

# S.K.RAM ASSOCIATES

## Chartered Accountants

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### AUDITORS REPORT TO THE SHARE HOLDERS OF ACCEL FRONTLINE FZE, DUBAI

We have audited the accompanying financial statements of ACCEL FRONTLINE FZE , Dubai (the 'enterprise') for the year ended 31st March 2010.

### RESPECTIVE RESPONSIBILITIES OF THE MANAGEMENT AND AUDITORS.

These financial Statements are the responsibility of the enterprise's management. Our responsibility is to express an opinion on these financials statements based on our audit.

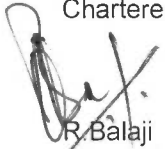
### BASIS OF OPINION

We conducted our audit in accordance with international standards on auditing. 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 the management, as well as evaluating the overall financial statements presentation. We believe that the audit provides a reasonable basis for our opinion.

### OPINION

In our opinion, the financial statements give a true and fair view of the financial position of ACCEL FRONTLINE FZE, Dubai as at 31<sup>st</sup> March 2010 and the results of its operations and its cash flows for the year ended 31st March 2010 in accordance with international accounting standards. We confirm that proper books of accounts and other records have been maintained and the financial statement have been properly prepared by the enterprise in accordance with the said regulations.

For S K RAM ASSOCIATES  
Chartered Accountants. FIRM REGISTRATION No.028425

  
R. Balaji  
Chennai, India  
Date June 24, 2010



# ACCEL FRONTLINE FZE, DUBAI

(All amounts are in AED, unless otherwise stated)

## Balance Sheet

	Schedule	As at	
		March 31, 2010	March 31, 2009
<b>FIXED ASSETS</b>			
Tangible Assets	1	156,933	159,484
<b>CURRENT ASSETS</b>			
Inventory	2	1,360	-
Cash & Cash Equivalents	3	2,496,740	570,591
Trade & Other Receivables	4	4,006,891	9,042,737
		<u>6,504,991</u>	<u>9,613,328</u>
<b>CURRENT CREDITORS</b>			
Amount falling due within one year	5	2,567,324	3,975,963
<b>NET CURRENT (LIABILITIES)/ASSETS</b>		3,937,667	5,637,365
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>4,094,600</u>	<u>5,796,849</u>
<b>NON-CURRENT CREDITORS</b>			
Amount falling due more than one year	6	466,425	683,811
		<u>3,628,175</u>	<u>5,113,038</u>
<b>CAPITAL &amp; RESERVES</b>			
Share Capital	7	1,000,000	1,000,000
Profit & Loss Account		2,628,175	4,113,038
		<u>3,628,175</u>	<u>5,113,038</u>

As per our report of even date

For S K RAM ASSOCIATES  
Chartered Accountants FIRM REGISTRATION  
No.2842S



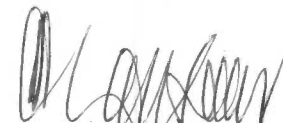
R. Balaji  
Chennai, India  
Date: June 24, 2010



For and On behalf of the Enterprise



N R Panicker  
Director



K.R. Chandrasekaran  
Director

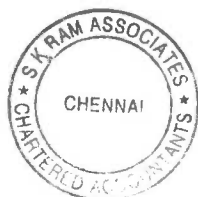
**ACCEL FRONTLINE FZE, DUBAI**  
 (All amounts are in AED, unless otherwise stated)

<b>Profit &amp; Loss Account</b>	Schedule	Year ended March 31, 2010	Year ended March 31, 2009
<b>INCOME</b>			
Sales – IT Products		7,150,317	10,097,469
Infrastructure Maintenance & SW Services		1,306,634	1,474,726
Other Income			30,716
<b>Total</b>		<u>8,456,951</u>	<u>11,602,911</u>
Cost of Sales & Services	8	6,442,535	8,063,230
Gross Profit		<u>2,014,416</u>	<u>3,539,681</u>
<b>Expenditure</b>	9	3,497,539	2,412,164
Profit / (Loss)		<u>(1,483,123)</u>	<u>1,127,517</u>
Interest Payable & Similar Charges	10	1,740	2,223
Profit from Ordinary Activities		<u>(1,484,863)</u>	<u>1,125,294</u>
Tax		-	-
Profit for the financial year after taxation		<u>(1,484,863)</u>	<u>1,125,294</u>
Retained Profit Brought forward		4,113,038	2,987,744
<b>Retained Profit Carried Forward</b>		<u>2,628,175</u>	<u>4,113,038</u>

