bereits in Urschrift oder Abschrift besitzt. Der Wirtschaftsprüfer kann von Unterlagen, die er an den Auftraggeber zurückgibt, Abschriften oder Fotokopien anfertigen und zurückbehalten.

16. Anzuwendendes Recht

Für den Auftrag, seiner Durchführung und für sich hieraus ergebenden Ansprüche gilt nur deutsches Recht.





CRANES SOFTWARE INTERNATIONAL PTE LIMITED

FINANCIAL STATEMENTS

2010 - 2011



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 2011 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 statement of comprehensive income and statement of financial position 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.

Accounts Receivables

With reference to Note 8 to the financial statements, no allowance has been provided for a trade receivable amounting to S\$1,195,354 of which recoverability is in doubt.

This is contrary to Singapore Financial Report Standards ("FRS") 39 on Financial Instruments: Recognition and Measurement and the accounting policy being followed by the Company according to which allowances are provided when there are events indicating that the balances may not be collectible. This has resulted into the understatement of losses for the year and overstatement of trade receivables by S\$1,195,354/-.

Term Loan

The statement of financial position includes S\$2,929,513/- being unsecured term loan obtained from a third party. No confirmation of this amount has been received.

***Opinion***

Because of the significance of the matters discussed in the preceding paragraph, we do not express an opinion of the financial statements.

Report on other legal and regulatory requirement

In our opinion, 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.

Emphasis of matter

We draw attention to Note 1.2 of the financial statements, which sets forth the assumption made in preparation of the financial statements on a going concern basis.

NG, VUN & COMPANY
Public Accountants and
Certified Public Accountants

Singapore
27th July 2011.

**STATEMENT OF COMPREHENSIVE INCOME**

For the financial year ended 31 March 2011

Particulars	Note	2011 SGD	2010 SGD
Revenue	2.15	886,110	799,230
Cost of Sales		(735,308)	(681,606)
Gross Profit		150,802	117,624
Other Items of Income			
Other Income		225	2,713
Other Items of Expense			
Other Operating Expenses		(271,262)	(845,956)
Profit (Loss) Before Tax from Continuing Operations		(120,235)	(725,619)
Income Tax Benefit (Expense)	18	(75,356)	-
Profit (Loss) from Continuing Operations, Net of Tax	4	(195,591)	(725,619)
Profit (Loss) Net of Tax		(195,591)	(725,619)
Total Comprehensive Income		(195,591)	(725,619)

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



STATEMENT OF FINANCIAL POSITION

As at 31 March 2011

Particulars	Note	2011 SGD	2010 SGD
ASSETS			
Non-Current Assets			
Property, Plant and Equipment, Total	5	-	64
Intangible Assets, Total	6	3,179,213	3,699,509
Deferred revenue expenditure		438,338	438,338
Total Non-Current Assets		3,617,551	4,137,911
Current Assets			
Inventories	7	89,481	65,695
Trade and Other Receivables, Current		1,436,974	1,507,628
Trade Receivables, Current	8	1,265,541	1,303,521
Other Receivables, Current	9	171,433	204,107
Cash and Cash Equivalents	10	12,122	55,334
Total Current Assets		1,538,577	1,628,657
Total Assets		5,156,128	5,766,568
EQUITY AND LIABILITIES			
Equity			
Share Capital	11	165,692	165,692
Retained Earnings (Accumulated Losses)		(461,475)	(265,884)
Other Reserves, Total		-	-
Total Equity		(295,783)	(100,192)
Non-Current Liabilities			
Term loan (unsecured)	12	2,070,921	2,410,139
Total Non-Current Liabilities		2,070,921	2,410,139
Current Liabilities			
Trade and Other Payables, Current		278,063	244,141
Trade Payables, Current	13	236,766	190,157
Other Payables, Current	14	41,297	53,984
Amount due to holding company	15	1,873,133	2,020,882
Amount due to related party	16	296,799	327,180
Term loan (unsecured)	12	858,592	858,592
Provision for taxation	18	74,403	5,826
Total Current Liabilities		3,380,990	3,456,621
Total Liabilities		5,451,911	5,866,760
Total Equity and Liabilities		5,156,128	5,766,568

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

**STATEMENT OF CHANGES IN EQUITY**

For the financial year ended 31 March 2011

Company	Note	Total Equity	Share Capital	Retained Earnings (Accumulated Losses)
		SGD	SGD	SGD
Opening Balance at 01/04/2010		(100,192)	165,692	(265,884)
Total Comprehensive Income for the Period		(195,591)	-	(195,591)
Closing Balance at 31/03/2011		(295,783)	165,692	(461,475)
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)

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



STATEMENT OF CASH FLOWS

For the financial year ended 31 March 2011

Particulars	Note	2011 SGD	2010 SGD
Cash Flows From Operating Activities			
Profit (Loss) before Tax		(120,235)	(725,619)
Total Adjustments		704,732	704,726
Depreciation of property, plant and equipment		64	58
Amortisation of intangible assets		704,668	704,668
Operating Cash Flows before Changes in Working Capital		584,497	(20,893)
Total Changes in Working Capital		80,790	(76,691)
Inventories		(23,786)	(22,893)
Trade receivables		37,980	(30,181)
Other receivables		32,674	(13,560)
Other payables		46,609	20,175
Trade payables		(12,687)	(30,232)
Cash Flows From (Used In) Operations		665,287	(97,584)
Income Taxes Paid		(6,779)	(62,894)
Net Cash Flows From (Used In) Operating Activities		658,508	(160,478)
Cash Flows From Investing Activities			
Increase in intangible assets		(184,372)	(36,259)
Purchase of plant & equipment		-	(111)
Net Cash Flows From (Used In) Investing Activities		(184,372)	(36,370)
Cash Flows From Financing Activities			
Repayment of term Loan		(339,218)	(165,638)
(Increase)/decrease in amount due to holding company		(147,749)	395,622
Decrease in amount due to related party		(30,381)	-
Net Cash Flows From (Used In) Financing Activities		(517,348)	229,984
Net Increase (Decrease) in Cash and Cash Equivalents		(43,212)	33,136
Cash and Cash Equivalents, Statement of Cash Flows, Beginning Balance		55,334	22,198
Cash and Cash Equivalents, Statement of Cash Flows, Ending Balance	10	12,122	55,334

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



NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2011

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

1. General

1.1 Corporate Information

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.

1.2 Going Concern

The company has a capital deficiency of S\$295,783/- / (2010: S\$100,192/-) due to accumulated losses. The directors of the Company have pledged their financial support to sustain its operations. Accordingly the financial statements have been prepared on a going concern basis.

In the absence of such financial support, the Company may not be able to discharge its liabilities as and when they fall due and the going concern basis will no longer be appropriate. Adjustments to the financial statements would then have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the statement of financial position. In addition the Company may have to provide for any further liabilities which may arise.

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.

The accounting policies have been consistently applied by the Company and are consistent with those used in the previous financial year.

2.2 Interpretations and amendments to published standards effective in 2010

On 1 April 2010, the Company adopted the new or amended FRS and interpretations to FRS ("INT FRS") that are mandatory for application from that date. Changes to the Company's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS. The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Company.

2.3 Standards issued but not yet effective

The Company has not adopted the following standards and interpretations that have been issued but not effective :

Description	Effective for annual period beginning on or after
Amendments to FRS 12 Deferred Tax : Recovery of Underlying Assets	1st January 2012
Amendments to FRS 24 Related Party Disclosures	1st January 2011



Amendments to FRS 32 Classification of Rights Issues	1st February 2010
Amendments to FRS 101 Severe Hyperinflation & Removal of Fixed Dates for First-Time Adopters	1st July 2011
Amendments to FRS 107 Disclosures - Transfers of Financial Assets	1st July 2011
Amendments to INT FRS 114: Prepayments of a Minimum Funding Requirement	1st January 2011
Amendments to INT FRS 119: Extinguishing Financial Liabilities with Equity Instruments	1st July 2010

The directors expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application.

2.4 Critical judgements, assumptions and estimation uncertainties

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) Depreciation of Plant and equipment

Plant and equipment are depreciated on a straight-line basis over their estimated useful lives, after taking into account their estimated residual value. The Company assesses annually the residual value and the useful life of the plant and equipment and if the expectation differs from the original estimate, such difference will impact the depreciation in the period in which such estimate has been changed. The carrying amounts of the plant and equipment are disclosed in Note 5.

(b) Allowance for bad and doubtful debts

The Company makes allowances for bad and doubtful debts based on an assessment of the recoverability of trade and other receivables. Allowances are applied to trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts requires the use of judgement and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of trade and other receivables and doubtful debts expenses in the period in which such estimate has been changed. The carrying amounts of the trade and other receivables are disclosed in Notes 8 and 9 respectively.

(c) Income tax

The Company is subjected to income tax in the Singapore jurisdiction. Significant judgement is required in determining the capital allowances and deductibility of certain expenses during the estimation of the provision of income taxes. The Company recognizes liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax in the period in which such determination is made.

2.5 Property, 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) Subsequent expenditure

Subsequent expenditure relating to plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in the statement of comprehensive income when incurred.

(c) Depreciation

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:

	Years
Office equipment	5
Computers	1

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

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at the end of each reporting period. The effects of any revision are recognised in the statement of comprehensive income when the changes arise.

(d) Disposal

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

2.6 Impairment of non-financial assets

Property, plant and equipment are reviewed for impairment whenever there is any indication that these assets may be impaired. If any such indication exists, the recoverable amount (i.e. the higher of the fair value less cost to sell and value in use) of the asset is estimated to determine the amount of impairment loss.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating-units (CGU) to which the asset belongs to.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The impairment loss is recognised in the income and expenditure statement unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease.

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognised. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in the statement of comprehensive income, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

2.7 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 of reviews.



2.8 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 the statement of comprehensive income upon accrual of the benefit.

2.9 Related parties

For the purpose of these financial statements, parties considered to be related to the Company if the Company and the parties are subject to common control or common significant influence. Related parties may be individuals or other entities.

2.10 Holding company

A holding company is a Company 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.

2.11 Inventories

Inventories are carried at the lower cost determined on the first-in first-out basis and net realisable value. Net realisable value is the estimated selling price less anticipated cost of disposal and after making allowances for damage, obsolete and slow-moving items.

2.12 Financial Assets

(a) Classification

The Company classifies its financial assets according to the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition. The Company's only financial assets are 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 statement of financial position 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 statement of financial position.

(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 statement of comprehensive income.

(c) Initial and subsequent measurement

Loans and receivables are initially recognised at fair value plus direct transaction cost. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

(d) Impairment

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.



The allowance for impairment loss account is reduced though profit or loss in subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

2.13 Cash and Cash Equivalents

Cash and cash equivalents for the statement of cash flows includes cash and bank balances..

2.14 Financial Liabilities and Equity

Financial liabilities include trade payables, which are normally settled on 30-90 day terms and other payables, amount due to related parties and term loan. Financial liabilities are recognized on the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. Financial liabilities are initially recognized at fair value of consideration received less directly attributable transaction cost and subsequently measured at amortised cost using the effective interest method. Term loans are recorded at the proceeds received, net of transaction costs.

Gains and losses are recognized in the statement of comprehensive income when the liabilities are derecognized as well as through the amortization process. The liabilities are derecognized when the obligation under the liability is discharged or cancelled or expired. Equity instruments are recorded at the proceeds received, net of direct issue costs.

2.15 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.

2.16 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 statement of financial position 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 statement of financial 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.

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

2.17 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.



2.18 Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event where it is probable that it will result in an outflow of economic benefits that can be reasonably estimated. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

2.19 Foreign Currency Transactions

(a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Singapore Dollar.

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the statement of financial position date are recognised in the statement of comprehensive income.

2.20 Operating Lease

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

Contingent rents are recognised as an expense in statement of comprehensive income when incurred.

3. Employee Benefits Expense

	2011 S\$	2010 S\$
Employee benefits expenses (including directors):		
Salaries	77,963	64,164
Directors' fee	4,000	4,000
CPF	9,611	10,800
	91,574	78,964

4. Profit/ (Loss) From Continuing Operations

This was derived after charging/(crediting): -

	2011 S\$	2010 S\$
Allowance for doubtful debts	-	23,236
Auditors' remuneration	3,900	2,500
Depreciation	64	58
Employee benefit expense (Note 3)	91,574	78,964
Exchange difference	(586,896)	(7,073)
Rental Expense	10,338	9,546



5. Plant and Equipment

	Computers S\$	Office Equipment S\$	Total S\$
Cost			
At 01 April 2009	4,428	203	4,631
Additions	111	-	111
At 31 March 2010 and 1 April 2010	4,539	203	4,742
Additions	-	-	-
At 31 March 2011	4,539	203	4,742
Accumulated Depreciation			
At 01 April 2009	4,428	192	4,620
Charge for the year	47	11	58
At 31 March 2010 and 1 April 2010	4,475	203	4,678
Charge for the year	64	-	64
At 31 March 2010	4,539	203	4,742
Net Book Value			
At 31 March 2010	64	-	64
At 31 March 2011	-	-	-
		2011 S\$	2010 S\$

6. Intangible Assets

At beginning of year	3,699,509	4,367,918
Amortisation charged to statement of comprehensive income	(704,668)	(704,668)
Capitalisation of borrowing costs	184,372	36,259
At end of year	3,179,213	3,699,509

Intangible assets are denominated in United State dollar (USD).

