CAMBRIDGE SOLUTIONS PTY LTD

BALANCE SHEET AS AT DECEMBER 31, 2010

	Note	AUD 2010	INR 2010	AUD 2009	INR 2009
SOURCES OF FUNDS					
Shareholders' Funds					
Share Capital	4	10,000	462,851	10,000	418,725
Reserves and surplus	5	42,607	1,972,080	70,883	2,968,058
		52,607	2,434,931	80,883	3,386,783
TOTAL		**52,607**	**2,434,931**	**80,883**	**3,386,783**
APPLICATION OF FUNDS					
Fixed Assets	6				
Gross block		1,611	74,565	1,611	67,457
Less: Accumulated depreciation		940	###### #########	403	16,864
Net block		671	31,028	1,208.25	50,592.45
Current Assets, Loans & Advances					
Sundry debtors	7	-	-	52,344	2,191,769
Cash and bank balances	8	874	40,450	37,100	1,553,470
Loans and advances	9	193,704	8,965,582	138,616	5,804,194
		194,577	9,006,032	228,060	9,549,433
Investments		-	-	-	-
Less: Current liabilities & Provisions					
Current liabilities	10	142,640	6,602,128	120,178	5,032,145
Provision	11	-	-	28,207	1,181,098
Net Current Assets /(Liabilities)		51,937	2,403,903	79,675	3,336,191
TOTAL		**52,607**	**2,434,931**	**80,883**	**3,386,783**

The accompanying notes 1 to 22 form an integral part of this balance sheet.

As per our report of even date

Bhalotia Associates
Chartered Accountants
Firm Registration No. 323201E

CA. Ajay Kumar Bhalotia
Partner
Membership No. 057931

Place :
Date :

For and on behalf of the Board of Directors of
Cambridge Solutions Pty Ltd

Kerry Jules Purcell
Director

Place :
Date :

Stanley Don Eric
Director

Place :
Date :

CAMBRIDGE SOLUTIONS PTY LTD

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 2010

	Note	AUD 2010	INR 2010	AUD 2009	INR 2009
Income					
Revenues	12	68,453	3,168,354	424,510	17,775,308
		68,453	**3,168,354**	**424,510**	**17,775,308**
Expenditure					
Employee costs	13	30,339	1,404,225	206,403	8,642,616
Other operating costs	14	60,538	2,801,985	123,564	5,173,951
Finance costs	15	128	5,924	117	4,902
Depreciation	6	537	24,855	403	16,864
		91,541	**4,236,989**	**330,487**	**13,838,334**
Profit /(Loss) for the year before tax		(23,088)	(1,068,635)	94,023	3,936,975
Provision for tax		5,188	240,122	35,246	1,475,838
Profit /(Loss) for the year after tax		(28,276)	(1,308,758)	58,777	2,461,137
Profit /(Loss) at the beginning of the year		70,883	3,280,838	12,106	506,922
Profit /(Loss) at the end of the year	5	**42,607**	**1,972,080**	**70,883**	**2,968,058**
Earnings per share [Equity shares, par value AUS 1 each]					
Basic and diluted		4.26	4.26	7.09	7.09
Weighted average number of equity shares used in computing Earnings per share					
Basic and diluted		10,000	462,851	10,000	418,725

The accompanying notes 1 to 22 form an integral part of this balance sheet.

As per our report of even date

Bhalotia Associates
Chartered Accountants
Firm Registration No. 323201E

For and on behalf of the Board of Directors of
Cambridge Solutions Pty Ltd

CA. Ajay Kumar Bhalotia
Partner
Membership No. 057931

Place :
Date :

Kerry Jules Purcell
Director

Place :
Date :

Stanley Don Eric
Director

Place :
Date :