As per our report of even date

For S K RAM ASSOCIATES  
 Chartered Accountants FIRM REGISTRATION  
 No. 028428

R. Balaji  
 Chennai, India  
 Date: June 24, 2010



For and On behalf of the Enterprise

*(Signature)*  
 N R Panicker  
 Director

*(Signature)*  
 K R Chandrasekaran  
 Director

**ACCEL FRONTLINE FZE, DUBAI***(All amounts are in AED, unless otherwise stated)*

ASSET	COST			DEPRECIATION			NET BLOCK	
	01-04-09	ADDN	31.01.2010	01-04-09	DEPN	TOTAL	31-03-10	31.03.2009
AIR CONDITIONERS	3,375		3,375	1,282	160	1,442	1,932	2,092
CAR/VAN	70,785		70,785	11,515	6,725	18,240	52,545	59,270
FURNITURE & FIXTURES	72,536		72,536	11,561	4,591	16,152	56,384	60,975
OFFICE EQUIPMENTS	37,901		37,901	10,358	1,800	12,158	25,743	27,543
COMPUTERS	11,979	14,106	26,085	2,376	3,381	5,757	20,329	9,604
<b>Total</b>	<b>196,576</b>	<b>14,106</b>	<b>210,682</b>	<b>37,092</b>	<b>16,657</b>	<b>53,749</b>	<b>156,933</b>	<b>159,484</b>



## ACCEL FRONTLINE FZE, DUBAI

(All amounts are in AED, unless otherwise stated)

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> March, 2009.

#### Legal status and business activity:

ACCEL FRONTLINE FZE, Dubai (the "enterprise") was established as a wholly owned subsidiary of M/s. Accel Frontline Limited, India on 5<sup>th</sup> October 2002 in the Jebel Ali Free Zone, Dubai, UAE. The enterprise has become a Free Zone Establishment company vide amendment License No.03622 and registration No.01211 Dt.10<sup>th</sup> October, 2005 & 9<sup>th</sup> October, 2005 respectively effective from 5<sup>th</sup> October, 2002. The license has since been transferred to DAFZA vide License No.1886 with effect from March 21, 2010. The enterprise is licensed to carry on the business of Trading in Computer Software & Hardware, maintenance services and Technical Support.

#### Significant Accounting Policies:

The Financial statements are prepared under the historical cost convention and in accordance with International accounting standards. The significant accounting policies adopted are as follows:

##### 1. Tangible Assets:

a) Cost: The tangible assets represent Office Equipments, Air Conditioners, Furniture & Fixtures & Vehicles. The Tangible assets are stated at cost. Cost includes all expenses directly attributable to bringing the asset to its working condition for its intended use.

b) Depreciation: Depreciation on tangible assets is computed from the date the assets have been installed and put to use on straight line method at the rates specified here under:

##### Rates:

Air conditioners	: 4.75%
Office Equipments	: 4.75%
Furniture&Fixtures	: 6.33%
Vehicle	: 9.50%
Computers	: 16.21%

##### 2. Inventory :

Inventories are stated at lower of cost and net realizable value.

	2010	2009
Stock in trade	1,360	-
	<u>1,360</u>	<u>-</u>



**ACCEL FRONTLINE FZE, DUBAI**

(All amounts are in AED, unless otherwise stated)

**3. Cash & Cash Equivalents:**

Cash and Cash equivalents comprise of cash and bank current account.

	2010	2009
Cash in hand	188	73
Cash at Bank	2,496,552	570,518
	<u>2,496,740</u>	<u>570,591</u>

**4. Trade & Other Receivables:**

Trade and Other receivables are stated at the amounts estimated to be realized.

	2010	2009
Trade Receivables	3,158,238	8,353,113
	<u>3,158,238</u>	<u>8,353,113</u>
Other Receivables		
Trade Advance	86,075	
Prepaid expense	54,615	89,181
Staff Loans		4,000
Salary Advance		12,000
Income Receivable	445,303	445,303
Other Receivable	14,700	-
Security Deposit	113,060	4,240
Margin Money Deposit	134,900	134,900
	<u>848,653</u>	<u>689,624</u>

**ACCEL FRONTLINE FZE, DUBAI**

(All amounts are in AED, unless otherwise stated)

**5. Liabilities & Provisions:**

All known liabilities have been accounted in preparing the financial statements.

**Classification of Liabilities:**

Liabilities classified as current liabilities on the balance sheet date are those, which fall due for payment on demand within one year from balance sheet date.

Amount falling due within one year	2010	2009
Salary Payable	58,893	106,000
Outstanding Liabilities	1,327,338	743,369
Other Advances	-	163,437
Sundry Creditor	1,181,093	2,963,157
	<u>2,567,324</u>	<u>3,975,963</u>

**6. Non Current Liabilities:**

Non-current liabilities are those that fall due for payment after one year from the balance sheet date.

Amount falling due more than one year	2010	2009
Vehicle Loan	-	25,090
Accel Frontline Limited A/c	466,425	658,721
	<u>466,425</u>	<u>683,811</u>



**ACCEL FRONTLINE FZE, DUBAI**

(All amounts are in AED, unless otherwise stated)

**7 SHARE CAPITAL:**

Particulars	Issued Capital/ Share application Money	Accumulated profit/(loss)	Total
Balance as at April 1, 2009	1,000,000	4,113,038	5,113,038
Profit for the year ended March 31, 2010	-	(1,484,863)	(1,484,863)
Balance as at April 1, 2009	1,000,000	2,628,175	3,628,175

**8. Cost of Sales**

	2010	2009
Opening Stock	-	1,218,891
Purchase of Goods for resale	6,082,612	6,373,010
Software Development Expenses	361,283	471,329
Less: Closing Stock	(1,360)	-
	<u>6,442,535</u>	<u>8,063,230</u>



**ACCEL FRONTLINE FZE, DUBAI***(All amounts are in AED, unless otherwise stated)***9. EXPENDITURE**

	2010	2009
Salary & allowances	1,867,140	1,305,247
Staff Welfare	1,581	54,570
Rent	262,826	112,076
Electricity Charges	9,650	6,855
Insurance	38,459	13,024
Rates & Taxes	23,430	2,750
Repairs & Maintenance		
-- Building	17,850	5,182
-- Others	14,568	10,363
Printing & Stationery	9,781	7,876
Communication Cost	39,261	104,866
Traveling & Conveyance	165,600	182,890
Sales Promotion & Marketing Cost	101,070	12,430
Advertisement	19,000	15,050
Bad debts, rebates & discounts	354,157	249,751
Clearing & Forwarding Expenses	176,958	117,683
Audit Fees	4,500	4,500
Consultancy & Service Charges	-	-
Loss on sale of fixed asset	-	63,571
Other Expenses	61,933	31,373
Exchange rate fluctuation	270,066	2,256
Bank Charges	43,052	91,689
Depreciation	16,657	18,162
	<u>3,497,539</u>	<u>2,412,164</u>

**10. Interest Payable & Similar Charges**

Finance costs are recognized as an expense in the year in which they are incurred.

	2010	2009
Interest on HP Loan	1,740	2,223
	<u>1,740</u>	<u>2,223</u>

## ACCEL FRONTLINE FZE, DUBAI

(All amounts are in AED, unless otherwise stated)

### 11. REVENUE RECOGNITION:

Revenue is generally accounted for on accrual basis and is recognized as follows:

- a) Sales: Sales are recognized when significant risks and rewards of Ownership passed on to the buyer, is generally coincides with the delivery of goods.
- b) Services: Revenue is recognized over the period in which the service is provided.
- c) Software Services: Revenue from Software services on the time-and- material basis is recognized based on software service rendered and billed to clients as per the terms of the specific contracts.

#### 11.1 Taxation:

The Income of the enterprise is exempt from tax as per the rules and regulations of Duabi Airport free zone, Dubai.

#### 11.2 Number of Employees:

The number employees of the enterprise as at 31st March 2010 were twelve.

#### 11.3. RELATED PARTIES:

Name of the Party	Nature of Relationship
Accel Frontline Limited, India	Holding Company
BT Frontline Pte Limited, Singapore	Ultimate Holding Company
ACL Systems & Technologies PTE Limited, Singapore	Fellow Subsidiary
Network Programs (USA), INC., USA	Fellow Subsidiary
Network Programs (Japan) INC. USA	Fellow Subsidiary
Network Programs Kabhushaiki Kaishai, Japan	Fellow Subsidiary

#### KEY MANAGERIAL PERSONNEL:

Shri. N R Panicker	Director
Shri. K R Chandrasekaran	Director
Shri. Haresh Ahuja	Secretary



**ACCEL FRONTLINE FZE, DUBAI**

(All amounts are in AED, unless otherwise stated)