7. Inventories

Finished goods	89,481	65,695
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8. Trade Receivables

	2011 S\$	2010 S\$
Third parties	1,287,621	1,328,656
Less: Allowance for doubtful debts	(23,236)	(23,236)
GST refundable / (paid)	1,156	(1,899)
	1,265,541	1,303,521

Trade receivables are denominated in the following currencies:-

	2011 S\$	2010 S\$
United States Dollars (USD)	1,177,988	1,283,754
Singapore Dollars (SGD)	87,553	19,767
	1,265,541	1,303,521



The age analysis of trade receivables is as follows :-

Not past due	280	62,715
Past due		
1 - 30 days	34,936	79,174
31 - 60 days	-	2,254
> 60 days	1,230,325	1,159,378
	1,265,541	1,303,521

9. Other Receivables

Deposits	1,820	14,260
Prepayments	169,363	169,363
Others	250	20,484
	171,433	204,107

10. Cash and Cash Equivalents

	2011 S\$	2010 S\$
Cash at bank	11,498	55,334
Cash in hand	624	-
	12,122	55,334

The Company's cash and cash equivalents that are not denominated in its functional currency are as follows :

	2011 S\$	2010 S\$
United States dollar	8,690	26,893

11. Share Capital

Issued and fully paid up:-

165,692 ordinary shares at beginning of the financial year	165,692	165,692
165,692 ordinary shares at end of the financial year	165,692	165,692

Fully paid ordinary shares, which have no par value, carry one vote per share and carry a right to dividends as and when declared by the company. All shares rank equally with regard to the Company's residual assets.

Capital management

The Company reviews its capital structure at least annually to ensure that the Company will be able to continue as a going concern. The capital structure of the Company comprises only of issued capital and retained earnings. The Company's overall strategy remains unchanged from prior year. The Company is not subject to any externally imposed capital requirements.

12. Term Loan (Unsecured)

	2011 S\$	2010 S\$
Within 1 year	858,592	858,592
Between 2-5 years	2,070,921	2,410,139
	2,929,513	3,268,731



Term loan is denominated in United States dollars (USD).

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

	2011 S\$	2010 S\$
Third parties	228,746	182,137
Customer deposit	8,020	8,020
	236,766	190,157

Trade payables are denominated in the following currencies:-

United States Dollars (USD)	149,318	136,157
Singapore Dollars (SGD)	17,777	794
Euro	69,671	53,206
	236,766	190,157

14. Other Payables

Other payables	1,347	1,273
Accrued expenses	39,950	52,711
	41,297	53,984

15. Amount Due To/(From) Holding Company

Trade	(2,012,082)	(1,173,361)
Non Trade	3,885,215	3,194,243
	1,873,133	2,020,882

The non trade amounts above are unsecured, interest free and have no fixed term of repayment.

Amount due to /(from) holding company are denominated in the following currency:

United States dollar (USD)	1,855,239	2,017,784
Singapore dollar (SGD)	17,894	3,098
	1,873,133	2,020,882

16. Due to related Party

Trade	269,799	327,180
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Due to related party is denominated in United States dollar (USD).

17. 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.

	2011 S\$	2010 S\$
Sales to holding company	409,179	621,563
Purchases from holding company	35,762	552,013
Secretarial fees	2,600	2,300

18. Income Tax

i) Income tax expense

Current year's provision	74,403	-
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The income tax expense varied from the amount of income tax expense determined by applying the Singapore Income Tax rate of 17% to profit before tax as a result of the following differences:

	2011 S\$	2010 S\$
Loss before taxation	(120,235)	(725,619)
Exemption	(25,925)	-
Income tax expense at statutory rate	(20,440)	(123,355)
Non-taxable income	(38)	(461)
Non-deductible items	120,796	119,858
Temporary differences	10	3,958
	74,403	-

ii) Unutilised tax losses

The Company has tax loss carry forward available for offsetting against future taxable income as follows:

	2011 S\$	2010 S\$
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.

iii) Unutilised Capital allowances

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

	2011 S\$	2010 S\$
Amount at beginning of year	-	-
Amount in current year	-	111
Amount utilised in current year	-	-
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. Where provision for deferred tax arising from timing differences has been offset against the above tax loss carry forwards, such provision for deferred tax will be required to be set up when tax losses are unused in the future.

19. Significant Risk Management

The Company is exposed to financial risks arising from its operations. The Company's overall financial risk management policy seeks to minimise potential adverse effects on the financial performance of the Company. There has been no change to the company's exposure to these financial risks or the manner in which it manages and measures the risk.

Risk management is integral to the whole business of the Company. The Company has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Company's risk management process to ensure that an appropriate balance between the risk and control is achieved. The key financial risks are listed below :

19.1 Interest Rate Risk

As the company has no significant interest bearing assets and liabilities, the Company's income and operating cash flows are substantially independent of changes in market interest rates.

19.2 Credit Risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counter party default on its obligations.

The company had adopted a stringent procedure in extending credit terms to customers and monitoring its credit risk. Trade receivables are due within 30 days from date of billing. Normally, the Company does not obtain collaterals from customers.

The carrying amount of financial assets, consist primarily of trade receivables, other receivables and cash at banks recorded in the financial statements represents the Company's maximum exposure to credit risk. The Company's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure.

As at the end of the reporting period, the Company has no major concentration of credit risk.

Trade receivables that are neither past due nor impaired are mainly companies with good payment track record with the Company. Cash is placed with bank which is regulated.

Information relating to the age analysis of trade receivables past due but not impaired is given in Note 8.

19.3 Foreign Currency Risk

The Company transacts some business in United States dollars and Euro and therefore is exposed to foreign exchange risk. It is the Company's policy to conduct transactions in the functional currency of the Company where possible so as to minimise the Company's exposure to foreign currency risk.

There is no formal hedging policy with respect to the foreign exchange exposure. Exposure to exchange risk is monitored on an ongoing basis and the company endeavours to keep the net exposure at an acceptable level.



At the end of the reporting period, the carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the functional currencies are follows :

	Liabilities		Assets	
	2011 SGD	2010 SGD	2011 SGD	2010 SGD
United States dollars	5,203,869	5,749,852	4,365,891	5,010,156
Euro	69,671	53,206	438,338	438,338

The following table details the sensitivity to a 10% increase and decrease in the relevant foreign currencies against the functional currency of the Company. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates.

If the relevant foreign currency changes against the functional currency by 10% respectively with all other variables including tax rate being held constant, the effects arising from the net financial assets and liabilities on profit after income tax will be as follows:

	Profit or loss	
	2011 SGD	2010 SGD
United States dollars		
Strengthens against Singapore dollar	(83,798)	(73,970)
Weakens against Singapore dollar	83,798	73,970
Euro		
Strengthens against Singapore dollar	36,867	38,513
Weakens against Singapore dollar	(36,867)	(38,513)

19.4 Liquidity risk

Liquidity risk reflects the risk that the Company will have insufficient resources to meet its financial liabilities as fall due. In the management of liquidity risk, the Company monitors and maintains a level of bank balances deemed adequate by the management to finance the Company's operations and mitigate the effects of fluctuations in cash flows. There were no changes in the Company's liquidity risk management during the year.

Analysis of financial instruments by remaining contractual maturities

The following table analyses the maturity profile of the financial assets and financial liabilities of the Company based on contractual undiscounted cash flows.

	Less than 1 year	2011 1 to 5 years	Total	Less than 1 year	2010 1 to 5 years	Total
Financial assets :	SGD	SGD	SGD	SGD	SGD	SGD
Trade receivables	1,265,541	-	1,265,541	1,303,521	-	1,303,521
Other receivables	2,070	-	2,070	34,744	-	34,744
Cash and cash equivalents	12,122	-	12,122	55,334	-	55,334
Total undiscounted financial assets	1,279,733	-	1,279,733	1,393,599	-	1,393,599
	Less than 1 year	2011 1 to 5 years	Total	Less than 1 year	2010 1 to 5 years	Total
Financial Liabilities :	SGD	SGD	SGD	SGD	SGD	SGD
Trade Payables	236,766	-	236,766	190,157	-	190,157
Other Payables	41,297	-	41,297	53,984	-	53,984
Term loan	858,592	2,070,921	2,929,513	858,592	2,410,139	3,268,731
Amount due to holding company	1,873,133	-	1,873,133	2,020,882	-	2,020,882
Amount due to related party	296,799	-	296,799	327,180	-	327,180
Total undiscounted financial liabilities	3,306,587	2,070,921	5,377,508	3,450,795	2,410,139	5,860,934
Total net undiscounted financial assets/ (liabilities)	(2,026,854)	(2,070,921)	(4,097,775)	(2,057,196)	(2,410,139)	(4,467,335)

19.5 Fair value of financial assets and financial liabilities

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

20. Authorisation of Financial Statements

The financial statements were authorised for issue in accordance with a resolution of the directors.



TILAK AUTOTECH PRIVATE LIMITED

FINANCIAL STATEMENTS

2010 - 2011



DIRECTORS' REPORT

To the shareholders,

The Board is pleased to place before you the Annual Report of your Company upon conclusion of another year of operations. The financial highlights are summarized below :

FINANCIAL HIGHLIGHTS :

Rs.

Particulars	2010 - 2011	2009-2010
Income	133,20,586	157,84,399
Total	133,20,586	157,84,399
Total expenditure including depreciation and interest	146,76,164	174,89,484
Loss	(13,55,578)	(17,05,085)
Balance b / f	(159,11,938)	(142,25,238)
Balance c/f	(172,56,541)	(159,11,938)

Your Company has not earned any operating surplus during the year and no transfer to reserves or dividend is possible.

PARTICULARS OF EMPLOYEES :

There was no employee who had drawn remuneration in excess of the limits prescribed under the provisions of Section 217 (2A) of the Companies Act, 1956 read with Companies (disclosures of particulars of employees) rules as amended, during the year under report.

DIRECTORS :

There is no change in the constitution of the Board.

FOREIGN EXCHANGE EARNINGS / OUT GO :

The Company does not have any foreign transactions.

DIRECTORS' RESPONSIBILITY STATEMENT :

As required under provisions of section 217 (2AA) of the Companies Act, 1956, your directors confirm that:

1. in preparation of the Annual Accounts, the applicable accounting standards have been duly followed.
2. the directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and are 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 profit of the Company for that period.
3. the directors had 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 preventing and detecting fraud and other irregularities.
4. the directors had prepared the annual accounts on a going concern basis.

TECHNOLOGY ABSORPTION, ENERGY CONSERVATION ETC :

The provisions of this clause are not applicable to the Company.

ACKNOWLEDGMENT :

Your directors thank all personnel involved in the operations of the Company.

Place : Bangalore
Date : September 07, 2011

For and on behalf of the Board of Directors

Asif Khader
Director



AUDITORS' REPORT

To
The Members of
TILAK AUTOTECH PVT. LTD., PUNE

We have audited the attached Balance Sheet of Tilak Autotech Private Limited, Bangalore as at 31st March 2011, 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.

1. 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.
2. 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 not applicable.
3. Further 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 2011 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2011 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 2011;
 - (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

Place : Bangalore
Date : September 07, 2011

Balakrishna S Bhat
Partner
Membership No.202976



BALANCE SHEET

AS AT MARCH 31, 2011

(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) Unsecured loans	2	19,529,938	22,130,834
3. Deferred Tax Liability		20,181	31,156
TOTAL		19,650,119	22,261,990
II. APPLICATION OF FUNDS			
1. Fixed Assets	3		
(a) Gross block		1,064,398	1,037,065
(b) Less : Accumulated Depreciation		842,484	765,408
(c) Net Block		221,914	271,657
2. Current Assets, Loans and Advances			
(a) Inventory	4	-	5,330,150
(b) Debtors	5	181,058	4,025,935
(c) Cash and Bank Balances	6	802,302	2,288,686
(d) Loans and advances	7	1,357,091	677,322
TOTAL		2,340,451	12,322,093
Less:			
3. Current Liabilities and Provisions	8		
(a) Current Liabilities		168,787	6,243,698
TOTAL		168,787	6,243,698
NET CURRENT ASSETS		2,171,664	6,078,395
MISCELLANIOUS EXPENDITURE (To the extent not written off or adjusted)			
PROFIT & LOSS A/C	9	17,256,541	15,911,938
TOTAL		19,650,119	22,261,990
Significant Accounting Policies and Notes to Accounts	15		

Schedule Nos 1 to 9 and 15 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

Place : Bangalore

Date : September 07, 2011

Balakrishna S. Bhat

Partner

Membership No.202976

Asif Khader

Director

Mueed Khader

Director



PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED MARCH 31, 2011

(In Rupees)

PARTICULARS	Sch. No.	Current Year	Previous Year
INCOME			
Sales	10	13,232,852	15,619,292
Other Income	11	87,734	165,107
TOTAL		13,320,586	15,784,399
EXPENDITURE			
Cost of goods sold	12	7,350,721	8,024,736
Personnel Expenses	13	6,042,936	3,459,963
Administration Expenses	14	1,205,431	5,912,018
Depreciation		77,076	92,768
TOTAL		14,676,164	17,489,484
Net Profit/(Loss) before Taxation		(1,355,578)	(1,705,085)
Less: Provision for Deferred Tax Liability		(10,975)	(18,386)
Profit/(Loss) after taxation		(1,344,603)	(1,686,699)
Balance Profit/(Loss) brought forward from last year		(15,911,938)	(14,225,238)
Balance carried to Balance Sheet		(17,256,541)	(15,911,938)
Earning per share		(1,345)	(1,687)
Significant Accounting Policies and Notes to Accounts	15		