CAMBRIDGE SOLUTIONS PTY LTD

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 2010

	AUD 2010	INR 2010	AUD 2009	INR 2009
A. Cash flow from operating activities				
Net profit / (Loss)	(28,276)	(1,308,758)	58,777	2,461,137
Adjustments for:				
Depreciation	537	24,855	403	16,864
Operating profit before working capital changes	**(27,739)**	**(1,283,903)**	**59,180**	**2,478,001**
Movements in working capital :				
Decrease / (Increase) in sundry debtors	52,344	2,422,756	55,707	2,332,605
Decrease / (Increase) loans and advances	(55,088)	(2,549,731)	(15,535)	(650,472)
Increase / (Decrease) in current liabilities and provisions	(5,744)	(265,849)	(61,287)	(2,566,225)
Net cash (used) surplus in operating activities (A)	**(36,226)**	**(1,676,727)**	**38,066**	**1,593,909**
B. Cash flows from investing activities				
Purchase of fixed assets	-	-	(1,611)	(67,457)
Net cash used in investing activities (B)	-	-	(1,611)	(67,457)
C. Cash flows from financing activities				
Proceeds from issuance of share capital			-	-
Net cash from financing activities (C)	-	-	-	-
Net increase in cash and cash equivalents (A + B + C)	**(36,226)**	**(1,676,727)**	**36,455**	**1,526,452**
Foreign currency translation reserve				
Cash and cash equivalents at the beginning of the year	37,100	1,717,177	645	27,018
Cash and cash equivalents at the end of the year	**874**	**40,450**	**37,100**	**1,553,470**
Components of cash and cash equivalents				
Balance with other banks				
- on current account	874	40,450	37,100	1,553,470
	874	**40,450**	**37,100**	**1,553,470**

As per our report of even date

Bhalotia Associates
Chartered Accountants
Firm Registration No. 323201E

For and on behalf of the Board of Directors
Cambridge Solutions Pty Ltd

CA. Ajay Kumar Bhalotia
Partner
Membership No. 057931

Place :
Date :

Kerry Jules Purcell
Director

Place :
Date :

Stanley Don Eric
Director

Place :
Date :

CAMBRIDGE SOLUTIONS PTY LTD

NOTES TO THE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2010

	AUD 2010	INR 2010	AUD 2009	INR 2009
4 Share Capital				
Issued, Subscribed and Paid-up Capital	10,000	462,851	10,000	418,725
10,000 Equity Share (2009:10000 Equity Share) of AUS 1fully paid up	10,000	462,851	10,000	418,725

(i) All the shares are held by Cambridge Solutions Pte Limted, a subsdiary company of Cambridge Solutions Limited, India

5 Reserves and surplus				
Profit & Loss Account	42,607	1,972,080	70,883	2,968,058
	42,607	**1,972,080**	**70,883**	**2,968,058**

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CAMBRIDGE SOLUTIONS PTY LTD
6 Fixed Assets

In "INR"

Particulars	Gross Block				Depreciation			Net Block	
	2009	Additions	Deletions	2010	2009	Addition	2010	2010	2009
Computers	74,565	-	-	74,565	18,641	24,855	43,537	31,043	55,924
Total	**74,565**	-	-	**74,565**	**18,641**	**24,855**	**43,537**	**31,043**	**55,924**
2009	-	**67,457**	-	**67,457**	-	**16,864**	**16,864**	-	**50,592**

In "AUD"

Particulars	Gross Block				Depreciation			Net Block	
	2009	Additions	Deletions	2010	2009	Addition	2010	2010	2009
Computers	1,611			1,611	403	537	940	671	1,208
Total	**1,611**	-	-	**1,611**	**403**	**537**	**940**	**671**	**1,208**
2009	-	**1,611**		**1,611**	-	**403**	**403**	-	**1,208**

