

NUCLEUS SOFTWARE NETHERLANDS B.V.

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 MARCH 2013

INDEPENDENT AUDITORS' REPORT

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TO THE BOARD OF MANAGING DIRECTORS OF NUCLEUS SOFTWARE NETHERLANDS B.V.

Report on the Financial Statements

We have audited the accompanying financial statements of **Nucleus Software Netherlands B.V.** ("the Company"), which comprise the Balance Sheet as at 31 March, 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956 ("the Act") and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March, 2013;
- (b) in the case of the Statement of Profit and Loss, of the loss of the Company for the year ended on that date and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Emphasis of Matter

We draw attention to Note 2.22 to the Financial Statements which states that the company has accumulated losses as at 31 March 2013 and the current liabilities exceed its current assets. Having regard to the accumulated losses of the Company which have eroded the net worth of the Company, the ability of the Company to continue as a going concern is significantly dependent on the improvement of the Company's future operations and continued financial support from Nucleus Software Exports Limited (NSEL), the Holding Company. The Holding Company has confirmed to provide such financial support as and when a need arises. Accordingly, the Financial Statements do not include any adjustments relating to the recoverability and classification of recorded assets amounts or the amounts and classification of liabilities that might be necessary, should the company be unable to continue as a going concern.

Our opinion is not qualified in respect of this matter.

Restriction on Distribution and Use

The financial statements are prepared to assist the Holding Company for preparation of consolidated financial statements. As a result, the financial statements may not be suitable for any other purpose. Our report is intended solely for the purpose of preparation of the Consolidated Financial Statements of the Holding Company and should not be distributed or used for any other purpose.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm Registration No. 015125N)



RASHIM TANDON
Partner
(Membership No. 095540)



GURGAON, 26 April, 2013
RT/SK/2013

**NUCLEUS SOFTWARE NETHERLANDS B.V.
BALANCE SHEET AS AT 31 MARCH, 2013**

	<u>Notes Ref.</u>	<u>As at 31 March 2013 (Euro)</u>	<u>As at 31 March 2012 (Euro)</u>	<u>As at 31 March 2013 (Rupees) (Unaudited)</u> See note 1.2 (i)	<u>As at 31 March 2012 (Rupees) (Unaudited)</u> See note 1.2 (i)
EQUITY AND LIABILITIES					
1. SHAREHOLDERS' FUNDS					
a. Share capital	2.1	400,000	400,000	27,812,000	27,164,000
b. Reserves and surplus	2.2	<u>(568,710)</u>	<u>(435,539)</u>	<u>(39,542,390)</u>	<u>(29,577,336)</u>
		(168,710)	(35,539)	(11,730,390)	(2,413,336)
2. CURRENT LIABILITIES					
a. Trade payables	2.3	567,017	770,306	39,424,634	52,311,483
b. Other current liabilities	2.4	<u>90,947</u>	<u>2,219</u>	<u>6,323,514</u>	<u>150,652</u>
		657,964	772,525	45,748,148	52,462,135
		489,254	736,987	34,017,758	50,048,799
ASSETS					
1. NON-CURRENT ASSETS					
a. Fixed assets					
- Tangible assets	2.5	<u>1,186</u>	<u>2,799</u>	<u>82,464</u>	<u>190,080</u>
		1,186	2,799	82,464	190,080
b. Long-term loans and advances	2.6	34,984	35,414	2,432,466	2,405,013
c. Other non-current assets	2.7	<u>-</u>	<u>180,964</u>	<u>-</u>	<u>12,289,275</u>
		36,170	219,177	2,514,930	14,884,368
2. CURRENT ASSETS					
a. Trade receivables	2.8	100,813	56,012	7,009,497	3,803,785
b. Cash and Cash Equivalents	2.9	77,482	226,332	5,387,289	15,370,174
c. Short-term loans and advances	2.10	72,023	11,545	5,007,743	784,054
d. Other current assets	2.11	<u>202,766</u>	<u>223,920</u>	<u>14,098,299</u>	<u>15,206,418</u>
		453,084	517,809	31,502,828	35,164,431
		489,254	736,987	34,017,758	50,048,799