Schedule Nos 10 to 14 and 15 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

Place : Pune

Date : September 07, 2011

Balakrishna S. Bhat
 Partner
 Membership No.202976

Asif Khader
 Director

Mueed Khader
 Director



SCHEDULES FORMING PART OF BALANCE SHEET

AS AT MARCH 31, 2011

(In Rupees)

PARTICULARS	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	19,529,938	22,130,834
TOTAL	19,529,938	22,130,834
CURRENT ASSETS, LOANS & ADVANCES		
Schedule 4 : Inventory		
Valuation of work completed & closing stock	-	5,330,150
Schedule 5 : Debtors (Unsecured , considered good)		
Debts outstanding for a period exceeding six months	63,075	149,008
Others	117,983	3,876,927
TOTAL	181,058	4,025,935
Schedule 6 : Cash and Bank Balances		
Balance with Scheduled Banks		
In Current account -Bank of India	180,172	191,991
In Deposit account	620,000	2,089,238
Cash in Hand	2,130	7,457
TOTAL	802,302	2,288,686
Schedule 7 : Loans and Advances		
Advances recoverable in cash or kind or value to be received	1,357,091	677,322
TOTAL	1,357,091	677,322
Total current assets and loans & advances	2,340,451	12,322,093
LESS : Current Liabilities & Provisions		



SCHEDULE TO BALANCE SHEET AS AT MARCH 31, 2011

Schedule 3 : Fixed Assets

(In Rupees)

BLOCK PARTICULARS	GROSS BLOCK			DEPRECIATION			NET	
	As on 01.04.2010	Additions/ (Deletions)	As on 01-04-2010	As on 01.04.2010	For the Year	As on 31-3-2011	As on 31-3-2011	As on 31-3-2010
Computer software	285,261	22,000	307,261	246,057	34,802	280,859	26,402	39,204
Computers	483,053	5,333	488,386	444,522	29,164	473,686	14,700	38,531
Plant & Machinery	149,309	-	149,309	14,528	6,018	20,546	128,763	134,781
Furniture & Fixtures	119,442	-	119,442	60,301	7,092	67,393	52,049	59,141
TOTAL	1,037,065	27,333	1,064,398	765,408	77,076	842,484	221,914	271,657
PREVIOUS YEAR	1,033,390	3,675	1,037,065	672,640	92,768	765,408	271,657	360,750



(In Rupees)

PARTICULARS	Current Year	Previous Year
Schedule 8:		
Current Liabilities :		
Sundry Creditors for Purchases	2,000	4,100,588
Advance from Debtors	-	1,320,000
Duties and Taxes	9,691	521,535
Statutory Liabilities	109,777	173,582
Outstanding liabilities (Refer Balance Sheet Sub-Schedule 1)	47,319	127,992
TOTAL	168,787	6,243,698
Total Current Liabilities & Provisions	168,787	6,243,698
NET CURRENT ASSETS	2,171,664	6,078,395
Schedule 9 :		
A. Profit & Loss Account		
Opening Balance	(15,911,938)	(14,225,238)
Profit/ (Loss) for the year	(1,344,603)	(1,686,699)
Profit and loss account to be Carried Forward	(17,256,541)	(15,911,938)



SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED MARCH 31, 2011

(In Rupees)

PARTICULARS	Current Year	Previous Year
Schedule 10 : Sales		
Domestic Sales	13,232,852	15,619,292
TOTAL	13,232,852	15,619,292
Schedule 11 : Other Income		
Bank Interest	1,455	-
Exchange Fluctuation Gain On Imports	-	87,534
Interest On Fixed Deposit	18,050	77,573
Dues are not paid Treated as income	68,228	-
TOTAL	87,734	165,107
Schedule 12 : Cost of Goods Sold		
Opening Work In Progress	5,330,150	4,547,521
Add : Purchases	2,020,571	8,807,365
Less Closing Work In Progress	-	5,330,150
TOTAL	7,350,721	8,024,736
Schedule 13 : Pers Personnel Expenses		
Salary, Allowances, Incentives Etc.	3,417,900	40,940
Staff Welfare	29,712	35,562
Manpower Cost	2,595,324	3,383,461
TOTAL	6,042,936	3,459,963
Schedule 14 : Administrative Expenses		
Commission & Brokarages	-	49,900
Auditor Remuneration	45,000	45,000
Professional Fees	121,500	2,063,500
Repairs & Maintenance	-	48,612
Rates & Taxes	1,950	-
Office Expenses	3,627	22,140
Lodging & Boarding Expenses	4,535	25,479
Bad Debts Written Off	5,515	540,000
Old Balance Write Off	-	1,953
Water & Electricity Expenses	33,526	180,188
Postage, Internet, Courier & Mobile And Telephone Exp.	63,134	135,072
Travelling & Conveyance	33,110	144,211
Office Rent	372,000	1,862,400
Furniture Rent	45,319	-
House Keeping Expenses	92,846	97,514
Office Maintenance Charges	-	106,837
Security Charges	30,396	173,451
Clearing Charge	1,200	-
Miscellaneous Expenses	3,627	-
Property Tax (Pune Municipal)	20,862	-
Repairs & Maintenance Others	5,728	-
Society Charges - Baner	36,000	-
Computer Consumble	333	-
General Expenses	285,222	415,761
TOTAL	1,205,431	5,912,018



SCHEDULE No. 15

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS.

15.1 SIGNIFICANT ACCOUNTING POLICIES**15.1.1 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

15.1.2 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.

15.1.3 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.

15.1.4 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.

15.1.5 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.

15.1.6 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.

15.1.7 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.



15.1.8 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.

15.1.9 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

15.1.10 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.

15.1.11 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.

15.1.12 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.



15.1.13 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.

15.1.14 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.

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 :

Particulars	(Amount in Rupees)	
	Year ended March 31, 2011	Year ended March 31, 2010
Directors' Remuneration	Nil	Nil

15.2.3 Activities in foreign currency

Particulars	(Amount in Rupees)	
	Year ended March 31, 2011	Year ended March 31, 2010
Earnings in Foreign Currency - FOB value of exports	-	-
Expenditure incurred in Foreign Currency	-	1,262,752

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, 2011 and March 31, 2010, 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, 2011 and March 31, 2010, 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.

15.2.6 Investments

The Company has not made any investments.

15.2.7 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.

15.2.8 Details of Auditors remuneration

Particulars	(Amount in Rupees)	
	Year ended March 31, 2011	Year ended March 31, 2010
Statutory Audit fees	45,000	25,000
Others	-	13,000
Total	45,000	38,000

15.2.9 Earning per Shares

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

Particulars	Year ended March 31, 2011	Year ended March 31, 2010
Profit after tax (Rs.)	(1,344,603)	(1,686,699)
Number of Equity Shares	1,000	1,000
EPS - Basic and Diluted (Rs.)	(1345)	(1687)
Nominal Value per share (Rs.)	100	100

15.2.10 Related Party Disclosures as ascertained by the Management

Year ended March 31, 2011

(Amount in Rupees)

Particulars	Holding Company	Key Management Personnel	Other Relatives	Total Related Parties
Loans/advances taken	19,529,938	NIL	NIL	19,529,938
Loans/advances given	NIL	NIL	NIL	NIL
Directors Remuneration	NIL	NIL	NIL	NIL
Balance as on 31.03.11 payable	19,529,938	NIL	NIL	19,529,938
Balance as on 31.03.11 receivable	NIL	NIL	NIL	NIL



Year ended March 31, 2010

(Amount in Rupees)

Particulars	Holding Company	Key Management Personnel	Other Relatives	Total Related Parties
Loans/advances taken	22,130,834	NIL	NIL	22,130,834
Loans/advances given	NIL	NIL	NIL	NIL
Directors Remuneration	NIL	NIL	NIL	NIL
Balance as on 31.03.10 payable	22,130,834	NIL	NIL	22,130,834
Balance as on 31.03.10 receivable	NIL	NIL	NIL	NIL

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	Nil

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.

15.2.11 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.

15.2.12 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

Place : Bangalore

Date : September 07, 2011

Balakrishna S Bhat

Partner

Membership No.202976

Asif Khader

Director

Mueed Khader

Director



BALANCE SHEET ABSTRACT & COMPANY'S GENERAL BUSINESS PROFILE

I Registration Details

Registration No.	11-81427	State Code	11
Balance Sheet Date	310311		

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	19650	Total Assets	19650
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IV Sources of funds

Paid Up Capital	100	Reserves & Surplus	NIL
Secured Loans	NIL	Unsecured Loans	19530
Deferred tax liability	20		

V Application of funds

Net Fixed Assets	222	Investments	NIL
Net Current Assets	2172	Deferred tax Assets	NIL
Accumulated losses	17257	Including capital work in progress	

VI Performance of Company (Amount in Rs. Thousands)

Turnover	13321	Total Expenditure	14676
Profit / Loss before Tax	-1356	Profit / (Loss) after Tax	-1345
Earnings per share in Rs.	NIL	Dividend Rate (%)	0%
Basic	-1345	Diluted	-1345

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

Item Code no. (ITC code)

Product description Development of Software for Automobile System

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

For and on behalf of the Board

Place : Bangalore

Date : September 07, 2011

Balakrishna S Bhat

Partner

Membership No.202976

Asif Khader

Director

Mueed Khader

Director

**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2011**

(In Rupees)

PARTICULARS	2010-2011 (Rs.)	2009-2010 (Rs.)
Cash flows from operating activities		
Net profit before taxation	(1,355,578)	(1,705,085)
Adjustments for:		
Profit / Loss on sale of Investments / assets		
Foreign Exchange Gain	-	(87,534)
Depreciation and amortization	77,076	92,768
Preliminary expenses	-	-
Dividend / interest income (Net)	(18,050)	(77,573)
Interest expense on borrowings	-	25
Operating profit before working capital changes	(1,296,552)	(1,777,399)
Adjustments for working capital		
Inventory	5,330,150	(782,629)
Debtors	3,844,877	(2,399,997)
Loans and advances	(679,770)	112,997
Other current assets	-	87,534
Current liabilities	(6,074,911)	3,156,613
Cash generated from operations	1,123,795	(1,602,882)
Adjustments		
Direct Taxes paid		-
Net cash from Operating Activities	1,123,795	(1,602,882)
Cash flows from investing activities		
Purchase of Investments		
Proceeds from sale of Investments		
Interest received	18,050	77,573
Proceeds from sale of Fixed assets		
Purchase of fixed assets (including advances)	(27,333)	(3,675)
Net cash from Investing Activities	(9,283)	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	(2,600,896)	2,315,161
Net cash from Financing Activities	(2,600,896)	2,315,136
Net increase/(decrease) in Cash and Cash Equivalents	(1,486,384)	786,152
Opening cash and cash equivalents	2,288,686	1,502,534
Closing cash and cash equivalents	802,302	2,288,686

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

For and on behalf of the Board

Place : Bangalore

Balakrishna S Bhat

Asif Khader

Mueed Khader

Date : September 07, 2011

Partner

Director

Director

Membership No.202976



PROLAND SOFTWARE PRIVATE LIMITED

FINANCIAL STATEMENTS

2010-2011



DIRECTORS' REPORT

To the shareholders,

The Board is pleased to place before you the Annual Report of your Company upon conclusion of another year of operations. The financial highlights are summarized below :

FINANCIAL HIGHLIGHTS :

Rs.

Particulars	2010 - 2011	2009-2010
Income	27,47,110	42,24,706
Total	27,47,110	42,24,706
Total expenditure including depreciation and interest	47,90,614	65,99,959
Loss	(19,81,581)	(23,75,254)
Balance b / f	(1,520,942)	700,852
Balance c/f	(19,81,581)	(1,520,942)

Your Company has not earned any operating surplus during the year and no transfer to reserves or dividend is possible.

PARTICULARS OF EMPLOYEES :

There was no employee who had drawn remuneration in excess of the limits prescribed under the provisions of Section 217 (2A) of the Companies Act, 1956 read with Companies (disclosures of particulars of employees) rules as amended, during the year under report.

DIRECTORS :

There is no change in the constitution of the Board.

FOREIGN EXCHANGE EARNINGS / OUT GO :

The Company has earned Rs. 23,69,805/- in foreign exchange.

DIRECTORS' RESPONSIBILITY STATEMENT :

As required under provisions of section 217 (2AA) of the Companies Act, 1956, your directors confirm that:

1. in preparation of the Annual Accounts, the applicable accounting standards have been duly followed.
2. the directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and are 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 profit of the Company for that period.
3. the directors had 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 preventing and detecting fraud and other irregularities.
4. the directors had prepared the annual accounts on a going concern basis.

TECHNOLOGY ABSORPTION, ENERGY CONSERVATION ETC :

The provisions of this clause are not applicable to the Company.

ACKNOWLEDGMENT :

Your directors thank all personnel involved in the operations of the Company.