CAMBRIDGE SOLUTIONS PTY LTD

NOTES TO THE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2010

	AUS 2010	INR 2010	AUS 2009	INR 2009
7 Sundry debtors				
(Unsecured), considered good				
Debts outstanding for a period exceeding six months			-	-
Other debts	-	-	52,345	2,191,816
	-	-	52,345	2,191,816
8 Cash and bank balances				
Balances with Other Banks				
In Current Account				
- Westpac Business One	874	40,450	37,100	1,553,470
	874	40,450	37,100	1,553,470
(i) Maximum balance outstanding during the year	96,829	4,481,755	72,863	3,050,956
9 Loans and advances				
Unsecured, considered good				
Dues from related parties:				
Expense Receivable	192,487	########## ###	125,486	5,254,395
Advances recoverable in cash or kind or for value to be received	1,217	56,327	-	-
Advances Paid			13,130	549,799
	193,704	8,965,582	138,616	5,804,194
Dues from related parties:				
Cambridge Solutions Pte Ltd Singapore	192,487	8,909,255	125,486	5,254,395
	192,487	8,909,255	125,486	5,254,395
10 Current liabilities				
Sundry Creditors	31,859	1,474,597	-	-
Dues to related parties				
Expenses payable	110,781	5,127,531	92,817	3,886,471
Advance from Customers				
Other Liabilities	-	-	27,361	1,145,673
	142,640	6,602,128	120,178	5,032,145
Dues to related parties:				
Cambridge Solutions Pte Ltd Singapore	82,952	3,839,419	54,789	2,294,143
Cambridge Solutions Ltd, India	27,830	1,288,112	13,610	569,883
Cambridge Integrated Services Victoria Pty Ltd	-	-	24,418	1,022,445
	110,781	5,127,531	92,817	3,886,471
11 Provision				
Provision for Taxation	-	-	28,207	1,181,098
	-	-	28,207	1,181,098

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CAMBRIDGE SOLUTIONS PTY LTD

NOTES TO THE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2010

	AUD 2010	INR 2010	AUD 2009	INR 2009
12 Revenues				
Revenue from Software Development and related services				
- Time and material contracts	68,453	3,168,354	424,510	17,775,308
	68,453	**3,168,354**	**424,510**	**17,775,308**
13 Employee costs				
Salaries, allowances and bonus	30,339	1,404,225	183,565	7,686,333
Provision for gratuity and leave encashment	-	-	22,838	956,284
	30,339	**1,404,225**	**206,403**	**8,642,616**
14 Other operating costs				
Project work expenses	7,705	356,627	7,719	323,214
Rent	(4,400)	(203,654)	68,710	2,877,069
Communication	-	-	796	33,331
Travel	28,620	1,324,659	38,139	1,596,987
Insurance	454	21,011	1,000	41,868
Legal & professional	28,159	1,303,342	7,200	301,482
	60,538	**2,801,985**	**123,564**	**5,173,951**
15 Finance costs				
Bank Charges	128	5,924	117	4,902
	128	**5,924**	**117**	**4,902**

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CAMBRIDGE SOLUTIONS PTY LTD

NOTES TO THE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2010

16 Related Party Disclosures

S.No.	Name of the related party	Relationship (Refer the list of Types below)	Nature of transaction	Transactions: 2010	Receivable /(Payable) : 2010	Transactions : 2009	Receivable /(Payable) : 2009	Transactions: 2010	Receivable /(Payable) : 2010	Transactions : 2009	Receivable /(Payable) : 2009
				AUS	AUS	AUS	AUS	INR	INR	INR	INR
(i)	Cambridge Solutions Ltd, India	Fellow Subsidiary	Expenses incurred by related party	(14,220)	(27,830)	(39,600)	(13,610)	(658,174)	(1,288,112)	(1,658,147)	(569,883)
			Funds transferred to related party			80,000				3,349,800	-
			Funds received from related party								
			Interest Paid								
			Loans and Advances								
(ii)	Cambridge Solutions Pte Ltd Singapore	Fellow Subsidiary	Remittance to related party			144,000				6,029,640	-
			Remittance from related party			(80,000)				(3,349,800)	-
			Expenses incurred by related party	(28,163)	(82,952)	(61,594)	(54,788.78)	(1,303,515)	(3,839,419)	(2,579,089)	(2,294,143)
			Expenses incurred on behalf of related party		192,486		125,485.57	-	8,909,214		
			Loans & Advances	67,000				3,101,102	-		
(iii)	Cambridge Integrated Services Victoria Pty Ltd	Fellow Subsidiary	Expenses incurred on the behalf of related party	(500)				(23,140)		-	-
			Expenses incurred by related party	(32,550)		(193,187)	(24,418)	(1,506,577)		(8,089,231)	(1,022,445)
			Remittance to related party	57,468		224,277		2,659,909		9,391,021	-
			Remittance from related party								
			Interest paid								
			Loans and Advances								
			Current liabilities								

CAMBRIDGE SOLUTIONS PTY LTD

SCHEDULE
NOTES ON ACCOUNTS

1. BACKGROUND

Cambridge Solutions Pty Ltd was incorporated on May 10, 2007, incorporated and domiciled in Australia. The Company is engaged in the business of rendering software development and related services and information technology enabled services.

