

S.K.RAM ASSOCIATES

Chartered Accountants
Old No. 57-A, New No. 103
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AUDITORS REPORT TO THE SHARE HOLDERS OF NETWORK PROGRAMS KABUSHIKI KAISHA, JAPAN

We have audited the accompanying financial statements of NETWORK PROGRAMS KABUSHIKI KAISHA, JAPAN for the year ending 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 KABUSHIKI KAISHA, JAPAN as at March 31, 2011 and the results of its operations and its cash flows for the year then ended 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 KABUSHIKI KAISHA, JAPAN
(All figures are in Japanese Yen, unless otherwise stated)

BALANCE SHEET AS AT	March 31, 2011	MARCH 31, 2010
ASSETS		
CURRENT ASSETS		
Cash & cash equivalents	2,864,750	1,020,696
Other receivables	19,725,820	17,705,972
TOTAL CURRENT ASSETS	22,590,570	18,726,668
Fixed assets, net	-	-
TOTAL ASSETS	22,590,570	18,726,668
LIABILITIES		
Current liabilities	6,657,850	20,598
Non Current Liabilities		
Share holder's equity		
Share Capital	10,600,000	10,600,000
Share application money	18,272,861	15,855,000
Retained earnings	(12,940,141)	(7,748,930)
Total share holder's equity	15,932,720	18,706,070
Total liabilities & share holder's equity	22,590,570	18,726,668

As per our report of even date

For S K RAM ASSOCIATES
Chartered Accountants
Firm Registration No.28428



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 KABUSHIKI KAISHA, JAPAN
(All figures are in Japanese Yen, unless otherwise stated)

STATEMENT OF INCOME FOR THE	Year ended March 31, 2011	Year ended March 31, 2010
Service income	18,919,549	-
Other income	-	12,659
Gross revenues	18,919,549	12,659
Cost of revenues	7,584,314	-
Gross profit	11,335,235	12,659
Selling, general & administrative expenses		
Expenses	16,526,446	200,808
Total expenses	16,526,446	200,808
Income before income taxes	(5,191,211)	(188,149)
Income taxes	-	-
Net income	(5,191,211)	(188,149)

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
 Director



K R Chandrasekaran
 Director

Chennai, India
 Date: July 15, 2011

NETWORK PROGRAMS KABUSHIKI KAISHA, JAPAN
(All figures are in Japanese Yen, unless otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011

Legal status and business activity:

NETWORK PROGRAMS, KABUSHIKI KAISHA, a company incorporated under the laws of JAPAN in Tokyo. 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.

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	153	153
Cash at Bank	2,864,597	1,020,543
	<u>2,864,750</u>	<u>1,020,696</u>

3. Other Assets

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

	2011	2010
Trade Receivables	5,269,925	-
Other Receivables	14,455,895	17,705,972
	<u>19,725,820</u>	<u>17,705,972</u>

4. Liabilities & Provisions:

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



NETWORK PROGRAMS KABUSHIKI KAISHA, JAPAN
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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
Trade liabilities	5,175,294	20,598
	<u>5,175,294</u>	<u>20,598</u>

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

5. Changes in equity:

Particulars	Issued Capital/ Share application Money	Accumulated Profit/(loss)	Total
Balance as at April 01, 2009	10,600,000	(7,560,781)	18,894,219
Share application Money	15,855,000	-	-
Profit/(Loss) for the year ended March 31, 2010	-	(188,149)	(188,149)
Balance as at March 31, 2010	26,455,000	(7,748,930)	18,706,070
Share application Money	2,417,861	-	2,417,861
Profit/(Loss) for the year ended March 31, 2011	-	(5,191,211)	(5,191,211)
Balance as at March 31, 2011	28,872,861	(12,940,141)	15,932,720

6. 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.

NETWORK PROGRAMS KABUSHIKI KAISHA, JAPAN

(All figures are in Japanese Yen, unless otherwise stated)

6.1. Number of Employees:

The numbers of outsourced employees of the company as at 31st March 2011 were 3 (three) persons. (PY -Nil)

6.2. RELATED PARTY TRANSACTIONS:

Name of the Party	Nature of Relationship
Accel Frontline Limited, India	Holding company
Network Programs (JAPAN) INC. USA	Fellow Subsidiary
Network Programs USA INC. USA	Fellow Subsidiary

KEY MANAGERIAL PERSONNEL:

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

6.3 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.



NETWORK PROGRAMS KABUSHIKI KAISHA, JAPAN
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6.4 The transactions with its related parties are as follows:

Particulars	Holding Company	Fellow Subsidiary
Purchases	Nil (Nil)	6,249,600 (Nil)
Income	Nil (Nil)	Nil (Nil)
Share application money	2,417,861 (15,855,000)	Nil (Nil)
Receivables	Nil (Nil)	12,950,000 (17,705,972)
Payables	Nil (Nil)	6,249,600 (Nil)
Maximum Amount Outstanding at any time During the year	Nil (Nil)	12,950,000 (17,705,972)

6.5 Capital Commitments:

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

6.6 Contingent Liabilities:

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

6.7 Audit Fees

Statutory Audit Fees	2011 20,598	2010 20,598
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NETWORK PROGRAMS KABUSHIKI KAISHA, JAPAN
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6.8 Comparative Figures:

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

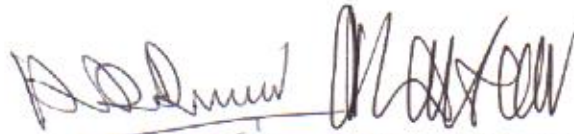
As per our report attached

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

For and on behalf of the Board



R. Balaji
Membership No.202916



N R Panicker
Director

K R. Chandrasekaran
Director

Chennai, India
Date: July 15, 2011

NETWORK PROGRAMS KABUSHIKI KAISHA, JAPAN
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Cash Flow Statement for the period

(Amounts are in Japanese Yen, unless otherwise stated)

	2011	2010
Cash flows from operating activities		
Net profit / (loss) for the year before tax	(5,191,211)	(188,149)
<i>Adjustment for:</i>		
Depreciation on fixed assets	-	-
Operating profit / (loss) before reinvestment of capital	(5,191,211)	(188,149)
(Increase)/Decrease in Trade receivables	(2,019,848)	286,192
(Increase)/Decrease in current assets	-	-
Increase/(Decrease) in trade and other payables	6,637,252	(838)
Cash generated from / (used in) operations	(573,807)	97,205
Tax (paid)	-	-
Net cash flows from operating activities	(573,807)	97,205
Cash flows from investing activities:		
Acquisition of non current assets & CWIP	-	-
Net cash flows from/ (used in) investing activities	-	-
Cash flows from financing activities:		
Proceeds from advance towards share capital	2,417,861	-
Net cash flows from/ (used in) financing activities	2,417,861	-
Net Increase/(decrease) in cash & cash equivalents	1,844,054	97,205
Cash & cash equivalents at the beginning of the year	1,020,696	923,491
Cash & Cash equivalents at end of the year	2,864,750	1,020,696

As per our report of even date

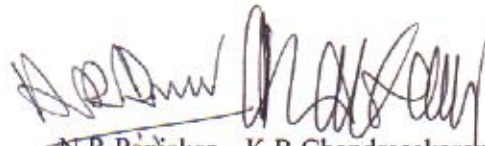
For S.K.RAM ASSOCIATES
 Chartered Accountants
 Firm Registration No.2842S



R. Balaji
 Membership No.202016



For and on behalf of the Board



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

Chennai, India
 Date: July 15, 2011