See accompanying notes forming part of the Financial Statements 1 & 2

In terms of our report attached

For **DELOITTE HASKINS & SELLS**
Chartered Accountants

Rashim Tandon

RASHIM TANDON
Partner



Gurgaon
Date : 26 April, 2013

For and on behalf of the Board of Managing Directors

Vishnu R Dusad

VISHNU R DUSAD
General Managing Director

New Delhi
Date : 26 April, 2013

NUCLEUS SOFTWARE NETHERLANDS B.V.
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2013

	Notes Ref.	Year ended 31 March (Euro)	Year ended 31 March (Euro)	Year ended 31 March (Rupees) (Unaudited) See note 1.2 (i)	Year ended 31 March (Rupees) (Unaudited) See note 1.2 (i)
1. REVENUE FROM OPERATIONS					
Sales and services	2.12	134,894	1,042,348	9,464,163	69,243,178
2. OTHER INCOME	2.13	-	37,081	-	2,463,291
3. TOTAL REVENUE (1+2)		134,894	1,079,429	9,464,163	71,706,469
4. EXPENSES					
a. Employee benefit expenses	2.14	86,839	117,392	6,092,597	7,798,341
b. Operating and other expense	2.15	177,107	942,559	12,425,752	62,614,080
c. Finance cost - Bank Charges		2,505	2,730	175,766	181,367
d. Depreciation	2.5	1,613	1,651	113,168	109,676
TOTAL EXPENSES		268,064	1,064,332	18,807,283	70,703,464
5. PROFIT/(LOSS) BEFORE TAX (3-4)		(133,170)	15,097	(9,343,120)	1,003,005
6. TAX EXPENSE	2.21	-	-	-	-
7. PROFIT /(LOSS) FOR THE YEAR (5-6)		(133,170)	15,097	(9,343,120)	1,003,005
8. EARNINGS PER EQUITY SHARE					
Equity shares of Euro 100 each					
Basic and Diluted	2.18	(33.29)	3.77	(2,335.78)	250.75
Number of shares used in computing earnings per share		4,000	4,000	4,000	4,000

See accompanying notes forming part of the Financial Statements 1 & 2

In terms of our report attached

For **DELOITTE HASKINS & SELLS**
Chartered Accountants

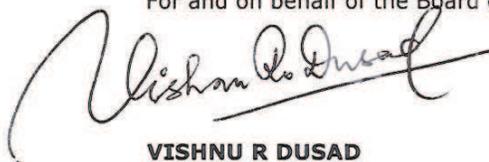


RASHIM TANDON
Partner



Gurgaon
Date : 26 April, 2013

For and on behalf of the Board of Managing Directors



VISHNU R DUSAD
General Managing Director

New Delhi
Date : 26 April, 2013

NUCLEUS SOFTWARE NETHERLANDS B.V.
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2013

	Notes Ref.	Year ended 31 March (Euro)	Year ended 31 March (Euro)	Year ended 31 March (Rupees) (Unaudited) See note 1.2 (i)	Year ended 31 March (Rupees) (Unaudited) See note 1.2 (i)
A. Cash flow from operating activities					
Net Profit / (Loss) before tax		(133,170)	15,097	(9,343,120)	1,003,005
Adjustments for:					
Depreciation		1,613	1,651	113,168	109,676
Exchange difference on translation of foreign currency accounts			-	460,289	433,539
Operating profit/ (loss) before working capital changes		(131,557)	16,748	(8,769,663)	1,546,220
Adjustment for (increase)/decrease in operating assets					
Long-Term Loans and Advances		430	(28,800)	30,169	(1,913,184)
Other non-current assets		180,964	(180,963)	12,696,434	(12,021,439)
Trade Receivables		(44,801)	191,196	(3,143,207)	12,701,150
Short -Term Loans and Advances		(60,477)	(2,638)	(4,243,088)	(175,211)
Other current assets		21,154	(223,920)	1,484,178.69	(14,875,006)
Adjustment for increase/ (decrease) in operating liabilities					
Trade payables		(203,290)	521,961	(14,262,834)	34,673,894
Other current liabilities		88,728	(97,781)	6,225,125	(6,495,621)
Net cash flow from/(used in) operating activities (1)		(148,848)	195,804	(9,982,885)	13,440,804
B. Cash flow from investing activities (2)					
		-	-	-	-
C. Cash flow from financing activities (3)					
		-	-	-	-
Net increase/ (decrease) in cash and cash equivalents (1+2+3)		(148,848)	195,804	(9,982,885)	13,440,804
Cash and cash equivalents at the beginning of the Year	2.9	226,332	30,528	15,370,174	1,929,370
Cash and cash equivalents at the end of the Year	2.9	77,482	226,332	5,387,289	15,370,174

See accompanying notes forming part of the Financial Statements 1 & 2

In terms of our report attached

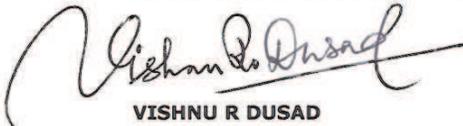
For **DELOITTE HASKINS & SELLS**
Chartered Accountants


RASHIM TANDON
Partner

Gurgaon
Date : 26 April, 2013



For and on behalf of the Board of Directors


VISHNU R DUSAD
General Managing Director

New Delhi
Date : 26 April, 2013

NUCLEUS SOFTWARE NETHERLANDS B.V.
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note 1 :

1.1 Company Background

Nucleus Software Netherlands B.V. ('the Company') was incorporated on 3 February 2006 in Netherlands. The Company's entire share capital is held by Nucleus Software Exports Ltd., India ('the Holding Company'). The principal activities of the Company consists of dealing in software systems and providing support and technical advisory and consultancy services, which are executed through a service level agreement with the Holding Company.

1.2. Significant accounting policies

(i) Basis of preparation

The financial statements are prepared under the historical cost convention on the accrual basis, in accordance with the Generally Accepted Accounting Principles in India ("Indian GAAP") and mandatory accounting standards as specified in the Companies (Accounting Standards) Rules, 2006. All income and expenditure having a material bearing on the financial statements are recognised on the accrual basis. Accounting policies have been consistently applied except where a newly issued accounting standard if initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. Management evaluates all recently issued or revised accounting standards on an ongoing basis.

The Company's net worth is fully eroded. However, the directors consider that it is appropriate to prepare these accounts on-going concern basis in view of the continued financial support from its Holding Company. Accordingly, these accounts are being prepared on a going concern basis, that is the assets and liabilities are recorded on the basis that the Company will be able to realise its assets and discharge its liabilities in the normal course of business. (Also refer note 2.22).

The financial statements have been prepared for the purpose of compliance with the provisions of Section 212 of the Companies Act, 1956 and Balance Sheet has been restated to Indian Rupees at exchange rate prevailing on the last day of the financial year and the statement of Profit and Loss and Cash Flow Statement have been restated on the average exchange rate for the financial year.

The functional currency of the Company is Euro. The translation from Euro to Indian Rupees is unaudited.

(ii) Use of estimates

The preparation of financial statements in conformity with the generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. The management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known/materialise.



NUCLEUS SOFTWARE NETHERLANDS B.V.
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(iii) Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

(iv) Fixed assets

Fixed assets are stated at the cost of acquisition less accumulated depreciation and impairment losses, if any. The cost of acquisition includes all incidental costs related to acquisition and installation till the date of capitalisation of the asset. Fixed assets under construction, advances paid towards acquisition of fixed assets and cost of assets not ready to use before the year end, are disclosed as capital work-in-progress.

(v) Depreciation

Depreciation on fixed assets is provided on the straight-line method based on useful lives of respective assets as estimated by the management. Depreciation is charged on a pro-rata basis for assets purchased / sold during the year.

The management's estimates of the useful lives of the various fixed assets are as follows:

Asset category	Useful life (in years)
Office equipment	5
Computers	4
Furniture and fixtures	5

(vi) Revenue recognition

Revenue from fixed price contracts and sale of license and related customisation and implementation is recognised in accordance with the percentage completion method calculated based on output method. Provision for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become certain based on the current estimates.

Revenue from annual technical service contracts is recognised on a pro rata basis over the period in which such services are rendered.

Service income accrued but not due represents revenue recognised on contracts to be billed in the subsequent period, in accordance with the terms of the contract.



(vii) Earnings per share

Basic earnings per share are computed by dividing the Profit / Loss after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the Profit / Loss after Tax by the weighted average number of equity and dilutive equivalent shares outstanding during the year, except where results are anti-dilutive.

(viii) Taxes on Income

Income taxes are accrued in the same period the related revenue and expenses arise. The differences that result between the taxable profit and the profit as per the financial statements are identified and thereafter deferred tax assets or deferred tax liabilities are recorded as timing differences, namely the differences that originate in one accounting period and reverse in another, based on the tax effect of the aggregate amount being considered. The tax effect is calculated on the accumulated timing differences at the end of an accounting period based on prevailing enacted or substantially enacted regulations. Where there is unabsorbed depreciation or carry forward losses, deferred tax assets are recognised only to the extent there is virtual certainty of realisation of such assets. In other situations, deferred tax assets are recognised only to the extent there is reasonable certainty of realisation in future. Such assets are reviewed at each balance sheet date for realisability.

(ix) Impairment

Management periodically assesses using external and internal sources whether there is an indication that an asset may be impaired. Impairment occurs where the carrying value exceeds the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. The impairment loss to be expensed is determined as the excess of the carrying amount over the higher of the asset's net sales price or present value as determined above. An impairment loss is reversed only to the extent that the assets carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortization, if no impairment loss had been recognized.

(x) Provisions and Contingencies

The Company recognises a provision when there is a present obligation as a result of a past event and it is probable that it would involve an outflow of resources and a reliable estimate can be made of the amount of such obligation. Such provisions are not discounted to their present value and are determined based on the management's estimate of the amount required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect management's current estimates.

A disclosure for a contingent liability is made where it is more likely than not that a present obligation or possible obligation may result in or involve an outflow of resources. When no present or possible obligation exists and the possibility of an outflow of resources is remote, no disclosure is made.



NUCLEUS SOFTWARE NETHERLANDS B.V.
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(xi) Operating Cycle

Based on the nature of activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.



NUCLEUS SOFTWARE NETHERLANDS B.V.
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	As at 31 March 2013 (Euro)	As at 31 March 2012 (Euro)	As at 31 March 2013 (Rupees) (Unaudited) See note 1.2 (i)	As at 31 March 2012 (Rupees) (Unaudited) See note 1.2 (i)
2.1 SHARE CAPITAL				
a. Authorised				
Equity Shares 5,000 (Previous Year 5,000) equity shares of Euro 100 each	<u>500,000</u>	<u>500,000</u>	<u>34,765,000</u>	<u>33,955,000</u>
b. Issued, Subscribed and Fully Paid-Up				
4,000 (Previous Year 4,000) equity shares of Euro 100 each	<u>400,000</u>	<u>400,000</u>	<u>27,812,000</u>	<u>27,164,000</u>
Refer notes (i) to (iii) below				
(i) Reconciliation of number of shares and amount outstanding at the beginning and at the end of the year				
As at the beginning of the year				
- Number of Shares	4,000	4,000	4,000	4,000
- Amount	400,000	400,000	27,164,000	25,280,000
Shares issues/ (bought back) during the year				
- Number of Shares	-	-	-	-
- Amount	-	-	-	-
As at the end of the year				
- Number of Shares	4,000	4,000	4,000	4,000
- Amount	400,000	400,000	27,812,000	27,164,000
(ii) Rights, preferences and restrictions attached to shares				
The company has one class of equity shares having par value of EURO 100 each. Each shareholder is eligible for one vote per share held.				
(iii) Details of shares held by the Holding Company				
Nucleus Software Exports Limited				
- Number of Shares	4,000	4,000	4,000	4,000
- Percentage	100%	100%	100%	100%
- Amount	400,000	400,000	27,812,000	27,164,000
2.2 RESERVES AND SURPLUS				
a. Surplus/ (Deficit) in Statement of Profit and Loss				
Opening Balance	(435,540)	(450,637)	(26,221,986)	(27,224,991)
Add: Profit / (Loss) for the Year	<u>(133,170)</u>	<u>15,097</u>	<u>(9,343,120)</u>	<u>1,003,005</u>
Closing balance	<u>(568,710)</u>	<u>(435,540)</u>	<u>(35,565,107)</u>	<u>(26,221,986)</u>
b. Currency Translation Reserve				
Opening Balance	-	-	(3,355,350)	(1,255,204)
Add / (Less) : Effect of Foreign Exchange rate variations during the Year	-	-	(621,933)	(2,100,164)
Closing balance	<u>-</u>	<u>-</u>	<u>(3,977,283)</u>	<u>(3,355,350)</u>
	<u>(568,710)</u>	<u>(435,540)</u>	<u>(39,542,390)</u>	<u>(29,577,336)</u>
2.3 TRADE PAYABLES				
a. Trade Payables				
- Others	3,528	7,646	245,269	519,220
b. Due to Holding Company	<u>563,489</u>	<u>762,660</u>	<u>39,179,365</u>	<u>51,792,263</u>
	<u>567,017</u>	<u>770,306</u>	<u>39,424,634</u>	<u>52,311,483</u>
2.4 OTHER CURRENT LIABILITIES				
a. Deferred Revenue	88,733	-	6,169,571	-
b. Other payables - statutory liabilities	<u>2,214</u>	<u>2,219</u>	<u>153,943</u>	<u>150,652</u>
	<u>90,947</u>	<u>2,219</u>	<u>6,323,514</u>	<u>150,652</u>



NUCLEUS SOFTWARE NETHERLANDS B.V.
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

2.5 Fixed Assets (at Cost)

PARTICULARS	GROSS BLOCK			ACCUMULATED DEPRECIATION			NET BLOCK		
	As at 1 April 2012	Additions	Currency Translation	As at 31 March 2013	As at 1 April 2012	Depreciation for the year	Currency Translation	As at 31 March 2013	As at 31 March 2012
Tangible assets Office and other	1,056 (1,056)	-	-	1,056 (1,056)	677 (466)	212 (211)	-	889 (677)	167 (379)
Computers	1,502 (1,502)	-	-	1,502 (1,502)	1,013 (637)	339 (376)	-	1,352 (1,013)	150 (489)
Furniture and fixtures	5,318 (5,318)	-	-	5,318 (5,318)	3,387 (2,323)	1,062 (1,064)	-	4,449 (3,387)	869 (1,931)
Total	7,876 (7,876)	-	-	7,876 (7,876)	5,077 (3,426)	1,613 (1,651)	-	6,690 (5,077)	2,799 (4,450)

(Amounts in EURO)

PARTICULARS	GROSS BLOCK			ACCUMULATED DEPRECIATION			NET BLOCK		
	As at 1 April 2012	Additions	Currency Translation	As at 31 March 2013	As at 1 April 2012	Depreciation for the year	Currency Translation	As at 31 March 2013	As at 31 March 2012
Tangible assets Office and other	69,222 (66,739)	-	4,202 (-2,483)	73,424 (69,222)	43,468 (29,451)	14,874 (14,017)	3,470	61,812 (43,468)	11,612 (25,754)
Computers	98,457 (94,926)	-	5,977 (-3,531)	104,434 (98,457)	65,236 (40,258)	23,784 (24,977)	4,985 (-1)	94,005 (65,236)	10,430 (33,221)
Furniture and fixtures	348,600 (336,098)	-	21,161 (-12,502)	369,761 (348,600)	217,495 (146,814)	74,510 (70,782)	17,334 (101)	309,339 (217,495)	60,422 (131,105)
Total	516,279 (497,763)	-	31,339 (-18,516)	547,618 (516,279)	326,199 (216,523)	113,168 (109,776)	25,789 (100)	465,156 (326,199)	82,464 (190,080)

(Amounts in Rupees) (Unaudited - Refer note 1.2(i))

Note : Figures in brackets denote amounts pertaining to the previous year.



NUCLEUS SOFTWARE NETHERLANDS B.V.
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	As at 31 March 2013 (Euro)	As at 31 March 2012 (Euro)	As at 31 March 2013 (Rupees) (Unaudited) See note 1.2 (i)	As at 31 March 2012 (Rupees) (Unaudited) See note 1.2 (i)
2.6 LONG-TERM LOANS AND ADVANCES (Unsecured, considered good)				
a. Security Deposits	6,184	6,614	430,002	449,195
b. Advance Tax	28,800	28,800	2,002,464	1,955,818
	<u>34,984</u>	<u>35,414</u>	<u>2,432,466</u>	<u>2,405,013</u>
2.7 OTHER NON-CURRENT ASSETS (Unsecured, considered good)				
Service Income accrued but not due	-	180,964	-	12,289,275
2.8 TRADE RECEIVABLES (Unsecured, considered good)				
a. Trade Receivables outstanding for a period exceeding six months from the date they were due for payment	-	-	-	-
b. Other trade receivables	100,813	56,012	7,009,497	3,803,785
	<u>100,813</u>	<u>56,012</u>	<u>7,009,497</u>	<u>3,803,785</u>
2.9 CASH AND CASH EQUIVALENTS				
Balance with non scheduled bank - in current account Citibank-Netherlands	77,482	226,332	5,387,289	15,370,174
Note: All the above balances meet the definition of cash and cash equivalents as per AS-3 Cash Flow Statements.				
2.10 SHORT-TERM LOANS AND ADVANCES (Unsecured, considered good)				
a. Advance to Employees	2,498	4,264	173,669	289,602
b. Prepaid Expenses	68,891	5,872	4,790,006	398,747
c. Balances with Government Authorities- VAT Credit Recoverable	634	1,409	44,068	95,705
	<u>72,023</u>	<u>11,545</u>	<u>5,007,743</u>	<u>784,054</u>
2.11 OTHER CURRENT ASSETS (Unsecured, considered good)				
Service Income accrued but not due	202,766	223,920	14,098,299	15,206,418



NUCLEUS SOFTWARE NETHERLANDS B.V.
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	Year ended 31 March 2013 (Euro)	Year ended 31 March 2012 (Euro)	Year ended 31 March 2013 (Rupees) (Unaudited) See note 1.2 (i)	Year ended 31 March 2012 (Rupees) (Unaudited) See note 1.2 (i)
2.12 SALES AND SERVICES				
Software Development Services	<u>134,894</u>	<u>1,042,348</u>	<u>9,464,163</u>	<u>69,243,178</u>
2.13 OTHER INCOME				
Other Non-Operating Income- Liabilities no longer required written back	<u>-</u>	<u>37,081</u>	<u>-</u>	<u>2,463,291</u>
2.14 EMPLOYEE BENEFIT EXPENSES				
a. Salaries and Wages	75,508	105,194	5,297,615	6,988,020
b. Contribution to social security fund	6,450	6,970	452,555	463,024
c. Staff welfare Expenses	4,881	5,228	342,427	347,297
	<u>86,839</u>	<u>117,392</u>	<u>6,092,597</u>	<u>7,798,341</u>
2.15 OPERATING AND OTHER EXPENSES				
a. Outsourced technical service expense	114,033	851,078	8,000,565	56,537,125
b. Power and fuel	417	378	29,246	25,094
c. Rent	22,437	21,943	1,574,163	1,457,664
d. Insurance	174	105	12,208	6,961
e. Rates and taxes	57	3,034	3,999	201,532
f. Travelling				
- Foreign	19,250	20,446	1,350,580	1,358,234
- Domestic	473	809	33,168	53,725
g. Advertisement and business promotion	279	588	19,599	39,041
h. Legal and professional expenses (see note 2.16)	14,134	35,964	991,610	2,389,055
i. Communication	3,690	5,479	258,876	363,948
j. Conference, exhibition and seminar	1,825	1,969	128,042	130,827
k. Miscellaneous expenses	338	766	23,695	50,874
	<u>177,107</u>	<u>942,559</u>	<u>12,425,752</u>	<u>62,614,080</u>
2.16 Legal and Professional expenses include:				
Auditors Remuneration (excluding Service Tax)	2,157	2,352	150,000	150,000
2.17 RELATED PARTY TRANSACTIONS				
List of related parties- where control exists				
a. Holding Company - Nucleus Software Exports Limited				
Other related parties with whom transactions have taken place during the year				
b. Fellow Subsidiary Company - Nucleus Software Solutions Pte Ltd., Singapore				
Particulars	Year ended 31 March 2013 (Euro)	Year ended 31 March 2012 (Euro)	Year ended 31 March 2013 (Rupees) See note 1.2 (i)	Year ended 31 March 2012 (Rupees) See note 1.2 (i)
Transactions with related parties				
a. Outsourced Technical Service Expense - Nucleus Software Exports Limited	114,033	851,078	8,000,565	56,537,125
b. Reimbursement of expenses - Nucleus Software Exports Limited	34,237	51,779	2,402,066	3,439,706
c. Repayment of Advance - Nucleus Software Solutions Pte Ltd, Singapore	-	100,000	-	6,643,000
Outstanding balances as at year end				
a. Trade Payables - Nucleus Software Exports Limited	563,489	762,660	39,179,365	51,792,273
b. Share Capital - Nucleus Software Exports Limited	400,000	400,000	27,812,000	27,164,000



**NUCLEUS SOFTWARE NETHERLANDS B.V.
NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

2.18 Earnings per share

Basic and Diluted

Particulars	Year ended 31 March 2013 (Euro)	Year ended 31 March 2012 (Euro)	Year ended 31 March 2013 (Rupees) (Unaudited) See note 1.2 (i)	Year ended 31 March 2012 (Rupees) (Unaudited) See note 1.2 (i)
a. Profit / (Loss) after tax	(133,170)	15,097	(9,343,120)	1,003,005
b. Weighted average number of equity shares.	4,000	4,000	4,000	4,000
c. Earnings per share (a/b)	(33.29)	3.77	(2,335.78)	250.75

2.19 Segment Reporting

Based on the guiding principles stated in Accounting Standard 17 - "Segment Reporting" as specified in the Companies (Accounting Standard) Rules, 2006, the Company does not have any reportable segment information as required to be disclosed by this statement. Accordingly, no additional disclosure for segment reporting has been made in the financial statements.

2.20 Function wise Classification of the Statement of Profit and Loss (Unaudited)

Particulars	Year ended 31 March 2013 (Euro)	Year ended 31 March 2012 (Euro)	Year ended 31 March 2013 (Rupees) (Unaudited) See note 1.2 (i)	Year ended 31 March 2012 (Rupees) (Unaudited) See note 1.2 (i)
Sales and services	134,894	1,042,348	9,464,163	69,243,178
Software and development charges	114,033	851,078	8,000,565	56,537,125
Gross Profit	20,861	191,270	1,463,598	12,706,053
Selling and marketing expenses	123,506	188,362	8,665,107	12,512,779
General and administration expenses	28,912	23,241	2,028,443	1,543,884
Operating profit before depreciation	(131,557)	(20,333)	(9,229,952)	(1,350,610)
Depreciation	1,613	1,651	113,168	109,676
Operating profit after depreciation	(133,170)	(21,984)	(9,343,120)	(1,460,286)
Other income	0	37,081	-	2,463,291
Profit / (Loss) before taxation	(133,170)	15,097	(9,343,120)	1,003,005
Provision for tax - current income tax	-	-	-	-
Profit / (Loss) after taxation	(133,170)	15,097	(9,343,120)	1,003,005

2.21 No provision for tax has been made in view of the losses in the current year. As at 31 March 2013, the Company has unabsorbed losses. In view of absence of virtual certainty of realisation of unabsorbed tax losses, no deferred tax asset has been recognised by the Company as at 31 March, 2013.

2.22 Going Concern Assumption

During the year ended 31 March 2013, the Company has incurred an operating loss of Euro 133,170 (Rupees 9,343,212). As at 31 March 2013, the accumulated losses of the Company aggregate to Euro 568,710 (Rupees 39,542,384) and the Company's current liabilities exceed its current assets by Euro 204,880 (Rupees 14,245,314). The Financial Statements of the Company have been prepared on the basis that the Company is a going concern. However, having regard to the accumulated losses of the Company which have eroded the net worth of the Company, the ability of the Company to continue as a going concern is significantly dependent on the improvement of the Company's future operations and continued financial support from its Holding Company. The Holding Company has confirmed to provide such financial support as and when a need arises.

Accordingly, the Financial Statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and the classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

2.23 Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.



For and on behalf of the Board of Managing Directors

VISHNU R DUSAD
General Managing Director

New Delhi
Date : 26 April, 2013