Place : Bangalore
Date : September 07, 2011

For and on behalf of the Board of Directors

Asif Khader
Director



AUDITORS' REPORT

To
The Members of
PROLAND SOFTWARE PRIVATE LIMITED, India

We have audited the attached Balance Sheet of Proland Software Private Limited, Bangalore as at 31st March 2011, 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.

1. 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.
2. 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 not applicable.
3. Further 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 2011 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2011 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 2011;
 - (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

Place : Bangalore
Date : September 07, 2011

**BALANCE SHEET**

AS AT MARCH 31, 2011

(In Rupees)

PARTICULARS	Sch. No.	Current Year	Previous Year
I. SOURCES OF FUNDS			
1. Shareholder's Funds			
(a) Share Capital	1	484,000	484,000
2. Loan Funds			
(a) Unsecured Loans	2	7,009,461	16,318,942
3. Deferred Tax Liability		188,000	249,923
TOTAL		7,681,461	17,052,865
II. APPLICATION OF FUNDS			
1. Fixed Assets	3		
(a) Gross Block		12,336,527	12,336,528
(b) Less: Accumulated Depreciation		10,598,550	10,289,598
(c) Net Block		1,737,977	2,046,930
2. Current Assets, Loans & Advances			
(a) Sundry Debtors	4	130,000	386,340
(b) Cash & Bank Balance	5	80,010	14,763
(c) Loans & Advances	6	6,805,908	17,292,160
TOTAL		7,015,918	17,693,263
Less:			
3. Current Liabilities & Provisions	7		
(a) Liabilities		3,123,142	2,895,576
(b) Provisions		1,451,816	1,312,695
TOTAL		4,574,957	4,208,271
NET CURRENT ASSETS		2,440,960	13,484,992
MISCELLANEOUS EXPENDITURE			
(To the extent not written off or adjusted)		-	-
Profit and Loss Account		1,520,942	(700,852)
(a) Opening Balance		1,981,582	2,221,794
(b) Loss for the year		3,502,524	1,520,942
TOTAL		7,681,461	17,052,864
Significant Accounting Policies and Notes to Accounts	13		

Schedule Nos. 1 to 7 and 13 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

Place : Bangalore
Date : September 07, 2011

Balakrishna S. Bhat
Partner
Membership No. 202976

Asif Khader
Director

Mueed Khader
Director



PROFIT & LOSS ACCOUNT

FOR YEAR ENDED MARCH 31, 2011

(In Rupees)

PARTICULARS	Sch. No.	Current Year	Previous Year
I. INCOME			
Sales	8	2,738,179	4,215,689
Other Income	9	8,931	9,017
TOTAL (I)		2,747,110	4,224,706
II. EXPENDITURE			
Software Development Expenses	10	3,915,262	4,419,876
Administrative Expenses	11	522,110	1,730,149
Financial Charges	12	44,289	140,981
Depreciation		308,953	308,953
TOTAL (II)		4,790,614	6,599,959
Profit (Loss) for the period (I)-(II)		(2,043,504)	(2,375,253)
Less : Provision for			
(i) Income Tax		-	-
(ii) Deferred Tax		61,923	153,459
Net Profit(Loss)		(1,981,581)	(2,221,794)
Balance transferred - Balance Sheet		(1,981,581)	(2,221,794)
Equity Shares (No.)		4,840	4,840
Earning Per Share - Basic		(409)	(459)
Significant Accounting Policies and Notes to Accounts 13			

Schedule Nos. 8 to 12 and 13 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

Place : Bangalore
 Date : September 07, 2011

Balakrishna S. Bhat
 Partner
 Membership No. 202976

Asif Khader
 Director

Mueed Khader
 Director



SCHEDULES FORMING PART OF BALANCE SHEET

AS AT MARCH 31, 2011

(In Rupees)

PARTICULARS	Current Year	Previous Year
Schedule - 1: Share Capital		
Authorized:		
5000 Equity Shares of Rs.100/- each	500,000	500,000
(Previous year 5000 equity shares of Rs.100/- each)		
Issued, Subscribed & Paid up:		
4840 Equity Shares of Rs.100/- each fully paid-up	484,000	484,000
(Previous year 4840 equity shares of Rs.100/-)		
TOTAL	484,000	484,000
Schedule - 2: Unsecured Loans:		
From others	7,009,461	16,318,942
TOTAL	7,009,461	16,318,942
Schedule - 4: Sundry Debtors :		
(Unsecured - Considered Good)		
(i) Outstanding for a period exceeding 6 Months	-	130,000
(ii) Others	130,000	256,340
TOTAL	130,000	386,340
Schedule - 5: Cash and Bank Balances :		
(a) Balances with Scheduled Banks		
(i) EEFC A/c Accounts	-	-
(i) Current Accounts	80,010	4,763
Bank Gurantee	-	10,000
TOTAL	80,010	14,763
Schedule - 6: Loans and Advances :		
(Unsecured and considered Good)		
(a) Advances receivable in cash or kind or for value to be received	680,5908	17,282,160
(b) Deposits	-	10,000
TOTAL	6,805,908	17,292,160
Schedule - 7: Current Liabilities & Provisions :		
Current Liabilities:		
Sundry Creditors for goods, services and expenses		
Due to Others	9,700	2,812,514
Taxes payable	3,113,442	83,062
TOTAL	3,123,142	2,895,576
Provisions		
Income Tax	10,944	10,944
Leave Encashment	25,000	56,721
Gratuity	50,000	119,047
Other expenses	1,365,872	1,125,983
TOTAL	1,451,816	1,312,695



SCHEDULE TO BALANCE SHEET AS AT MARCH 31, 2011.

Schedule - 3 Fixed Assets

(In Rupees)

PARTICULARS	GROSS BLOCK			DEPRECIATION				NET BLOCK	
	Cost of Assets As on 01.04.2010	Additions/ (Deletions)	Total As on 31.03.2011	Rate %	Upto 01.04.2010	For the year	Total 31.03.2011	As on 31.03.2011	As on 31.03.2010
Computers & Peripherals	8,124,521	-	8,124,521	16.21%	8,124,521	-	8,124,521	-	-
Furniture & Fixtures	1,112,714	-	1,112,714	6.33%	673,171	70,435	743,606	369,108	439,543
Office Equipments	421,233	-	421,233	4.75%	197,447	20,009	217,456	203,777	223,786
Vehicles	1,922,149	-	1,922,149	9.50%	1,096,053	182,604	1,278,657	643,492	826,096
Electrification	117,910	-	117,910	4.75%	61,609	5,601	67,210	50,700	56,301
Network/webhost	638,000	-	638,000	4.75%	136,796	30,305	167,101	470,899	501,204
TOTAL	12,336,527	-	12,336,527		10,289,597	308,953	10,598,550	1,737,977	2,046,930
Previous year	12,336,528	-	12,336,528		9,980,645	308,953	10,289,598	2,046,930	2,355,882



SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED MARCH 31, 2011

(In Rupees)

PARTICULARS	Current Year	Previous Year
Schedule - 8		
Sales		
Exports	2,369,805	4,014,674
Domestic	368,374	201,015
TOTAL	2,738,179	4,215,689
Schedule - 9		
Mis. Income	4150	9,017
Interest Received	4781	-
TOTAL	8,931	9,017
Schedule - 10		
Software Development Expenses		
Salaries, Allowances & Incentives	2,186,920	3,872,879
Internet Lease Line Charges	65,990	18,938
Web Hosting Server Charges	1,662,352	528,059
Computer consumables	-	-
TOTAL	3,915,262	4,419,876
Schedule - 11		
Administrative Expenses		
Audit fees	38,605	38,605
Bad debts	-	750
Office Maintenance	(1)	-
Rates & Taxes	1,950	2,668
Registration & Renewal (P.T)	2,500	-
Legal & Professional Fees	44,000	-
Insurance	10,000	2,486
Consultancy Charges	5,000	10,170
Telephone Charges	(13,242)	11,597
Foreign Exchange Fluctuation	42,336	73629
Travelling & Conveyance	2,467	-
Membership fees	378,495	38894
Advertisement Charges	10,000	-
Rent Deposit Written off	-	1,551,350
TOTAL	522,110	1730149
Schedule - 12		
Financial Expenses		
Bank Charges	44,289	140,981
TOTAL	44,289	140,981

**SCHEDULE - 13****SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS.****13.1 SIGNIFICANT ACCOUNTING POLICIES****13.1.1 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

13.1.2 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.

13.1.3 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.

13.1.4 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.

13.1.5 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.

13.1.6 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.

13.1.7 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.

13.1.8 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.

13.1.9 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

13.1.10 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.

13.1.11 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.

13.1.12 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.



13.1.13 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.

13.1.14 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.

13.2 NOTES ON ACCOUNTS

- 13.2.1 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, 2011	Year ended March 31, 2010
Closing Deferred Tax Asset \ (Liability)	(188,000)	(249,923)

13.2.2 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, 2011	Year ended March 31, 2010
Directors' Remuneration	Nil	Nil

13.2.3. Activities in foreign currency

Particulars	(Amount in Rupees)	
	Year ended March 31, 2011	Year ended March 31, 2010
Earnings in Foreign Currency - FOB value of exports	2,369,805	4,014,674
Expenditure incurred in Foreign Currency	2,040,847	528,059

13.2.4 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.



13.2.5 Dues to Small-scale industrial undertakings

- i. As at March 31, 2011 and March 31, 2010, 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, 2011 and March 31, 2010, 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.

13.2.6 Investments

The Company has not made any investments.

13.2.7 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.

13.2.8. Details of Auditors remuneration

(Amount in Rupees)

Particulars	Year ended March 31, 2011	Year ended March 31, 2010
Statutory Audit fees	38,605	38,605
Total	38,605	38,605

13.2.9 Earning per Shares

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

Particulars	Year ended March 31, 2011	Year ended March 31, 2010
Profit after tax (Rs.)	(1,981,581)	(2,221,795)
Number of Equity Shares	4,840	4,840
EPS - Basic and Diluted (Rs.)	(409)	(459)
Nominal Value per share (Rs.)	100	100

13.2.10. Related Party Disclosures as ascertained by the Management

Year ended March 31, 2011

(Amount in Rupees)

Particulars	Holding Company	Key Management Personnel	Other Relatives	Total Related Parties
Loans/advances taken	7,009,461	NIL	2,525,912	9,533,373
Loans/Advances given	NIL	NIL	594,453	594,453
Directors Remuneration	NIL	NIL	NIL	NIL
Balance as on 31.03.11 payable	7,009,461	NIL	2,525,912	9,533,373
Balance as on 31.03.11 receivable	NIL	NIL	594,453	594,453



Year ended March 31, 2010

(Amount in Rupees)

Particulars	Holding Company	Key Management Personnel	Other Relatives	Total Related Parties
Loans/advances taken	7,768,942	NIL	NIL	7,768,942
Loans/Advances given	NIL	NIL	594,453	594,453
Directors Remuneration	NIL	NIL	NIL	NIL
Balance as on 31.03.10 payable	7,768,942	NIL	NIL	7,768,942
Balance as on 31.03.10 receivable	NIL	NIL	594,453	594,453

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

Holding Company	Cranes Software International Limited
Subsidiaries	(1) Caravel Info Systems Pvt Ltd (2) Esqube Communication Solutions Pvt Ltd (3) Systat Software Asia Pacific Ltd
Key Management Personnel	Mr. Asif Khader Mr. 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 end and no amount has been written off/written back during the year in respect of debts due from/to them.

13.2.11 Segment Reporting

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

13.2.12 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

Place : Bangalore
Date : September 07, 2011

Balakrishna S. Bhat
Partner
Membership 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	310311		

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	7681	Total Assets	7681
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IV Sources of funds

Paid Up Capital	484	Reserves & Surplus	NIL
Secured Loans	NIL	Unsecured Loans	7009
Deferred tax liability	188		

V Application of funds

Net Fixed Assets	1738	Investments	NIL
Net Current Assets	2441	Deferred tax Assets	NIL

VI Performance of Company (Amount in Rs. Thousands)

Turnover	2747	Total Expenditure	4791
Profit before Tax	-2044	Profit after Tax	-1982
Earnings per share in Rs.	-409	Dividend Rate (%)	0%

VII Generic name of principal products/service of the Company

Item Code no. (ITC code)	8524490
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

Place : Bangalore
Date : September 07, 2011

Balakrishna S. Bhat
Partner
Membership No. 202976

Asif Khader
Director

Mueed Khader
Director



STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2011

(In Rupees)

PARTICULARS	Current Year	Previous year
Cash flows from operating activities		
Net profit before taxation	(2,043,504)	(2,375,254)
Adjustments for:		
Prior period adjustment	-	-
Exchange fluctuation difference	-	-
Depreciation and amortization	308,953	308,953
Interest expense on borrowings		-
Operating profit before working capital changes	(1,734,551)	(2,066,301)
Adjustments for working capital		
Debtors	256,340	189,965
Loans and advances	10,486,252	(2,370,157)
Current liabilities	366,687	586,152
Cash generated from operations	9,374,728	(3,660,341)
Adjustments		
Direct Taxes paid	-	-
Net cash from Operating Activities	9,374,728	(3,660,341)
Cash flows from investing activities		
Net cash from Investing Activities	-	-
Cash flows from financing activities		
UnSecured Loans / Borrowings	(9,309,481)	3,517,187
Net cash from Financing Activities	(9,309,481)	3,517,187
Net increase/(decrease) in Cash and Cash Equivalents	65,247	(143,154)
Opening cash and cash equivalents	14,763	157,916
Exchange fluctuation difference	-	-
Closing cash and cash equivalents	80,010	14,763

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

For and on behalf of the Board

Place : Bangalore
Date : September 07, 2011

Balakrishna S. Bhat
Partner
Membership No. 202976

Asif Khader
Director

Mueed Khader
Director





CARAVEL INFO SYSTEMS PRIVATE LIMITED

FINANCIAL STATEMENTS

2010 - 2011



DIRECTORS' REPORT

To the shareholders,

The Board is pleased to place before you the Annual Report of your Company upon conclusion of another year of operations. The financial highlights are summarized below :

FINANCIAL HIGHLIGHTS :

Rs.

