

AUDITORS REPORT TO THE SHARE HOLDERS OF NETWORK PROGRAMS (JAPAN), INC. USA

We have audited the accompanying financial statements of NETWORK PROGRAMS (JAPAN), INC., USA for the year ended March 31, 2011.

RESPECTIVE RESPONSIBILITIES OF THE MANAGEMENT AND AUDITORS.

These financial statements are the responsibility of the company'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 NETWORK PROGRAMS (JAPAN), INC. USA, as at March 31, 2011 and the results of its operations and its cash flows for the year ending March 31, 2011 in accordance with international accounting standards. We confirm that proper books of accounts and other records have been maintained and the financial statements have been properly prepared by the company in accordance with the said regulations.

For S K RAM ASSOCIATES
Chartered Accountants,
Firm Registration No. 2842S


R. Balaji

Membership No. 202916



Chennai, India
Date: July 15, 2011

NETWORK PROGRAMS (JAPAN), INC. USA*(All amounts are in USD, unless otherwise stated)*

BALANCE SHEET AS AT	March 31,2011	March 31,2010
ASSETS		
CURRENT ASSETS		
Cash & cash equivalents	2,637	383,829
Accounts receivables	75,712	156,320
CURRENT ASSETS	78,349	540,149
Fixed assets, net	-	-
Other assets	61,165	74,615
TOTAL ASSETS	139,514	614,764
LIABILITIES		
Current liabilities	15,377	342,173
Share holder's equity		
Capital stock	150,000	150,000
Retained earnings	(25,863)	122,591
Total share holder's equity	124,137	272,591
Total liabilities & share holder's equity	139,514	614,764

As per our report of even date

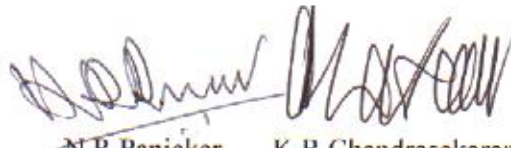
For S K RAM ASSOCIATES
Chartered Accountants
Firm Registration No.2842S



R. Balaji
Membership No.202916



For and on behalf of the Board



N.R. Panicker K.R. Chandrasekaran
Director Director

Chennai, India
Date: July 15, 2011

NETWORK PROGRAMS (JAPAN), INC. USA
(All amounts are in USD, unless otherwise stated)

STATEMENT OF INCOME FOR THE YEAR/PERIOD

	Year ended Mar 31,2011	Year ended Mar 31,2010
Service income	84,632	495,186
Other income	31	362,906
Gross revenues	84,663	858,092
Cost of revenues	71,082	361,215
Gross profit	13,581	496,877
Selling, general & administrative expenses		
Fixed expenses	136,823	56,237
Variable expenses	25,211	152,084
Total expenses	162,034	208,321
Operating income	(148,453)	288,556
Interest expense	-	-
Income before income taxes	(148,453)	288,556
Income taxes	-	-
Net income	(148,453)	288,556

As per our report of even date

For S K RAM ASSOCIATES
 Chartered Accountants
 Firm Registration No.2842S

R. Balaji
 Membership No.202916



For and on behalf of the Board

N.R. Panicker K.R. Chandrasekaran
 Director Director

Chennai, India
 Date: July 15, 2011

NETWORK PROGRAMS (JAPAN), INC. USA

(All amounts are in USD, unless otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2011.

Legal status and business activity:

NETWORK PROGRAMS (JAPAN), INC. USA, incorporated under the state laws of Delaware, USA. The Company was acquired as a wholly owned subsidiary by ACCEL FRONTLINE LIMITED, India, effective January 01, 2008. The company is primarily engaged in software services globally. The Company has its branch in Tokyo, Japan.

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.

Depreciation: Depreciation on tangible assets is computed from the date the assets have been installed and put to use.

2. Cash & Cash Equivalents:

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

	2011	2010
Cash in hand	2,637	40
Cash at Bank	-	383,789
	<u>2,637</u>	<u>383,829</u>



NETWORK PROGRAMS (JAPAN), INC. USA

(All amounts are in USD, unless otherwise stated)

3. Trade & Other Assets

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

	2011	2010
Trade Receivables	75,712	156,320
	<u>75,712</u>	<u>156,320</u>
Other assets		
Prepayments	2,547	2,396
Security deposit	55,533	69,136
Staff Loan	3,084	3,084
	<u>61,164</u>	<u>74,616</u>

4. Liabilities & Provisions:

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

Due to different financial accounting period in Japan, the provision for Income Tax is normally charged to profit and loss account at the year end which falls in the month of December. The provisions for the remaining three months are not provided as it is being made at the financial year end prevailing in Japan.