The Company is a wholly owned subsidiary of Cambridge Solutions Pte Ltd, Singapore, which is the further the subsidiary of Cambridge Solutions Ltd ('CSL'). The parent

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

(a) The financial statements have been prepared to comply in all material respects with the mandatory respects with the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956 ('the Act'). The financial statements have been prepared under the historical cost convention on an accrual basis. Further, the financial statements are presented in the general format specified by Schedule VI of the Act. However, as these financial statements are not statutory financial statements, full compliance with the above Act, is not required and so they do not reflect all the disclosure requirements of the Act. These financial statements are presented pursuant to requirements of Section 212 of the Act. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year

(b) The functional currency of the Company is Australian Dollar ("AUS") and the reporting currency of the financial statements is Indian Rupee ("INR or Rs")

(c) For the convenience of readers, the balance sheet as of December 31, 2010 and as on December 31, 2009 the Profit and Loss account for both the years have been translated into INR at the exchange rate of 1AUS = Rs 46.2851 and Rs 41.8725 respectively. The convenient translation should not be construed as a representation that the AUS amounts or the INR amounts referred to in these financial statements have been, could have been, or could in the future be, converted into INR or AUS, as the case may be, at this or at any other rate of exchange, or at all.

2.2 Use of 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, disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting year end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Any revision in accounting estimates is recognised prospectively in current and future periods.

2.3 Fixed assets and depreciation

(i) Fixed assets are stated at cost of acquisition less accumulated depreciation and impairment losses. Cost comprises the purchase price and any directly attributable costs of bringing the assets to their working condition for its intended use.

(ii) Depreciation is provided on a straight line method (SLM) based on estimated useful life of fixed assets determined by management as follows:

	Years
Computers	3

Vehicles	2-5
Office equipment	5
Furniture and fixtures	5

The above rates are higher than the rates prescribed under Schedule XIV of the Companies Act, 1956.

(iii) Leasehold improvements are amortised over the period of lease or five years, whichever is lower. Assets acquired on finance lease are depreciated at the lower of lease term and estimated useful life as stated above.

2.4 Intangible assets

Intangible assets are recognised only if it is probable that future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. Intangible assets comprise of goodwill, computer software, computer software license rights, license to use intellectual property and software development costs.

(i) Goodwill arising on acquisition is the difference between the cost of an acquired business and the aggregate of the fair value of that entity's identifiable assets and liabilities and the same is amortised on a straight line basis over its economic life or the period defined in the Court scheme.

(ii) Costs incurred towards development of computer software meant for internal use are capitalised subsequent to establishing technological feasibility. Computer software is amortised over an estimated useful life of two to six years.

(iii) Computer software licences are capitalised on the basis of costs incurred to acquire and bring to use the specific software, and are amortised on straight line basis over an estimated useful life of four years.

(iv) License to use intellectual property rights are amortised on straight line basis over an estimated useful life of six years.

(v) The amortisation period and method used for intangible assets are reviewed at each financial year end.

2.5 Borrowing costs

Borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset are capitalised as part of the cost of that asset till such time the asset is ready for its intended use. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use.

2.6 Lease accounting

Finance lease

Assets acquired under lease where the Company has substantially all the risks and rewards of ownership are classified as finance lease. Such lease is capitalised at the inception of the lease at lower of the fair value or the present value of the minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each period. Lease management fees, legal charges and other initial direct costs are capitalised.

Operating lease

Assets acquired on lease where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating lease. Lease rentals on assets taken on operating lease are recognised as an expense in the Profit and Loss Account on a straight line basis over the lease term. Operating leases, which are renewed, after the primary lease period and have not been opted for transfer of ownership, are reclassified to finance lease prospectively.

2.7 Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in the value is made to recognise a decline, other than temporary, in the value of the investments.

2.8 Inventories

Inventories comprise licenses purchased by the Company for resale to a customer and are stated at the lower of cost and net realisable value. Cost of licenses is determined using the first-in-first-out method.