Particulars	2010 - 2011	2009-2010
Income	19,209,839	179,02,980
Total	19,209,839	179,02,980
Total expenditure including depreciation and interest	225,74,260	250,84,882
Loss	(33,64,421)	(71,81,902)
Balance b / f	(7,195,785)	2,36,116
Balance c/f	(108,72,506)	(71,95,785)

Your Company has not earned any operating surplus during the year and no transfer to reserves or dividend is possible.

PARTICULARS OF EMPLOYEES :

There was no employee who had drawn remuneration in excess of the limits prescribed under the provisions of Section 217 (2A) of the Companies Act, 1956 read with Companies (disclosures of particulars of employees) rules as amended, during the year under report.

DIRECTORS :

There is no change in the constitution of the Board.

FOREIGN EXCHANGE EARNINGS / OUT GO :

The Company has earned Rs. 57,73,687/- in foreign exchange.

DIRECTORS' RESPONSIBILITY STATEMENT :

As required under provisions of section 217 (2AA) of the Companies Act, 1956, your directors confirm that:

1. in preparation of the Annual Accounts, the applicable accounting standards have been duly followed.
2. the directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and are 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 profit of the Company for that period.
3. the directors had 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 preventing and detecting fraud and other irregularities.
4. the directors had prepared the annual accounts on a going concern basis.

TECHNOLOGY ABSORPTION, ENERGY CONSERVATION ETC :

The provisions of this clause are not applicable to the Company.

ACKNOWLEDGMENT :

Your directors thank all personnel involved in the operations of the Company.

Place : Bangalore
Date : September 07, 2011

For and on behalf of the Board of Directors

Asif Khader
Director



AUDITORS' REPORT

To
The Members of
Caravel Info Systems Private Limited

1. We have audited the attached Balance Sheet of **Caravel Info Systems Private Limited**, Bangalore as at 31st March 2011, 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 not applicable
4. Further to the 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 2011 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2011 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 2011;
 - (b) in the case of the Profit and Loss Account, of the profit 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

Place : Bangalore
Date : September 07, 2011



BALANCE SHEET

AS AT MARCH 31, 2011

(In Rupees)

Particulars	Sch No.	Current year	Previous year
I. SOURCES OF FUNDS:			
1. Shareholder's Funds			
(a) Share Capital	1	1,200,000	1,200,000
2. Loan Funds			
(a) Secured Loans	2	190,014	239,454
(b) Unsecured Loans	3	8,511,129	9,873,351
TOTAL		9,901,143	11312805
II. APPLICATION OF FUNDS:			
1. Fixed Assets			
(a) Gross Block	4	10,003,830	10,003,830
(b) Less: Depreciation		8,000,709	7,218,522
(c) Net Block		2,003,121	2,785,308
2. Investments	5	-	5,500
3. Deferred Tax Asset		221,000	245,000
4. Current Assets, Loans and Advances			
(a) Sundry Debtors	6	3,033,031	10,570,659
(b) Cash and Bank Balances	7	4,088,358	2,660,383
(c) Loans and Advances	8	2,269,337	2,194,340
TOTAL		9,390,727	15,425,382
Less:			
5. Current Liabilities & Provisions:			
(a) Current Liabilities	9	9,363,062	12,204,579
(b) Provisions		3,223,148	2,139,591
TOTAL		12,586,210	14,344,170
Net Current Assets		(3,195,484)	1,081,212
MISCELLANEOUS EXPENDITURE			
(To the extent not written off or adjusted)		-	-
Profit and Loss Account		10,872,506	7,195,785
TOTAL		9,901,143	11,312,805
Significant Accounting Policies and Notes to Accounts	15		

Schedule Nos 1 to 9 and 15 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

Place : Bangalore
 Date : September 07, 2011

Balakrishna S. Bhat
 Partner
 Membership No. 202976

Asif Khader
 Director

Mueed Khader
 Director



PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED MARCH 31, 2011

(In Rupees)

Particulars	Sch No.	Current year	Previous year
INCOME			
Sales	10	19,117,970	17,737,156
Other Income	11	91,869	165,824
TOTAL		19,209,839	17,902,980
EXPENDITURE			
Cost of Goods Sold	12	7,519,353	7,762,230
Personnel Expenses	13	10,865,673	15,359,467
Administrative Expenses	14	3,407,047	776,606
Depreciation		782,187	1,186,579
TOTAL		22,574,260	25,084,882
Profit/(Loss) Before Tax		(3,364,421)	(7,181,902)
Less: Provision for			
(i) Income Tax		-	-
(ii) Deferred tax		(24,000)	136,000
Profit/(loss) after tax		(3,388,421)	(7,317,902)
Less Prior period expenses		288,300	113,998
TOTAL		(3,676,721)	(7,431,900)
Add : Balance in the Profit and Loss Account Carried forward		(7,195,785)	236,115
Total Profit Carried to Balance Sheet		(10,872,506)	(7,195,785)
Number of Equity Shares		120,000	120,000
Earnings per share (Rs.)		(30.64)	(60.98)
Significant Accounting Policies and Notes to Accounts	15		

Schedule Nos 10 to 14 and 15 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

Place : Bangalore
 Date : September 07, 2011

Balakrishna S. Bhat
 Partner
 Membership No. 202976

Asif Khader
 Director

Mueed Khader
 Director



SCHEDULES FORMING PART OF BALANCE SHEET

AS AT MARCH 31, 2011

(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		
Secured Loan		
Kotak Mahindra Prime Ltd (Secured Against Vehicle)	190,014	239,454
TOTAL	190,014	239,454
Schedule - 3		
Unsecured Loan		
Cranes Software International Limited	8,090,479	9,452,701
Proland software Private Limited	420,650	420,650
TOTAL	8,511,129	9,873,351
Schedule - 5		
Investments		
(Non-Trade - Unquoted)		
- At Cost in Government Securities	-	5,500
(Consists of, National Savings Certificates Rs.5,000/- Have Been Pledged With Sales Tax Authorities)		
TOTAL	-	5,500
Schedule - 6		
Sundry Debtors		
(Unsecured - considered good)		
Debts outstanding for a period exceeding six months	1,344,585	2,470,596
Other debts	1,688,446	8,100,063
TOTAL	3,033,031	10,570,659
Schedule - 7		
Cash And Bank Balances		
Cash on Hand	36,381	48,212
Balance With Scheduled Banks:		
- In Current Account	1,475,562	426,613
- In Deposit Accounts	2,576,415	2,185,558
TOTAL	4,088,358	2,660,383



SCHEDULE TO BALANCE SHEET AS AT MARCH 31, 2011

Schedules - 4 Fixed Assets

(Amount in rupees)

Description	GROSS BLOCK			DEPRECIATION				NET BLOCK	
	As at 01.04.2010	Additions	Deletions	As at 31.03.2011	As at 01.04.2010	Rate of Depreciation	For the Year	As at 31.03.2011	As at 31.03.2010
Furniture and fixtures	2,345,325	-	-	2,345,325	1,069,491	6.33%	148,459	1,217,950	1,275,834
Plant and Machinery	1,014,314	-	-	1,014,314	438,922	4.75%	48,180	487,102	575,392
Computers	3,803,533	-	-	3,803,533	3,303,452	16.21%	500,081	3,803,533	500,081
Electrical Fittings	264,196	-	-	264,196	264,196	4.75%	-	264,196	-
Software and Manuals	2,011,289	-	-	2,011,289	1,973,178	16.21%	38,111	2,011,289	38,111
Motor Car	431,800	-	-	431,800	95,716	9.50%	41,021	136,737	336,084
Office Equipments	133,373	-	-	133,373	73,567	4.75%	6,335	79,902	59,806
TOTAL	10,003,830	-	-	10,003,830	7,218,522		782,187	8,000,709	2,785,308
Previous Year	10,003,830	-	-	10,003,830	6,031,943		1,186,579	2,785,308	3,971,886



(In Rupees)

Particulars	Current year	Previous Year
Schedule - 8		
Loans And Advances		
(Unsecured, Considered Good)		
Advances recoverable in cash or in kind or for value to be received	362,889	336,804
Advance Income Tax	1,876,453	1,811,557
Advances to Employees	22,500	28,484
Deposits	7,495	17,495
TOTAL	2,269,337	2,194,340
Schedule - 9		
Current Liabilities and Provisions		
Current Liabilities:		
Sundry Creditors:		
Dues of Micro, Small and Medium enterprises	-	-
Due to others	9,363,062	11,092,824
Advance from Customers	-	1,111,755
TOTAL	9,363,062	12,204,579
Provisions		
Accrued Leave Encashment Liability	431,908	411,907
Gratuity Liability	1,170,684	1,135,684
Income tax provision	592,000	592,000
Other Provision	1,027,777	-
Telephone Expenses Payable	779	-
TOTAL	3,223,148	2139591



SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED MARCH 31, 2011

(In Rupees)

Particulars	Current year	Previous Year
Schedule - 10		
Sales		
Export	5,773,687	411,625
Domestic	13,344,283	17,325,531
TOTAL	19,117,970	17,737,156
Schedule - 11		
Other Income		
Miscellaneous Income	-	20,968
Exchange fluctuation gain	15,670	2,706
Interest Received	76,199	142,149
TOTAL	91,869	165,824
Schedule - 12		
Cost of Goods Sold		
Opening Stock	-	2,181,080
Add: Purchases	6,319,353	5,581,150
Development Cost	1,200,000	
Less: Closing Stock	-	-
TOTAL	7,519,353	7,762,230
Schedule - 13		
Personnel Expenses		
Salaries and Wages	9,510,495	14,785,521
Company Contribution to Provident Fund /ESI	974,023	637,858
Leave Encashment Expenses	20,000	(547,614)
Gratuity Expenses	35,000	(341,035)
Staff Welfare Expenses	326,155	824,737
TOTAL	10,865,673	15,359,467
Schedule - 14		
Administrative Expenses		
Travelling and Conveyance	833,947	200,747
Audit Fees	38,605	35,000
Communication expenses	77,588	130,916
Liquidated damages	84,813	1,250
Bank and Financial Charges	66,437	84,060
Bad Debt written off	1,488,860	136,553
Office maintenance	141,070	-
Legal and Professional charges	34,395	76,455
Rates and Taxes	2,500	8,362
Printing and Stationery	31,273	17,098
Adversitement expenses	-	12,753
Miscellaneous Expenses	607,559	73,412
TOTAL	3,407,047	776,606



SCHEDULE No. 15

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO 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 companies (Accounting Standards) Rules, 2006.

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

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.

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, 000.00) 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) 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.

**15.1.9. 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.

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. 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. 1,170,684 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. 431,908 as at the year end.

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

(Amount in Rupees)

PARTICULARS	As at March 31, 2011	As at March 31, 2010
Bank Guarantees	1,110,797	945,800
PF/ ESI Demand in Appeal	NIL	11,329

15.2.2 Details of Auditors Remuneration

(Amount in Rupees)

PARTICULARS	As at March 31, 2011	As at March 31, 2010
Audit Fees	38,605	35,000
Tax Audit Fees	-	10,000

15.2.3. 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.

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

(Amount in Rupees)

PARTICULARS	As at March 31, 2011	As at March 31, 2010
Software and Hardware Imports	1,336,604	3,705,966



15.2.5	Expenditure in foreign currency	(Amount in Rupees)	
	PARTICULARS	As at March 31, 2011	As at March 31, 2010
	Travelling Expenses	Nil	Nil
15.2.6	Earnings in Foreign currency	(Amount in Rupees)	
	PARTICULARS	As at March 31, 2011	As at March 31, 2010
	Software Exports	5,773,687	411,625
15.2.7	Managerial remuneration debited to various head of accounts:	(Amount in Rupees)	
	PARTICULARS	As at March 31, 2011	As at March 31, 2010
	Salary and Allowances	Nil	Nil
	Company Contribution to Provident Fund	Nil	Nil
15.2.8	Earnings per Share	(Amount in Rupees)	
	PARTICULARS	As at March 31, 2011	As at March 31, 2010
	Profit /(Loss) after Tax (Rs.)	(3,676,721)	(7,431,900)
	Number of Shares outstanding (No`s)	120,000	120,000
	Earnings Per Share(Basic & Diluted) (Rs.)	(30.64)	(60.98)
	Nominal Value (Rs.)	10.00	10.00

15.2.9. Related Party Disclosures as ascertained by the Management

Year ended March 31, 2011 **(Amount in Rupees)**

Particulars	Holding Company	Key Management Personnel	Other Related Parties	Total Related Parties
Receiving of Services	-	-	-	-
Loans/advances taken	8,090,479	-	420,650	8,511,129
Loans/advances given	-	-	32,076	32,076
Directors Remuneration	-	-	-	-
Balance as on 31.03.11 payable	8,090,479	-	420,650	8,511,129
Balance as on 31.03.11 receivable	-	-	32,067	32,067

Year ended March 31, 2010 **(Amount in Rupees)**

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

**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	Esqube Communication Solutions Pvt Ltd 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.