**11.4 The enterprises' transactions with its related parties are as follows :**

Particulars	Holding Company	Ultimate holding Company	Key Managerial Personnel
Sales and Other Income	-	Nil	Nil
	-	Nil	Nil
Interest Income	Nil	Nil	Nil
	Nil	Nil	Nil
Remuneration	Nil	Nil	770,500
	Nil	Nil	(469,818)
Cost of services	314,487	-	Nil
	(134,946)	(151,869)	Nil
Cost of Shared Services	-	Nil	Nil
	(20,318)	Nil	Nil
Advance received towards Working capital	-	Nil	Nil
	-	Nil	Nil
Outstanding Receivables	2,438,308	Nil	Nil
	(2,438,308)	Nil	Nil
Loans & Advances (Offshore Project Remittance)	Nil	Nil	Nil
	Nil	Nil	Nil
Payables	2,904,732	8,294	Nil
	(2,474,943)	(151,869)	Nil
Maximum Amount Outstanding at any time During the year	2,904,732	8,294	Nil
	(2,474,943)	Nil	Nil



**ACCEL FRONTLINE FZE, DUBAI**

(All amounts are in AED, unless otherwise stated)

**11.5 RELATED PARTY INTEREST IN CONTRACTS:**

The key persons of the enterprise are neither directly nor indirectly interested in any contract with the enterprise other than the following:

Shri N R Panicker & Shri K R Chandrasekaran are the key persons of the enterprise and are also the Chairman and Managing Director and Director and CFO of Accel Frontline Limited, the ultimate holding company.

**11.6 Capital Commitments:**

The Enterprise has no capital commitments, which would require disclosure as at 31st March 2010.

**11.7 Contingent Liabilities:**

There are no contingent liabilities as at the balance sheet date, which would require provision or disclosure.

**11.8 Audit Fee:**

	2010	2009
Statutory Audit	4,500	4,500

**11.9 Comparative Figures:**

Figures shown for in the previous year have been regrouped and reclassified to facilitate comparison with the current year.

As per our report attached

For S K RAM ASSOCIATES  
Chartered Accountants. FIRM REGISTRATION  
No. 02842S

For and On behalf of the enterprise



N R Panicker  
Director



K R. Chandrasekaran  
Director

R. Balaji  
Chennai, India

Date: June 24, 2010



**ACCEL FRONTLINE FZE, DUBAI .**  
 (All amounts are in AED, unless otherwise stated)

Cash Flow Statement for the year ended	NOTE	31-Mar-10	31-Mar-09
<b>Cash flows from operating activities</b>			
Net profit / (loss) for the year before tax		(1,484,863)	1,125,294
<b>Adjustment for:</b>			
Depreciation on fixed assets		16,657	18,162
Loss on sale of fixed assets		-	63,571
Bad Debts written off		354,157	249,751
<b>Operating profit / (loss) before reinvestment of capital</b>		<u>(1,114,049)</u>	<u>1,456,778</u>
(Increase)/Decrease in Trade receivables		4,681,690	(1,595,934)
Amortization of Intangibles		-	-
(Increase)/decrease in inventories		(1,360)	1,218,891
Increase/(Decrease) in trade and other payables		(1,408,639)	(667,549)
Increase/(Decrease) in due to ultimate holding company		(217,385)	11,538
<b>Cash generated from / (used in) operations</b>		<u>1,940,257</u>	<u>423,724</u>
Tax (paid)		-	-
<b>Net cash flows from operating activities</b>		<u>1,940,257</u>	<u>423,724</u>
<b>Cash flows from investing activities:</b>			
Acquisition/Disposal of non current assets	1	(14,108)	(3,495)
Proceeds from sale of fixed assets		-	33,500
<b>Net cash flows from/ (used in) investing activities</b>		<u>(14,108)</u>	<u>30,005</u>
<b>Cash flows from financing activities:</b>			
Proceeds from share application money	7	-	-
<b>Net cash flows from/ (used in) financing activities</b>		<u>-</u>	<u>-</u>
Net Increase/(decrease) in cash & cash equivalents		1,926,149	453,729
Cash & cash equivalents at the beginning of the year		570,591	116,862
<b>Cash &amp; Cash equivalents at end of the year</b>	3	<u>2,496,740</u>	<u>570,591</u>

For S K RAM ASSOCIATES  
 Chartered Accountants FIRM REGISTRATION  
 No.028425

S. Balaji  
 Chennai, India  
 Date: June 24, 2010



For and On behalf of the Enterprise

*(Signature)*  
 N R Panicker  
 Director

*(Signature)*  
 K.R.Chandrasekaran  
 Director