2.9 Impairment of assets

At each balance sheet date, the Company assesses whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognised in the Profit and Loss Account to the extent the carrying amount exceeds the recoverable amount.

2.10 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the Company and that the revenue can be reliably measured.

(i) Revenue from software services includes revenue from time and material and fixed price contracts. Revenue from time and material contracts are recognised as related services are performed. Revenue from fixed price contracts for delivering services is recognised under the proportionate-completion method wherein revenue is recognised based on services performed to date as a percentage of total services to be performed

(ii) Revenue from maintenance contracts are recognised rateably over the term of the maintenance contract on a straight-line basis.

(iii) Revenue from Information Technology enabled Services (ITeS) is recognised as services are rendered, on the basis of an agreed amount in accordance with the agreement entered into by the Company.

(iv) Revenue from sale of user licenses for software application is recognised on transfer of the title in the user license.

(v) Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

(vi) Provision for estimated losses, if any, on incomplete contracts are recorded in the period in which such losses become probable based on the current contract estimates.

(vii) Deferred and unearned revenues represent the estimated unearned portion of fees derived from certain fixed-rate claim service agreements. Deferred revenues are recognised based on the

estimated rate at which the services are provided. These rates are primarily based on a historical evaluation of actual claim closing rates. Unearned revenues for fixed fee contracts are recognised on a pro-rata basis over the terms of the underlying service contracts, which are generally one year.

(viii) Unbilled revenue represents costs and earnings in excess of billings as at the balance sheet date.

2.11 Foreign currency transactions

(i) Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(ii) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

(iii) Exchange differences

Exchange differences arising on the settlement of monetary items or on reporting the Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expense in the year in which they arise except those arising from investments in non-integral operations.

Exchange differences arising on a monetary item that, in substance, forms part of the Company's net investment in a non-integral foreign operation is accumulated in a foreign currency translation reserve in the financial statements until the disposal of the net investment, at which time they are recognised as income or as expense.

(iv) Forward exchange contracts not intended for trading or speculation purposes

The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense for the period.

2.12 Employee benefits

(a) Short term employee benefits:

All employee benefits falling due wholly within twelve months of rendering the service are classified as short term employee benefits, which include benefits like salaries, short term compensated absences, performance incentives, etc. and are recognised as expense in the period in which the employee renders the related service.

(b) Defined-contribution plans:

The Company has defined contribution plans (where Company pays pre-defined amounts and does not have any legal or informal obligation to pay additional sums) for post employment benefits, and the Company's contributions thereto are charged to Profit and Loss Account every

year. The Company's contributions to State plans are also charged to Profit and Loss Account as expense during the period in which the employees perform the service.

(c) Defined-benefit plan:

The Company has a defined benefit plan (viz., Gratuity in India) for employees, the liability for which is determined on the basis of valuation carried out by an independent actuary (under projected unit credit method) at the balance sheet date.

(d) Other long term employee benefits:

Compensated absences that are not expected to occur within twelve months after the end of the period in which the employee renders related services are recognised as a liability at the present value of the defined benefit obligation based on actuarial valuation (under projected unit credit method) carried out at the balance sheet date.

(e) Actuarial gains and losses:

Actuarial gains and losses comprise experience adjustments and the effect of changes in the actuarial assumptions, and are recognised immediately in the Profit and Loss Account as income or expense.

(f) Deferred employee stock compensation costs

Stock options granted to the employees under employee stock option plans (ESOP's) are recognised in accordance with the accounting treatment prescribed by "Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999". Accordingly, the excess of market value of the stock options, as on the date of grant, over the exercise price of the options, is recognised as deferred employee stock compensation expenses, and is charged to profit and loss account on 'graded vesting' basis over the vesting period of the options. The fair value of the options is measured on the basis of an independent valuation performed or the market price in respect of stock options granted.

2.13 Taxes on Income

Tax expense comprises current, deferred and fringe benefit taxes. Current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with local tax laws applicable in the respective countries. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities across various countries of operation are not set-off against each other as the Company does not have a legal right to do so. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

At each balance sheet date, the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available

against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Minimum Alternative Tax ('MAT') credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in the Guidance Note on Accounting in respect of Minimum Alternative Tax issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the profit and loss account and disclosed as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal income tax during the specified period.