15.2.10 Balance Sheet extract and general business profile of the Company is enclosed.

15.2.11 Dues to Small-scale industrial undertakings:

- As at March 31, 2011 and March 31, 2010, 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, 2011. 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.

15.2.12 In accordance with the Accounting Standard-22, issued by ICAI, the deferred tax (net) as at March 31 2011 on account of Depreciation and retirement benefits Rs.221,000 (Previous Year Rs.245,000).

15.2.13 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

Place : Bangalore
Date : September 07, 2011

Balakrishna S. Bhat
Partner
Membership 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	31032011		

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	9901	Total Assets	9901
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IV. Sources of Funds:

Paid up Capital	1200	Reserves and Surplus	NIL
Secured Loans	190	Unsecured Loans	8511

V. Application of Funds:

Net Fixed Assets	2003	Net Current Assets	-3195
Miscellaneous Expenditure	NIL	Investments	NIL
Accumulated Losses	10873	Deferred Tax Assets	221

VI. Performance of Company (Amount in Rupees Thousands)

Turnover	19210	Total Expenditure	22574
Profit before Tax	-3364	Profit after Tax	-3677
Earnings per share in Rs.	-28.24		
Dividend Rate (%)	NIL		

VII. 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

Place : Bangalore
Date : September 07, 2011

Balakrishna S. Bhat
Partner
Membership No. 202976

Asif Khader
Director

Mueed Khader
Director



STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2011

(In Rupees)

PARTICULARS	Current Year	Previous Year
Cash flows from operating activities		
Net profit(Loss) before taxation	(3,364,421)	(7,181,902)
Adjustments for:		
Prior period adjustment	(288,300)	(113,998)
Profit / Loss on sale of Fixed assets	-	-
Exchange difference on translation of foreign currency cash & cash equivalents.	-	-
Depreciation and amortization	782,187	1,186,579
Preliminary expenses / Deferred revenue expenditure	-	-
Dividend / interest income (Net)	(76,199)	(142,149)
Interest expense on borrowings	-	-
Operating profit before working capital changes	(2,946,732)	(6,251,471)
Adjustments for working capital		
Inventory	-	2,181,080
Debtors	7,537,628	(2,228,489)
Loans and advances	(74,997)	103,399
Current liabilities & provisions	(1,757,960)	6,487,350
Cash generated from operations	2,757,938	291,870
Adjustments		
Direct Taxes paid	-	-
Net cash flow from Operating Activities	2,757,938	291,870
Cash flows from investing activities		
Purchase of Investments	5,500	-
Investments in Subsidiaries	-	-
Dividend / Interest received	76,199	142,149
Proceeds from sale of Fixed assets	-	-
Acquisition of property, fixed assets (including advances)	-	-
Net cash flow from Investing Activities	81,699	142,149
Cash flows from financing activities		
Share Capital	-	-
Share Premium	-	-
Dividend and Dividend Tax	-	-
Repayment of Secured loan	(49,440)	(83,206)
Secured Loans / Borrowings	-	-
Unsecured Loans	(1,362,222)	(232,340)
Net cash flow from Financing Activities	(1,411,662)	(315,546)
Exchange difference on translation of foreign currency cash & cash equivalents.		-
Net increase/(decrease) in Cash and Cash Equivalents	1,427,975	118,473
Opening cash and cash equivalents	2,660,383	2,541,911
Closing cash and cash equivalents	4,088,358	2,660,383

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

For and on Behalf of the Board

Place : Bangalore
 Date : September 07, 2011

Balakrishna S. Bhat
 Partner
 Membership No. 202976

Asif Khader
 Director

Mueed Khader
 Director



ESQUBE COMMUNICATION SOLUTIONS PRIVATE LIMITED

FINANCIAL STATEMENT

2010 - 2011



DIRECTORS' REPORT

To the shareholders,

The Board is pleased to place before you the eighth Annual Report of your Company upon conclusion of its eighth year of operations. The financial highlights are summarized below :

FINANCIAL HIGHLIGHTS :

Rs.

Particulars	2010 - 2011	2009-2010
Income	11,90,961	25,52,799
Total	11,90,961	25,52,799
Total expenditure including depreciation and interest	25,47,221	65,60,300
Loss	(13,56,260)	(40,07,501)
Balance b / f	(139,86,957)	(102,53,570)
Balance c/f	(146,45,217)	(139,86,957)

Your Company has not earned any operating surplus during the year and no transfer to reserves or dividend is possible.

PARTICULARS OF EMPLOYEES :

There was no employee who had drawn remuneration in excess of the limits prescribed under the provisions of Section 217 (2A) of the Companies Act, 1956 read with Companies (disclosures of particulars of employees) rules as amended, during the year under report.

DIRECTORS :

There is no change in the constitution of the Board.

FOREIGN EXCHANGE EARNINGS / OUT GO :

The Company does not have any foreign exchange transactions.

DIRECTORS' RESPONSIBILITY STATEMENT :

As required under provisions of section 217 (2AA) of the Companies Act, 1956, your directors confirm that:

1. in preparation of the Annual Accounts, the applicable accounting standards have been duly followed.
2. the directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and are 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 profit of the Company for that period.
3. the directors had 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 preventing and detecting fraud and other irregularities.
4. the directors had prepared the annual accounts on a going concern basis.

TECHNOLOGY ABSORPTION, ENERGY CONSERVATION ETC :

The provisions of this clause are not applicable to the Company.

ACKNOWLEDGMENT :

Your directors thank all personnel involved in the operations of the Company.

Place : Bangalore
Date : September 07, 2011

For and on behalf of the Board of Directors

Asif Khader
Director



AUDITORS' REPORT

To
The Members of
Esqube Communication Solutions Private Limited

1. We have audited the attached Balance Sheet of Esqube Communication Solutions Private Limited, Bangalore as at 31st March 2011, 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 2011 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2011 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 2011;
 - (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

Place : Bangalore
Date : September 07, 2011



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) There are no inventories held by the Company and hence the provision of para (a) (b) & (c) are not applicable.
- (iii) (a) The Company has granted interest free unsecured loans to a company covered in the register maintained under section 301 of the Companies Act, 1956. The amount involved in the transaction of Rs.61,980/-.
 - (b) According to information and explanations given to us the said loans and advances are interest free and other terms and conditions on which these advances are granted are not prejudicial to the interest of the company.
 - (c) According to information and explanations given to us the receipt of principal is as stipulated.
 - (d) There are no overdue amount in excess of Rs.one lakh and hence the provisions of this para is not applicable.
- (iv) (a) The Company has taken interest free unsecured loan from two companies covered under register maintained u/s 301 of the companies act., 1956 and the total amount involved in the transaction is Rs.23,925,055/-.
 - (b) The terms and condition on which these loans are taken are not prejudicial to the interest of the company.
 - (c) The repayment of principal is as stipulated.
- (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, Employees' state Insurance, Sales-tax, Service Tax, Wealth Tax, Customs Duty and Cess were in arrears as at 31st March 2011 for a period of more than six months from the date they became payable except income tax of Rs.1,09,316/-.
- (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

Place : Bangalore
Date : September 07, 2011

Balakrishna S.Bhat
Partner
Membership No.202976



BALANCE SHEET

AS AT MARCH 31, 2011

(In Rupees)

Particulars	Sch No.	Current year	Previous year
I. SOURCES OF FUNDS :			
1. Shareholders Funds			
(a) Share Capital	1	117,650	117,650
(b) Reserves & Surplus	2	9,982,350	9,982,350
TOTAL		10,100,000	10,100,000
2. Loan Funds			
(a) Unsecured Loans	3	23,892,988	23,926,259
TOTAL		33,992,988	34,026,259
II. APPLICATION OF FUNDS :			
1. Fixes Assets			
(a) Gross Block	4	4,830,012	4,830,012
(b) Less: Accumulated Depreciation		3,776,476	2,993,532
(c) Net Block		1,053,536	1,836,480
2. Deferred Tax Asset			
		95,000	(603,000)
3. Current Assets, Loans and Advances			
(a) Sundry Debtors	5	2,572,505	2,654,855
(b) Cash and Bank balances	6	390,400	51,158
(c) Loans and Advances	7	19,968,571	20,917,032
TOTAL		22,931,476	23,623,045
Less :			
4. Current Liabilities and Provisions			
(a) Current Liabilities	8	4,632,812	4,417,224
(b) Provisions		99,429	400,000
TOTAL		4732,241	4,817,224
Net Current Assets		18,199,234	18,805,821
MISCELLANEOUS EXPENDITURE			
(To the extent not written off or adjusted)		-	-
Profit And Loss Account		14,645,217	13,986,958
TOTAL		33,992,988	34,026,259
Significant Accounting Policies and Notes to Accounts	14		

Schedule Nos. 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

Place :Bangalore
 Date : September 07, 2011

Balakrishna S. Bhat
 Partner
 Membership No. 202976

Asif Khader
 Director

Mueed Khader
 Director



PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED MARCH 31, 2011

(In Rupees)

	Sch No.	Current year	Previous year
INCOME			
Sales	9	1,117,442	2,552,799
Other Income	10	73,519	-
TOTAL		1,190,961	2,552,799
EXPENDITURE			
Cost of Goods Sold	11	302,105	93,555
Personnel Expenses	12	873,854	2,935,313
Administration and Selling Expenses	13	588,317	1,181,802
Loss on Sale of Assets		-	1,526,543
Depreciation		782,944	823,087
TOTAL		2,547,220	6,560,300
Profit/(Loss) For The Year		(1,356,259)	(4,007,501)
Less: Provision for Deferred Tax		(698,000)	(124,000)
Loss After Taxes		(658,259)	(3,883,501)
Less: Adjustment relating to previous year		-	(150,114)
Net Loss For The Year		(658,259)	(3,733,387)
Add: Profit/(Loss) brought forward from previous year		(13,986,957)	(10,253,570)
Profit/(Loss) carried over to Balance Sheet		(14,645,216)	(13,986,957)
Earnings Per Share (Rs.) (Equity Shares: 11,765 face value per share Rs. 10/-)		(56)	(330)
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

Place : Bangalore
Date : September 07, 2011

Balakrishna S. Bhat
Partner
Membership No. 202976

Asif Khader
Director

Mueed Khader
Director



SCHEDULES FORMING PART OF BALANCE SHEET

AS AT MARCH 31, 2011

(In Rupees)

Particulars	Current year	Previous Year
Schedule:1		
Share Capital :		
Authorised :		
50,000 Equity Shares of Rs. 10/- each	500,000	500,000
(Previous Year 50,000 Equity Shares of Rs. 10/- each)		
TOTAL	500,000	500,000
Issued, Subscribed and Paid-up :		
11,765 Equity Shares of Rs. 10/- fully paid up	117,650	117,650
(Previous Year 11,765 Equity Shares of Rs. 10/- fully paid up)		
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	23,892,988	23,926,259
TOTAL	23,892,988	23,926,259
Schedule :5		
Sundry Debtors		
(unsecured and considered good)		
Debts outstanding for more than six months	2,347,472	1,667,594
Other Debts	225,033	987,261
TOTAL	2,572,505	2,654,855
Schedule:6		
Cash And Bank Balances		
Cash on Hand	-	-
Balance with Scheduled Banks in -		
Citi Bank	62,349	13,885
HDFC Bank	328,051	37,273
TOTAL	390,400	51,158
Schedule :7		
Loans & Advances		
(unsecured and considered good)		
Advances recoverable in cash or kind or for value to be received	19,957,571	20,906,032
Deposits	11,000	11,000
TOTAL	19,968,571	20,917,032
Schedule :8		
Current Liabilities And Provisions		
Current Liabilities :		
Sundry Creditors		
Due of others	4,632,812	4,417,224
TOTAL	4,632,812	4,417,224
Provisions For :		
Income Tax	99,429	400,000
TOTAL	99,429	400,000



SCHEDULE TO BALANCE SHEET AS AT MARCH 31, 2011
Schedule 4 - Fixes Assets

PARTICULARS	GROSS BLOCK			DEPRECIATION					NET BLOCK	
	As on 01.04.2010	Additions (Deletions)	Total Cost as at 31.03.2011	Rate %	As at 01.04.2010	For the year	Deletions	Total 31.03.2011	As on 31.03.2011	As on 31.03.2010
Furniture & Fixtures	-	-	-	6.33%	-	-	-	-	-	-
Office Equipments	-	-	-	4.75%	-	-	-	-	-	-
Computers & Peripherals	3,566,008	-	3,566,008	16.21%	2,186,678	578,049	-	2,764,727	801,282	1,379,326
Software	1,264,004	-	1,264,004	16.21%	806,854	204,895	-	1,011,749	252,255	457,150
Electrical installation	-	-	-	4.75%	-	-	-	-	-	-
TOTAL	4,830,012	-	4,830,012		2,993,532	782,944	-	3,776,476	1,053,537	1,836,476
Previous Year	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



SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED MARCH 31, 2011

(In Rupees)

Particulars	Current year	Previous Year
Schedule :9		
Sales:		
Software Sales & Services		
Domestic	1,117,442	2,552,799
TOTAL	1,117,442	2,552,799
Schedule :10		
Other Income		
Leave Encashment	51,863	-
Interest on IT Refund	21,643	-
Round Off	13	-
TOTAL	73,519	-
Schedule :11		
Cost of Goods Sold:		
Airtel PRI Line - Makemy Trip.Com	8,242	-
Airtel PRI Line - Retail Services	113,821	63,943
Website Design/hosting Expenses	-	29,612
AIRTEL PRI Line - Sulekha.com	39,443	-
AIRTEL PRI - Via World	11,550	-
AIRTEL PRI LINE - Esqube	72,873	-
Gratuity	48,801	-
PF Admin Charges	5,875	-
Prof Charges	1,500	-
TOTAL	302,105	93,555
Schedule :12		
Personnel Expenses		
Salary	821,423	2,663,070
Employer's Contribution to PF	52,431	190,437
Leave Encashment	-	75,261
Staff Welfare	-	6,545
TOTAL	873,854	2,935,313
Schedule :13		
Administration and Selling Expenses		
Audit fee	16,545	16,545
Car Hire Charges	-	10,920
Consultancy charges paid	-	224,250
Conveyance	-	13,360
E mail and Internet & server charges	54,968	111,641
Electricity	-	60,998
Insurance	-	24,661
Miscellaneous Expenses	7,487	8,976
Office Maintenance & Water Charges	-	109,712
Professional charges paid	19,500	25,955
Rates and Taxes	489,818	4,600
Rent	-	272,000
Repairs and Maintenance	-	136,416
Security charges	-	56,432
Telephone and Telex & mobile	-	52,036
Travelling expenses	-	53,299
TOTAL	588,317	1,181,802

**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 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.

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 :

Particulars	(Amount in Rupees)	
	Year ended March 31, 2011	Year ended March 31, 2010
Directors' Remuneration	-	-

14.2.3. Activities in foreign currency

Particulars	(Amount in Rupees)	
	Year ended March 31, 2011	Year ended March 31, 2010
Earnings in Foreign Currency - FOB value of exports	-	-
Expenditure incurred in Foreign Currency	-	-

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, 2011 and March 31, 2010, 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, 2011 and March 31, 2010, 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, 2011	Year ended March 31, 2010
Statutory Audit fees	15,000	15,000
Service Tax	1,545	1,545
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, 2011 on account of Depreciation is Rs. 698,000/- (Previous Year Rs. 603,000/-).

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, 2011	Year ended March 31, 2010
Profit after tax (Rs.)	(658,259)	(3,933,387)
Number of Equity Shares	11,765	11,765
EPS - Basic and Diluted (Rs.)	(56)	(330)
Nominal Value per share (Rs.)	10	10

14.2.11. Related Party Disclosures as ascertained by the Management
Year ended March 31, 2011
(Amount in Rupees)

Particulars	Holding Company	Key Management Personnel	Other Related Parties	Total Related Parties
Loans/advances taken	23,892,988	-	32,067	23,925,055
Directors Remuneration	-	-	-	-
Loans/advances given	-	-	61,980	61,980
Balance as on 31.03.11 receivable	-	-	61,980	61,980
Balance as on 31.03.11 payable	23,892,988	-	32,067	23,925,055

Year ended March 31, 2010
(Amount in Rupees)

Particulars	Holding Company	Key Management Personnel	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

**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 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

Place :Bangalore
 Date : September 07, 2011

Balakrishna S. Bhat
 Partner
 Membership No. 202976

Asif Khader
 Director

Mueed Khader
 Director



BALANCE SHEET ABSTRACT & COMPANY'S GENERAL BUSINESS PROFILE

I Registration Details

Registration No. State Code
 Balance Sheet Date

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

Public Issue Rights Issue
 Bonus Issue Promoters Contribution

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

Total Liabilities Total Assets

IV. Sources of Funds:

Paid up Capital Reserves and Surplus
 Secured Loans Unsecured Loans
 Deferred Tax Liability

V. Application of Funds:

Net Fixed Assets Investments
 Net Current Assets Misc Expenditure
 Accumulated Losses

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

Total Income Total Expenditure
 Profit / (Loss) before Tax Profit / (Loss) after Tax
 Earnings per share in Rs. Dividend Rate (%)

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

Item Code No. (ITC CODE)
 Product Description:

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

For and on Behalf of the Board

Place :Bangalore
 Date : September 07, 2011

Balakrishna S. Bhat
 Partner
 Membership No. 202976

Asif Khader
 Director

Mueed Khader
 Director



STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2011

(In Rupees)

PARTICULARS	Current Year	Previous Year
Cash flows from operating activities		
Net profit before taxation	(1,356,259)	(4,007,501)
Adjustments for:		
Prior period adjustment	-	150,114
Loss on sale assets	-	1,526,543
Depreciation and amortization	782,944	823,087
Operating profit before working capital changes	(573,315)	(1,507,757)
Adjustments for working capital		
Debtors	82,351	(148,490)
Loans and advances	948,461	286,235
Current liabilities	(84,983)	1,279,517
Cash generated from operations	372,514	(90,495)
Adjustments		
Direct Taxes paid	-	-
Net cash from Operating Activities	372,514	(90,495)
Cash flows from investing activities		
Proceeds from sale of Fixed assets	-	351,798
Purchase of fixed assets (including advances)	-	(299,628)
Net cash from Investing Activities	-	52,170
Cash flows from financing activities		
Unsecured Loans	(33,271)	(784,143)
Net cash from Financing Activities	(33,272)	(784,141)
Net increase/(decrease) in Cash and Cash Equivalents	339,242	(822,466)
Opening cash and cash equivalents	51,158	873,626
Closing cash and cash equivalents	390,400	51,158

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

For and on Behalf of the Board

Place :Bangalore
Date : September 07, 2011

Balakrishna S. Bhat
Partner
Membership No. 202976

Asif Khader
Director

Mueed Khader
Director





SYSTAT SOFTWARE ASIA PACIFIC LIMITED

FINANCIAL STATEMENTS

2010 - 2011



DIRECTORS' REPORT

To the shareholders,

The Board is pleased to place before you the tenth Annual Report of your Company upon conclusion of its tenth year of operations. The financial highlights are summarized below :

FINANCIAL HIGHLIGHTS :

Rs.

Particulars	2010 - 2011	2009-2010
Income	-	-
Total	-	-
Total expenditure including depreciation and interest	95,262	42,127
Loss	(95,262)	(42,127)
Balance b / f	17,49,491	17,91,619
Balance c/f	16,54,229	17,49,492

Your Company has not earned any operating revenue during the year and no transfer to reserves or dividend is possible.

PARTICULARS OF EMPLOYEES :

There was no employee who had drawn remuneration in excess of the limits prescribed under the provisions of Section 217 (2A) of the Companies Act, 1956 read with Companies (disclosures of particulars of employees) rules as amended, during the year under report.

DIRECTORS :

There is no change in the constitution of the Board.

FOREIGN EXCHANGE EARNINGS / OUT GO :

The Company does not have any foreign exchange transactions.

DIRECTORS' RESPONSIBILITY STATEMENT :

As required under provisions of section 217 (2AA) of the Companies Act, 1956, your directors confirm that:

1. in preparation of the Annual Accounts, the applicable accounting standards have been duly followed.
2. the directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and are 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 profit of the Company for that period.
3. the directors had 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 preventing and detecting fraud and other irregularities.
4. the directors had prepared the annual accounts on a going concern basis.

TECHNOLOGY ABSORPTION, ENERGY CONSERVATION ETC :

The provisions of this clause are not applicable to the Company.

ACKNOWLEDGMENT :

Your directors thank all personnel involved in the operations of the Company.

Place : Bangalore
Date : September 07, 2011

For and on behalf of the Board of Directors

Asif Khader
Director



AUDITORS' REPORT

To
The Members of
Systat Software Asia Pacific Limited

We have audited the attached Balance Sheet of Systat Software Asia Pacific Private Limited, Bangalore as at 31st March 2011, 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.

1. 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.
2. 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.
3. 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 2011 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2011 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 2011;
 - (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

Place : Bangalore
Date : September 07, 2011



ANNEXURE TO THE AUDITORS' REPORT

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

- (i) (a) The Company does not possess any fixed assets and hence the provision of para 'i (a) to ('c) of the order are not applicable.
- (ii) There are no inventories held by the Company and hence the provision for para 'ii (a) to ('c) of the order are not applicable.
- (iii) a) The Company has granted interest free unsecured loans to two companies covered in the register maintained under section 301 of the Companies Act, 1956. The amount involved in the transaction of Rs. 26,68,080/-.
- b) According to information and explanations given to us the said loans and advances are interest free and other terms and conditions on which these advances are granted are not prejudicial to the interest of the company.
- c) According to information and explanantions given to us the receipt of principal is as stipulated.
- d) There are no overdue amount in excess of Rs.one lakh and hence the provisions of this para is not applicable.
- (iv) a) The Company has taken interest free unsecured loan from two companies covered under register maintained u/s 301 of the companies act., 1956 and the total amount involved in the transaction is Rs. 1,64,64,723/-.
- b) The terms and condition on which these loans are taken are not prejudicial to the interest of the company.
- c) The repayment of principal is as stipulated.
- (v) 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.
- (vi) (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.
- (vii) 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.
- (viii) In our opinion, the Company has an in house internal audit system commensurate with the size and nature of its business.
- (ix) 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.
- (x) (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 2011 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, Customs duty, Wealth-tax and Cess with the appropriate authorities which have not been deposited on account of any dispute except Income Tax of Rs. 56.14lakhs, which is disputed and an appeal is filed before the ITAT.
- (xi) The Company does not have any accumulated losses as at the March 31, 2011. However the Company has incurred cash losses in the financial year ended on the date and in the immediately preceding financial year.
- (xii) 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.
- (xiii) 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.
- (xiv) 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.
- (xv) 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.
- (xvi) 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.
- (xvii) 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.
- (xviii) 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.
- (xix) 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.
- (xx) During the period, the Company has not raised any funds by issue of debentures during the year.
- (xxi) The Company has not raised any monies by way of public issue during the year.
- (xxii) 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

Place : Bangalore

Date : September 07, 2011

**BALANCE SHEET**

AS AT MARCH 31, 2011

(In Rupees)

Particulars	Sch. No	Current Year	Previous Year
I. SOURCES OF FUNDS			
1. Shareholders' funds:			
(a) Capital	1	3,800,000	3,800,000
(b) Reserves and surplus	2	1,654,229	1,749,492
TOTAL		5,454,229	5,549,492
2. Loan Funds			
(a) Unsecured Loans	3	16,467,251	7,748,332
3. Deferred Tax Liability			
		51,535	51,534
TOTAL		21,973,015	13,349,358
II. APPLICATION OF FUNDS			
1. Current Assets, Loans and Advances			
(a) Cash & Bank Balances	4	788,862	251,333
(b) Loans & Advances	5	28,168,080	29,456,112
TOTAL		28,956,942	29,707,445
Less:			
2. Current Liabilities and Provisions			
(a) Current Liabilities	6	6,983,927	16,358,087
(b) Provisions		-	-
TOTAL		6,983,927	16,358,087
Net current assets		21,973,015	13,349,358
Miscellaneous Expenditure			
(To the extent not written off or adjusted)		-	-
TOTAL		21,973,015	13,349,358
Significant Accounting Policies and Notes to accounts	8		

Schedule Nos. 1 to 6 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

Place : Bangalore
Date : September 07, 2011

Balakrishna S. Bhat
Partner
Membership No. 202976

Asif Khader
Director

Mueed Khader
Director



PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED MARCH 31, 2011

(In rupees)

Particulars	Sch No.	Current Year	Previous Year
INCOME			
TOTAL		-	-
EXPENDITURE			
Administrative Expenses	7	95,262	42,127
TOTAL		95,262	42,127
Profit / (Loss) for the Year		(95,262)	(42,127)
Less: Provisions for -			
Income tax		-	-
Deferred tax		-	-
Net Profit/(Loss) after tax		(95,262)	(42,127)
<i>Add:</i> Balance brought forward from previous year		1,749,491	1,791,619
Balance carried to balance sheet		1,654,229	1,749,492
Earnings per share (Basic/Diluted)		(0.25)	(0.11)
Significant Accounting Policies and Notes to accounts	8		

Schedule Nos. 7 and 8 form an intergral part of the Profit and Loss Account

For S.Janardhan & Associates
Chartered Accountants
F.R. No. 005310S

As per our report of even date

For and on behalf of the Board

Place : Bangalore
Date : September 07, 2011

Balakrishna S. Bhat
Partner
Membership No. 202976

Asif Khader
Director

Mueed Khader
Director



SCHEDULES FORMING PART OF BALANCE SHEET & PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED MARCH 31, 2011

(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	1,654,229	1,749,492
TOTAL	1,654,229	1,749,492
Schedule 3: Unsecured Loans :		
Cranes Software Intl Ltd	16,076,245	7,748,332
Others-Co Subsidiaries	388,478	-
Short Term Overdraft from J & K Bank Ltd.	2,528	-
TOTAL	16,467,251	7,748,332
Schedule 4: Cash and Bank Balances		
Cash on Hand	-	-
Balance with Schedule Banks in Current Account	788,862	251,333
TOTAL	788,862	251,333
Schedule : 5 Loans and advances (Unsecured - Considered Good) Advances recoverable in cash or in kind or for value to be received	28,168,080	29,456,112
TOTAL	28,168,080	29,456,112
Schedule 6 : Current liabilities and provisions		
Current liabilities		
Sundry Creditors	6,983,927	16,358,087
TOTAL	6,983,927	16,358,087
Schedule 7: Administrative expenses		
Audit fee	16,545	16,545
Bank Charges	16,376	19,735
Professional and Consulting charges	28,365	2,500
Telephone Charges	397	-
Sundry balances written off	-	(71)
Rates & Taxes	2,500	-
Exchange Fluctuation Loss	-	3,418
TOTAL	95,262	42,127



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 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.