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	2011	2010
Expense liabilities	12,644	5,684
Other liabilities	2,516	336,490
	<u>15,160</u>	<u>342,174</u>

The balances shown under current assets, other assets and liabilities are subject to confirmation



NETWORK PROGRAMS (JAPAN), INC. USA*(All amounts are in USD, unless otherwise stated)***5 Changes in equity:**

Particulars	Issued Capital/ Share application Money	Accumulated Profit/(loss)	Total
Balance as at April 01, 2009	150,000	(165,965)	(15,965)
Profit/(Loss) for the year ended March 31, 2010	-	288,556	288,556
Balance as at March 31, 2010	150,000	122,591	272,591
Profit/(Loss) for the year ended March 31, 2011	-	(148,453)	(148,453)
Balance as at March 31, 2011	150,000	(25,862)	124,138

6. Cost of revenues

	2011	2010
Manpower cost	35,473	318,252
Consultancy charges	35,587	42,655
Purchases	22	308
	<u>71,082</u>	<u>361,215</u>

7. REVENUE RECOGNITION:

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

- a) Services: Revenue is recognized over the period in which the service is provided.
- b) 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.

7.1 Number of Employees:

The number employees of the company as at March 31, 2011 were nil.



NETWORK PROGRAMS (JAPAN), INC. USA
(All amounts are in USD, unless otherwise stated)

7.2 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
Accel Frontline FZE, Dubai	Fellow Subsidiary
Network Programs (USA), Inc., USA	Fellow Subsidiary
Network Programs Kabushiki Kaisha, Japan	Fellow Subsidiary

KEY MANAGERIAL PERSONNEL:

Shri. N R Panicker	Director
Shri. K R Chandrasekaran	Director

7.3 The transactions with its related parties are as follows :

Particulars	Fellow Subsidiary
Other income	Nil (Nil)
Expenses	Nil (318,252)
Receivables	71,895 (71,895)
Payables	35,940 (83,155)
qMaximum Amount Outstanding at any time During the year	71,895 (318,252)



NETWORK PROGRAMS (JAPAN), INC. USA

(All amounts are in USD, unless otherwise stated)

7.4 RELATED PARTY INTEREST IN CONTRACTS :

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

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

7.5 Capital Commitments:

The Company has no capital commitments, which would require disclosure as at March 31, 2011.

7.6 Contingent Liabilities:

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

6.7 Audit Fees

	2011	2010
Statutory Audit Fees	442	444

7.7 Comparative Figures:

The previous year's balances have been regrouped/reclassified wherever necessary to conform to the current year's presentation.

As per our report attached

For S K RAM ASSOCIATES
Chartered Accountants
Firm Registration No.2842S


R. Balaji

Membership No.202916



For and on behalf of the Board


N R Panicker
Director


K R. Chandrasekaran
Director

Chennai, India
Date: July 15, 2011

NETWORK PROGRAMS (JAPAN), INC. USA

(All amounts are in USD, unless otherwise stated)

Cash Flow Statement for the period	2011	2010
Cash flows from operating activities		
Net profit / (loss) for the year before tax	(148,453)	288,556
<i>Adjustment for:</i>		
Depreciation on fixed assets	-	-
Liabilities Written back	-	-
Operating profit / (loss) before reinvestment of capital	<u>(148,453)</u>	<u>288,556</u>
(Increase)/Decrease in Trade receivables	94,059	121,218
(Increase)/Decrease in current assets	-	14,558
Increase/(Decrease) in trade and other payables	(326,797)	(65,372)
Cash generated from / (used in) operations	<u>(381,191)</u>	<u>358,960</u>
Tax (paid)	-	-
Net cash flows from operating activities	<u>(381,191)</u>	<u>358,960</u>
Cash flows from investing activities:		
Acquisition of non current assets & CWIP	-	-
Net cash flows from/ (used in) investing activities	<u>-</u>	<u>-</u>
Cash flows from financing activities:		
Proceeds from share application money	-	-
Net cash flows from/ (used in) financing activities	<u>-</u>	<u>-</u>
Net Increase/(decrease) in cash & cash equivalents	(381,191)	358,960
Cash & cash equivalents at the beginning of the year	383,828	24,868
Exchange difference on translation	-	-
Cash & Cash equivalents at end of the year	<u>2,637</u>	<u>383,828</u>

As per our report of even date

For S.K.RAM ASSOCIATES

Chartered Accountants

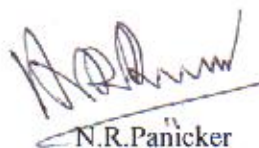
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R. Balaji


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For and on behalf of the Board



N.R. Panicker
Director



K.R. Chandrasekaran
Director

Chennai, India

Date: July 15, 2011