

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

We have audited the accompanying financial statements of NETWORK PROGRAMS (USA), INC. 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 (USA), INC. as at March 31, 2011 and the results of its operations and its cash flows for the period are 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 (USA), INC.**  
*(All figures are in USD, unless otherwise stated)*

BALANCE SHEET AS AT	March 31, 2011	March 31, 2010
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash & cash equivalents	57,890	111,750
Accounts receivables	166,458	387,526
<b>CURRENT ASSETS</b>	<b>224,348</b>	<b>499,276</b>
<b>Other assets</b>	-	-
<b>TOTAL ASSETS</b>	<b>224,348</b>	<b>499,276</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>	6,464	302,194
<b>Non Current liabilities</b>	462,503	449,297
<b>Share holder's equity</b>		
Capital stock	50,000	50,000
Retained earnings	(294,619)	(302,215)
Total share holder's equity	(244,619)	(252,215)
<b>Total liabilities &amp; share holder's equity</b>	<b>224,348</b>	<b>499,276</b>

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 (USA), INC.**  
*(All figures are in USD, unless otherwise stated)*

**STATEMENT OF INCOME FOR THE YEAR/PERIOD**

	<b>Year ended March 31, 2011</b>	<b>Year ended March 31, 2010</b>
Service income	405,708	622,802
Other income	-	648,392
<b>Gross revenues</b>	<b>405,708</b>	<b>1,271,194</b>
Cost of revenues	370,081	577,132
<b>Gross profit</b>	<b>35,627</b>	<b>694,062</b>
Selling, general & administrative expenses		
Fixed expenses	-	-
Variable expenses	28,031	26,076
Expenses due to outsourced staff	-	-
<b>Total expenses</b>	<b>28,031</b>	<b>26,076</b>
<b>Operating income</b>	<b>7,596</b>	<b>667,986</b>
Extraordinary item – Bad debts written off	-	(312,609)
<b>Income before income taxes</b>	<b>7,596</b>	<b>355,377</b>
Income taxes	-	-
<b>Net income</b>	<b>7,596</b>	<b>355,377</b>



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 (USA), INC.**  
*(All figures are in USD, unless otherwise stated)*

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

**Legal status and business activity:**

NETWORK PROGRAMS (USA), INC. USA, a company incorporated under the state laws of Delaware, USA. 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.

	<b>2011</b>	<b>2010</b>
Cash at Bank	57,890	111,750
	<u>57,890</u>	<u>111,750</u>

**3. Trade receivables & Other Assets**

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

	<b>2011</b>	<b>2010</b>
Trade Receivables	166,458	387,526

**4. Liabilities & Provisions:**

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

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

**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 the balance sheet date.

<b>Amount falling due within one year</b>	<b>2011</b>	<b>2010</b>
Trade liabilities	6,243	301,972
Expense liabilities	221	222
	<u>6,464</u>	<u>302,194</u>

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

**5 Changes in equity:**

<b>Particulars</b>	<b>Issued Capital/ Share application Money</b>	<b>Accumulated Profit/(loss)</b>	<b>Total</b>
Balance as on April 01, 2009	50,000	(657,592)	(607,592)
Profit/(Loss) for the year ending March 31, 2010	-	355,377	355,377
Balance as on March 31, 2010	50,000	(302,215)	(252,215)
Profit/(Loss) for the year ending 31-Mar-11	-	7,596	7,596
Balance as on March 31, 2011	50,000	-294,619	-244,619

**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 (USA), INC.**  
*(All figures are in USD, unless otherwise stated)*

**6.1.RELATED PARTIES:**

<b>Name of the Party</b>	<b>Nature of Relationship</b>
Accel Frontline Limited, India	Holding company
BT Frontline Pte Limited, Singapore	Ultimate Holding Company
Accel Frontline FZE, Dubai	Fellow Subsidiary
ACL Systems & Technologies PTE Limited, Singapore	Fellow Subsidiary
Network Programs (JAPAN) INC. USA	Fellow Subsidiary
Network Programs Kabushiki Kaisha, Japan	Fellow Subsidiary

**KEY MANAGERIAL PERSONNEL:**

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

**6.2 The transactions with its related parties are as follows :**

<b>Particulars</b>	<b>Holding Company</b>	<b>Fellow Subsidiary</b>
Purchases	361,781 (577,132)	107,552 (Nil)
Income	Nil (Nil)	62,496 (318,252)
Receivables	Nil (Nil)	62,496 (318,252)
Payables	276,093 (571,822)	192,653 (179,447)

**NETWORK PROGRAMS (USA), INC.**

*(All figures are in USD, unless otherwise stated)*

**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.

**6.4 Capital Commitments:**

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

**6.5 Other Income:**

Other income represents liabilities no longer required written back.

**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**

	<b>2011</b>	<b>2010</b>
Statutory Audit Fees	221	222

**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




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 (USA), INC.**  
*(All figures are in USD, unless otherwise stated)*

**Cash Flow Statement for the period**  
*(Amounts are in US dollars, unless otherwise stated)*

	2011	2010
<b>Cash flows from operating activities</b>		
Net profit / (loss) for the year before tax	7,596	355,377
<i>Adjustment for:</i>		
Depreciation on fixed assets	-	-
<b>Operating profit / (loss) before reinvestment of capital</b>	<u>7,596</u>	<u>355,377</u>
(Increase)/Decrease in Trade receivables	221,068	(199)
(Increase)/Decrease in current assets	-	-
Increase/(Decrease) in trade and other payables	(282,523)	(320,903)
<b>Cash generated from / (used in) operations</b>	<u>(53,860)</u>	<u>34,275</u>
Tax (paid)	-	-
<b>Net cash flows from operating activities</b>	<u>(53,860)</u>	<u>34,275</u>
<b>Cash flows from investing activities:</b>		
Acquisition of non current assets & CWIP	-	-
<b>Net cash flows from/ (used in) investing activities</b>	<u>-</u>	<u>-</u>
<b>Cash flows from financing activities:</b>		
Proceeds from inter-company	-	-
<b>Net cash flows from/ (used in) financing activities</b>	<u>-</u>	<u>-</u>
<b>Net Increase/(decrease) in cash &amp; cash equivalents</b>	(53,860)	34,275
Cash & cash equivalents at the beginning of the year	<u>111,750</u>	<u>77,475</u>
<b>Cash &amp; Cash equivalents at end of the year</b>	<u>57,890</u>	<u>111,750</u>

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