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, 2011 and March 31, 2010, 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, 2011 and March 31, 2010, 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, 2011	Year ended March 31, 2010
Statutory Audit fees	16,545	16,545

8.2.7 Earning per Share

Particulars	Year ended March 31, 2011	Year ended March 31, 2010
Profit after tax (Rs.)	(95,262)	(42,127)
Number of Equity Shares	380,000	380,000
EPS - Basic and Diluted (Rs.)	(0.25)	(0.11)
Nominal Value per share (Rs.)	10	10

8.2.8. Related Party Disclosures as ascertained by the Management

Year ended March 31, 2011

(Amount in Rupees)

Particulars	Holding Company	Key Management Personnel	Other Related Parties	Total Related Parties
Receiving of Services	-	-	-	-
Loans/advances taken	16,076,245	-	388,478	16,464,723
Loans/advances given	-	-	2,668,080	2,668,080
Directors Remuneration	-	-	-	-
Balance as on 31.03.11 payable	16,076,245	-	388,478	16,464,723
Balance as on 31.03.11 receivable	-	-	2,668,080	2,668,080



Year ended March 31, 2010

(Amount in Rupees)

Particulars	Holding Company	Key Management Personnel	Other Related Parties	Total Related Parties
Receiving of Services	-	-	-	-
Loans/advances taken	7,748,333	-	61,980	7,810,333
Loans/advances given	-	-	3,818,132	3,818,132
Directors Remuneration	-	-	-	-
Balance as on 31.03.10 payable	7,748,333	-	61,980	7,810,313
Balance as on 31.03.10 receivable	-	-	3,818,132	3,818,132

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 Limited. Systat Software Inc., Esqube Communication Solutions Pvt. Ltd Cranes Software UK 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

Place : Bangalore
Date : September 07, 2011

Balakrishna S. Bhat
Partner
Membership 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	31032011		

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

Total Liabilities	21973	Total Assets	21973
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IV. Sources of Funds:

Paid up Capital	3800	Reserves and Surplus	1654
Secured Loans	NIL	Unsecured Loans	16467

V. Application of Funds:

Net Fixed Assets	NIL	Investments	NIL
Net Current Assets	21973	Miscellaneous expenditure	NIL
Accumulated Losses	NIL	Deferred Tax Assets	NIL

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

Turnover	NIL	Total Expenditure	95
Profit before tax	-95	Profit after Tax	-95
Earnings per share in Rs.	-0.25	Dividend Rate (%)	NIL

VII. 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

Place : Bangalore
 Date : September 07, 2011

Balakrishna S. Bhat
 Partner
 Membership No. 202976

Asif Khader
 Director

Mueed Khader
 Director



STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2011

(In Rupees)

PARTICULARS	Current Year	Previous Year
Cash flows from operating activities		
Net profit before taxation	(95,262)	(42,127)
Adjustments for:		
Operating profit before working capital changes	(95,262)	(42,127)
Adjustments for working capital		
Loans and advances	1,288,032	(14,202,126)
Current liabilities	(9,374,160)	15,856,708
Cash generated from operations	(8,086,128)	1,654,582
Adjustments		
Direct Taxes paid	-	-
Net cash from Operating Activities	(8,181,390)	1,612,455
Cash flows from investing activities		
Dividend / Interest received	-	-
Net cash from Investing Activities	-	-
Cash flows from financing activities		
Share Capital		
Unsecured Loans	8,718,919	(1,633,261)
Net cash from Financing Activities	8,718,919	(1,633,261)
Net increase/(decrease) in Cash and Cash Equivalents	537,530	(20,807)
Opening cash and cash equivalents	251,332	272,139
Closing cash and cash equivalents	788,862	251,332

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

For and on behalf of the Board

Place : Bangalore
 Date : September 07, 2011

Balakrishna S. Bhat
 Partner
 Membership No. 202976

Asif Khader
 Director

Mueed Khader
 Director



ANALYTIX SYSTEMS PRIVATE LIMITED

FINANCIAL STATEMENTS

2010 - 2011



DIRECTORS' REPORT

To the shareholders,

The Board is pleased to place before you the fourteenth Annual Report of your Company upon conclusion of its fourteenth year of operations. The financial highlights are summarized below :

FINANCIAL HIGHLIGHTS :

Rs.

Particulars	2010 - 2011	2009-2010
Income	-	-
Total	-	-
Total expenditure including depreciation and interest	41,912	2,74,224
Loss	(41,912)	(2,74,224)
Balance b / f	10,72,992	13,47,216
Balance c/f	10,31,080	10,72,992

Your Company has not earned any operating revenue during the year and no transfer to reserves or dividend is possible.

PARTICULARS OF EMPLOYEES :

There was no employee who had drawn remuneration in excess of the limits prescribed under the provisions of Section 217 (2A) of the Companies Act, 1956 read with Companies (disclosures of particulars of employees) rules as amended, during the year under report.

DIRECTORS :

There is no change in the constitution of the Board.

FOREIGN EXCHANGE EARNINGS / OUT GO :

The Company does not have any foreign exchange transactions.

DIRECTORS' RESPONSIBILITY STATEMENT :

As required under provisions of section 217 (2AA) of the Companies Act, 1956, your directors confirm that:

1. in preparation of the Annual Accounts, the applicable accounting standards have been duly followed.
2. the directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and are 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 profit of the Company for that period.
3. the directors had 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 preventing and detecting fraud and other irregularities.
4. the directors had prepared the annual accounts on a going concern basis.

TECHNOLOGY ABSORPTION, ENERGY CONSERVATION ETC :

The provisions of this clause are not applicable to the Company.

ACKNOWLEDGMENT :

Your directors thank all personnel involved in the operations of the Company.

Place : Bangalore
Date : September 07, 2011

For and on behalf of the Board of Directors

Asif Khader
Director



AUDITORS' REPORT

To
The Members of
Analytix Systems Private Limited

1. We have audited the attached Balance Sheet **Analytix Systems Private Limited**, Bangalore as at 31st March 2011, 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 2011 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2011 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 2011;
 - (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

Place : Bangalore
Date : September 07, 2011

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 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 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 2011 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, 2011. The Company has incurred 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

Place : Bangalore
Date : September 07, 2011

**BALANCE SHEET**

AS AT MARCH 31, 2011

(In Rupees)

PARTICULARS	Sch No.	Current Year	Previous Year
I. SOURCES OF FUNDS			
1. Shareholders' Funds			
(a) Share Capital	1	200,000	200,000
(b) Reserves and Surplus	2	1,031,080	1,072,206
TOTAL		1,231,080	1,272,206
II. APPLICATION OF FUNDS			
1. Current Assets			
(a) Cash & Bank Balances	3	59,786	61,462
(b) Loans and Advances	4	1,238,047	1,260,997
		1,297,833	1,322,459
Less:			
2. Current Liabilities & Provisions	5	66,753	50,253
Net Current Assets		1,231,080	1,272,206
TOTAL		1,231,080	1,272,206
Significant Accounting Policies and Notes to Accounts	7		

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

Place : Bangalore
Date : September 07, 2011

Balakrishna S. Bhat
Partner
Membership No. 202976

Asif Khader
Director

Mueed Khader
Director



PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED MARCH 31, 2011

(In Rupees)

PARTICULARS	Sch No.	Current Year	Previous Year
INCOME		-	-
TOTAL		-	-
EXPENDITURE			
Operating Expenses	6	41,912	275,010
TOTAL		41,912	275,010
Loss for the Year		(41,912)	(275,010)
Provision for Tax		-	-
NET PROFIT/ (LOSS) AFTER TAX		(41,912)	(275,010)
Add : Previous year Profit/(Loss) b/fd		1,072,992	1,347,216
Profit Carried forward to B/S		1,031,080	1,072,206
Earnings Per Share (Rs.)			
- Basic		(2.10)	(13.75)
Significant Accounting Policies and Notes to 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

Place : Bangalore
 Date : September 07, 2011

Balakrishna S. Bhat
 Partner
 Membership No. 202976

Asif Khader
 Director

Mueed Khader
 Director

**SCHEDULES FORMING PART OF BALANCE SHEET & PROFIT AND LOSS ACCOUNT**

FOR THE YEAR ENDED MARCH 31, 2011

(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	1,031,080	1,072,206
TOTAL	1,031,080	1,072,206
Schedule No.3 Cash & Bank Balances:		
Balance with Schedule Bank - In Current Account	59,786	61,462
TOTAL	59,786	61,462
Schedule No.4 Loans and Advances:		
Cranes Software International Limited	1,238,047	1,260,997
TOTAL	1,238,047	1,260,997
Schedule No.5 Current Liabilities & Provisions :		
Sundry Creditors	66,753	50,253
TOTAL	66,753	50,253
Schedule No.6 Opeating Expenses		
Legal and Proffessional Charges	22,950	-
Bank Charges	2,462	3,345
Advance Not Recoverable	-	255,120
Audit Fees	16,500	16,545
TOTAL	41,912	275,010

**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 :

Particulars	(Amount in Rupees)	
	Year ended March 31, 2011	Year ended March 31, 2010
Directors' Remuneration	Nil	Nil

7.2.3. Activities in foreign currency

Particulars	(Amount in Rupees)	
	Year ended March 31, 2011	Year ended March 31, 2010
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, 2011 and March 31, 2010, 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, 2011 and March 31, 2010, 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, 2011	Year ended March 31, 2010
Statutory Audit fees	16,500	16,545
Total	16,500	16,545

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, 2011	Year ended March 31, 2010
Profit after tax (Rs.)	(41,912)	(275,010)
Number of Equity Shares	20,000	20,000
EPS - Basic and Diluted (Rs.)	(2.10)	(13.75)
Nominal Value per share (Rs.)	10	10

7.2.10. Related Party Disclosures as ascertained by the Management

Year ended March 31, 2011

(Amount in Rupees)

Particulars	Holding Company	Key Management Personnel	Relatives of Key Management Personnel	Total Related Parties
Loans/advances given	1,238,047	-	-	1,238,047
Directors Remuneration	-	-	-	-
Balance as on 31.03.11 payable	-	-	-	-
Balance as on 31.03.11 receivable	1,238,047	-	-	1,238,047

Year ended March 31, 2010

(Amount in Rupees)

Particulars	Holding Company	Key Management Personnel	Relatives of Key Management 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
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.

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

Place : Bangalore
Date : September 07, 2011

Balakrishna S. Bhat
Partner
Membership No. 202976

Asif Khader
Director

Mueed Khader
Director

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE****I REGISTRATION DETAILS**

Registration No. : State Code
 Balance Sheet Date :

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

Public Issue Rights Issue
 Bonus Issue Private Placement

III Position of Mobilisation and Deployment of funds (Amounts in Rs. Thousands)

Total Liabilities Total Assets

Sources of funds

Paid-up Capital Reserves and Surplus
 Secured Loans Unsecured Loans

Application of funds

Net Fixed Assets Investments
 Net Current Assets Miscellaneous Expenditure
 Accumulated Losses Deferred Tax Assets

IV Performance of Company (Amount in Rs. Thousands)

Turnover Total Expenditure
 Profit Before Tax Profit After Tax
 Earnings per Share
 in Rupees Dividend Rate %

V Generic Names of three Principal Products /Services of Company

Item Code No. (ITC CODE)
 Product Description:

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

For and on behalf of the Board

Place : Bangalore
 Date : September 07, 2011

Balakrishna S. Bhat
 Partner
 Membership No. 202976

Asif Khader
 Director

Mueed Khader
 Director



STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2011

(In Rupees)

PARTICULARS	Current Year	Previous Year
Cash flows from operating activities		
Net profit (Loss) before taxation	(41,912)	(275,010)
Operating profit before working capital changes	(41,912)	(275,010)
Adjustments for working capital		
Loans and advances	(22,950)	(1,005,877)
Current liabilities	16,500	16,545
Cash generated from operations	(48,362)	(1,264,342)
Net cash from Operating Activities	(48,362)	(1,264,342)
Net cash from Investing Activities	-	-
Net cash from Financing Activities	-	-
Net increase/(decrease) in Cash and Cash Equivalents	(48,362)	(1,264,342)
Opening cash and cash equivalents	61,462	1,325,804
Closing cash and cash equivalents	59,786	61,462

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

For and on behalf of the Board

Place : Bangalore
 Date : September 07, 2011

Balakrishna S. Bhat
 Partner
 Membership No. 202976

Asif Khader
 Director

Mueed Khader
 Director

If undelivered please return to :

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