2.14 Earnings per share

Basic earnings/ (loss) per share is calculated by dividing the net profit/ (loss) for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during all the years presented is adjusted for capital reduction.

For the purpose of calculating diluted earnings/ (loss) per share, the net profit/ (loss) for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

2.15 Provisions and Contingent Liabilities

Provisions are recognised when the Company has a present obligation as a result of past events, for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed regularly and are adjusted where necessary to reflect the current best estimates of the obligation. When the Company expects a provision to be reimbursed, the reimbursement is recognised as a separate asset, only when such reimbursement is virtually certain.

Provisions for onerous contracts (i.e., contracts where the expected unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it), are recognised when it is probable that cash outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event based on a reliable estimate of such obligation.

Contingent liabilities are disclosed when there is a possible obligation or a present obligation that may (but probably will not) require an outflow of resources.

2.16 Segment reporting

Identification of segments: The Company's operating businesses are organised and managed separately according to the nature of services rendered. The analysis of geographical segments is based on the geographical location of the Company's customer.

Inter segment transfers: The Company generally accounts for inter segment sales and transfers as if the sales or transfers were to third parties at current market prices.

Allocation of common costs: Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

Unallocated items: The unallocated items include general corporate income and expense items which are not allocated to any business segment.

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2.17 Exceptional items

Exceptional items are generally non-recurring items of income and expense within profit or loss from ordinary activities, which are of such size, nature or incidence that their disclosure is relevant to explain the performance of the Company for the year.

2.18 Project work expenses

Project work expenses represents amounts charged by sub-contractors and cost of hardware and software incurred for execution of projects. These expenses are recognised on an accrual basis.

2.19 Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and on hand and short-term investments with an original maturity of three months or less.

2.20 Derivative instruments

As per The Institute of Chartered Accountants of India ('ICAI') Announcement, accounting for derivative contracts, derivative contract other than those covered under AS - 11, 'The effects of changes in the foreign exchange rates', are marked to market on a portfolio basis, and the net loss after considering the offsetting effect on the underlying hedge item is charged to the income statement. Net gains are ignored.

3.1 Contingent Liabilities:

The company does not have any contingent liabilities as on December 31, 2010 (2009: Nil).

3.2 Segment reporting

The primary reporting of the Company has been performed on the basis of business segments. The Company is organised into three business segments, Banking, Financial services and Insurance ('BFSI'); Manufacturing and Government. Segments have been identified and reported based on the activity of the customer, the risks and returns, the organisation structure and the internal financial reporting systems. Currently, the internal financial reporting systems identify only the revenues earned in various segments and, accordingly, the management believes that presenting it is not practicable to furnish the information on the segment results, total carrying amount of segment assets, total amount of segment liabilities, total cost incurred to acquire the segment tangible and intangible assets, total amount of segment depreciation and amortisation and total amount of segment non cash expenses.

Business segment	2010 (AUS)	2010 (INR)	2009 (AUD)	2009 INR
Manufacturing BFSI	68,453	3,168,354	424,510	17,775,308
	68,453	**3,168,354**	**424,510**	**17,775,308**

Secondary segmental reporting is performed on the basis of the geographical location of customers.
Following table details the distribution of the Company's revenues by geographical markets.

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Geographical segments

Geographic location	2010 (AUS)	2010 (INR)	2009 (AUD)	2009 INR
Australia India	68,453	3,168,354	424,510	17,775,308
	68,453	**3,168,354**	**424,510**	**17,775,308**

3.3 Taxation

During the current period, the Company has earned a book loss of AUS 28,276 – (INR 1,308,758). Accordingly, provision for income tax has been considered for the current period. Further no deferred tax asset has been recognized on brought forward losses or on the timing differences in accordance with the Company's accounting policies.

3.4 Prior year comparatives

Previous period's figures have been regrouped/ reclassified wherever necessary to conform to the current year's presentation.

As per our report of even date

Bhalotia Associates
Chartered Accountants
Firm Registration No. 323201E

For and on behalf of the Board of Directors

CA. Ajay Kumar Bhalotia
Partner
Membership No.057931

Place:
Date:

Kerry Jules Purcell
Director

Place:
Date:

Stanley Don Eric
Director

Place:
Date: