

SONATA SOFTWARE FZ LLC

FINANCIAL STATEMENTS

276 DAY PERIOD ENDED
31 DECEMBER 2009

Russell Bedford (Dubai) Limited
Level 03
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SONATA SOFTWARE FZ LLC

FINANCIAL STATEMENTS

FOR THE 275 DAY PERIOD ENDED 31 DECEMBER 2009

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SONATA SOFTWARE FZ LLC
OFFICERS AND PROFESSIONAL ADVISERS
FOR THE 275 DAY PERIOD ENDED 31 DECEMBER 2009

Company registration number	17270
The board of directors	Ramaswamy Byenna Srikar Reddy Patem
Registered office	Office # 507 Al Thuraya Tower 01 P.O. Box 502818 Dubai Internet City Dubai, United Arab Emirates
Bankers	Emirates Bank International Jumeirah Branch Al Wasl Road P.O. Box 11909 Dubai, United Arab Emirates
Auditors	Russell Bedford (Dubai) Limited Level 03 Gate Village 10 Dubai International Financial Centre PO Box 506789 Dubai, United Arab Emirates

SONATA SOFTWARE FZ LLC
DIRECTORS' REPORT
FOR THE 275 DAY PERIOD ENDED 31 DECEMBER 2009

The directors present their report and financial statements for the 275 day period ended 31 December 2009.

The company was incorporated on 11 January 2009.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The principal activity of the company is providing value-based information technology solutions to customers and its range of services includes IT consulting, product engineering services, application development, application management, managed testing, business intelligence, infrastructure management, packaged applications and travel solutions.

RESULTS AND DIVIDENDS

The trading results for the period and the company's financial position at the end of the period are shown in the attached financial statements.

DIRECTORS AND THEIR INTERESTS

As at 31 December 2009, the directors of the company are Mr. Ramaswamy Byanna and Mr. Srikar Reddy Palem and none of them hold any shares in the Company.

Approved by the board on ~~31.12.2009~~ and signed on its behalf by



Director

SONATA SOFTWARE FZ LLC

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SONATA SOFTWARE FZ LLC
FOR THE 275 DAY PERIOD ENDED 31 DECEMBER 2009

Report on the Financial Statements

We have audited the accompanying financial statements of Sonata Software FZ LLC ("the company"), which comprise the balance sheet as at 31 December 2009 and the income statement, statement of changes in equity and cash flow statement for the 275 day period ended 31 December 2009, and a summary of significant accounting policies.

This report is made solely to the company's shareholders as a body. Our audit work has been undertaken so that we might state to the company's shareholders those matters that we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report or for the opinion formed.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility


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


An audit involves performing procedures to obtain audit evidence about the amounts and 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 controls relevant to the entity'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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by 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, the financial statements present fairly, in all material respects, the financial position of the company as of 31 December 2009 and the results of its operations and its cash flows for the period then ended in accordance with International Financial Reporting Standards.


Russell Bedford (Dubai) Limited

Date: 

SONATA SOFTWARE FZ LLC
INCOME STATEMENT
FOR THE 275 DAY PERIOD ENDED 31 DECEMBER 2009

	Notes	275 day period ended 31 December 2009
		USD
Revenue		1,711,803
Cost of services		<u>(1,400,269)</u>
GROSS PROFIT		311,534
General and administrative expenses		<u>(231,073)</u>
NET PROFIT FOR THE PERIOD	3	<u>80,461</u>

The Independent Auditors' Report is set out on page 3.

The notes on pages 8 to 13 form part of these financial statements

SONATA SOFTWARE FZ LLC
 BALANCE SHEET
 AS AT 31 DECEMBER 2009

	Notes	2009 USD
ASSETS		
NON-CURRENT ASSETS		
Tangible assets	4	10,133
Total non-current assets		10,133
CURRENT ASSETS		
Trade and other receivables	5	696,386
Cash and cash equivalents	6	154,942
Total current assets		851,328
Total assets		861,461
LIABILITIES		
CURRENT LIABILITIES		
Amounts due to a related party	8	492,682
Trade and other payables	7	121,869
Total liabilities		614,551
EQUITY		
Share capital	9	136,129
Retained earnings		110,781
Total equity		246,910
Total equity and liabilities		861,461

The Independent Auditor's Report is set out on page 3

These financial statements were approved by the directors and authorised for issue on 8th Jan 2010 and are signed on their behalf by:


 Director

The notes on pages 8 to 13 form part of these financial statements

SONATA SOFTWARE FZ LLC
STATEMENT OF CHANGES IN EQUITY
FOR THE 275 DAY PERIOD ENDED 31 DECEMBER 2009

	Issued share capital USD	Retained earnings USD	Total USD
Share capital subscribed	136,129	-	136,129
Profit for the period	-	30,320	30,320
Balance at 31 March 2009	<u>136,129</u>	<u>30,320</u>	<u>166,449</u>
Balance at 1 April 2009	136,129	30,320	166,449
Profit for the period	-	80,461	80,461
Balance at 31 December 2009	<u>136,129</u>	<u>110,781</u>	<u>246,910</u>

The notes on pages 8 to 13 form part of these financial statements

SONATA SOFTWARE FZ LLC
CASH FLOW STATEMENT
FOR THE 275 DAY PERIOD ENDED 31 DECEMBER 2009

	275 day period ended 31 December 2009 USD
CASH FLOWS FROM OPERATING ACTIVITIES	
Profit for the period	80,461
Adjustments for:	
Depreciation and amortisation	4,183
	<u>84,644</u>
CHANGES IN WORKING CAPITAL	
Change in trade and other receivables	(321,231)
Change in amount due to a related parties	273,450
Change in trade and other payables	81,667
	<u>118,530</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	
	<u>118,530</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Additions to fixed assets	<u>(2,572)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	<u>115,958</u>
CASH AND CASH EQUIVALENTS	
At the beginning of the period	<u>38,984</u>
At the end of the period	<u>154,942</u>

The Independent Auditor's Report is set out on page 6.

The notes on pages 8 to 13 form part of these financial statements

SONATA SOFTWARE FZ LLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 275 DAY PERIOD ENDED 31 DECEMBER 2009

1. **Legal status and principal activities**

Sonata Software FZ LLC ("the company") is registered in Dubai Internet City ("DIC") in the Emirate of Dubai, U.A.E and the company is wholly owned by Sonata Software Ltd. a company registered in India. The principal activity of the company is providing value-based information technology solutions to customers and its range of services includes IT consulting, product engineering services, application development, application management, managed testing, business intelligence, infrastructure management, packaged applications and travel solutions.

The registered address of the company is Office # 507, Al Thuraya Tower 01, Dubai Internet City, P.O. Box 502818, Dubai, United Arab Emirates. The company was incorporated on the 11 January 2009.

2. **Basis of preparation and significant accounting policies**

Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs").

Basis of measurement

The financial statements have been prepared on the historical cost basis.

Functional and presentation currency

The financial statements are presented in United States Dollars ("USD"), which is the company's functional currency.

Use of estimates and judgements

The preparation of financial statements in conformity with IFRS's requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Judgments made by management in the application of IFRS that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 11.

Property and equipment

All property and equipment is stated at historical cost less depreciation, amortisation and provision for impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

SONATA SOFTWARE FZ LLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 275 DAY PERIOD ENDED 31 DECEMBER 2009

2. SIGNIFICANT ACCOUNTING POLICIES

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation on assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

	Estimated useful life (in years)
Computers and peripherals	3
Office equipment	7
Furniture and fixtures	7

Leasehold improvements and major renovations are amortised over the term of the lease or the estimated useful life of the improvements, whichever is shorter.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the income statement.

Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at initial valuation, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited to the income statement.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

Share capital

Ordinary shares are classified as equity.

SONATA SOFTWARE FZ LLC
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE 275 DAY PERIOD ENDED 31 DECEMBER 2009

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Trade and other payables

Trade and other payables are recognised initially at fair value

Financial liabilities

Financial liabilities are recognised initially at fair value.

Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the company expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

Revenue recognition

The company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the company's activities.

Costs and expenses

Costs and expenses are recognised when incurred.

3. NET PROFIT

Net profit is stated after charging:

	275 DAY period ended 31 December 2009 USD
Auditor's remuneration	10,500
Depreciation and amortisation	4,183
Staff costs	336,667
Office rent	39,042

SONATA SOFTWARE FZ LLC
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE 275 DAY PERIOD ENDED 31 DECEMBER 2009

4. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment at 31 December 2009 consisted of:

	Leasehold improvements USD	Office equipment USD	Computers and peripherals USD	Furniture and fixtures USD	Total USD
Cost					
At 11 January 2009	-	-	-	-	-
Additions during the period	2,852	451	3,689	5,554	12,546
At 31 March 2009	2,852	451	3,689	5,554	12,546
At 1 April 2009	2,852	451	3,689	5,554	12,546
Additions during the period	-	-	2,572	-	2,572
At 31 December 2009	2,852	451	6,261	5,554	15,118
Depreciation					
At 11 January 2009	-	-	-	-	-
Charge during the period	482	11	150	149	802
At 31 March 2009	482	11	150	149	802
At 1 April 2009	482	11	150	149	802
Charge during the period	2,149	47	1,389	598	4,183
At 31 December 2009	2,631	58	1,539	747	4,985
Net book value					
At 31 December 2009	211	393	4,722	4,807	10,133
At 31 March 2009	2,360	440	3,539	5,405	11,744

5. TRADE AND OTHER RECEIVABLES

	31 December 2009 USD
Trade receivables	519,557
Prepayments	20,627
Staff advance	3,293
Accrued revenue	140,909
Other receivables	12,000
	<u>696,386</u>

SONATA SOFTWARE FZ LLC
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE 275 DAY PERIOD ENDED 31 DECEMBER 2009

6. CASH AND CASH EQUIVALENTS

This includes cash balances held in United States Dollars and United Arab Emirates Dirhams current accounts with commercial banks in the United Arab Emirates.

7. TRADE AND OTHER PAYABLES: Amounts falling due within one year

	31 December 2009 USD
Accrued consultant charges	86,433
Accrued expenses	16,000
Accrued salaries	19,436
	<u>121,869</u>

8. AMOUNTS DUE TO RELATED PARTIES

	31 December 2009 USD
Sonata Software Limited	492,682
	<u>492,682</u>

9. SHARE CAPITAL

The details of share capital at 31 December 2009 are shown below.

	Number of shares	Amount USD
Authorised shares of AED 1,000 each	500	136,129
Issued and paid	500	136,129
		<u>136,129</u>

SONATA SOFTWARE FZ LLC
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE 275 DAY PERIOD ENDED 31 DECEMBER 2009

10. FINANCIAL INSTRUMENTS

	31 December 2009	
	Carrying amount USD	Fair value USD
Financial assets		
Cash and cash equivalents	154,942	154,942
Trade and other receivables	696,386	696,386
Financial liabilities		
Trade and other payables	121,869	121,869
Amount due to related parties	492,682	492,682

The fair value of financial assets and liabilities approximate the book value at 31 December 2009. Accounting policies for financial assets and financial liabilities are set out in note 2.

The company manages these risks as follows.

Currency risk

The company does not have significant exposure to currency risk.

Credit risk

The company scrutinises all potential customers to assess the ability of the customer to pay before offering credit.

Liquidity risk

The Company is cash positive and aims to ensure that sufficient funds are always available for its operating activities. Whilst there is no requirement for additional working capital at present, the Management will continue to monitor the company's cash requirements.

11. ACCOUNTING ESTIMATES AND JUDGEMENTS

Judgements made by management in the application of IFRS that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year comprise of residual value and useful lives of property, plant and equipment and other receivables.