

**SAKSOFT, INC.**

**CONSOLIDATED FINANCIAL STATEMENTS  
SUPPLEMENTARY INFORMATION  
AND  
INDEPENDENT AUDITOR'S REPORT**

**MARCH 31, 2015 AND 2014**

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**SAKSOFT, INC.**  
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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors and Stockholders of  
Saksoft, Inc.

We have audited the accompanying consolidated financial statements of Saksoft, Inc. (a Colorado Corporation) and subsidiaries, which comprise the consolidated balance sheets as of March 31, 2015 and 2014 and the related consolidated statements of income, changes in stockholder's equity and cash flows for the years then ended, and the related notes to consolidated financial statements.

**Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated 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. Accordingly, we express no such opinion.

## INDEPENDENT AUDITOR'S REPORT – (Cont'd)

### Auditor's Responsibility – (cont'd)

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Saksoft, Inc. as of March 31, 2015 and 2014, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Report on Consolidating Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information in Schedules I, II, III, IV and V (on pages 20 to 29) are presented for the purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations, and cash flows of the individual companies, and they are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*Balachandar Jayaraman CPA LLC*

***Balachandar Jayaraman CPA LLC***

Colonia, New Jersey

May 12, 2015

**SAKSOFT, INC.**  
**CONSOLIDATED BALANCE SHEETS**  
**March 31, 2015 and 2014**

	2015	2014 (Reclassified)
<b><u>Assets</u></b>		
<u>Current Assets</u>		
Cash and Cash Equivalents	\$ 927,349	\$ 574,805
Accounts Receivable, Net of Allowance for Doubtful Debts \$ -0- and \$ -0-	3,546,391	3,182,143
Account Receivable - Other	45,777	30,151
Unbilled Revenues	59,608	69,766
Prepaid Expenses	252,260	482,695
Prepaid Income Tax	-	3,700
Employee Advances	24,888	19,399
Total Current Assets	4,856,273	4,362,659
<u>Property and Equipment</u>		
Property and Equipment	47,738	46,399
Less: Accumulated Depreciation	(35,841)	(29,477)
Total Property and Equipment	11,897	16,922
<u>Noncurrent Assets</u>		
Security Deposits	14,300	19,726
Goodwill	1,357,957	1,357,957
Investments	-	-
Total Noncurrent Assets	1,372,257	1,377,683
<b>Total Assets</b>	<b>\$ 6,240,427</b>	<b>\$ 5,757,264</b>
 <b><u>Liabilities and Stockholder's Equity</u></b>		
<u>Current Liabilities</u>		
Accounts Payable	\$ 218,029	\$ 259,252
Accounts Payable - Parent Company	813,190	1,801,676
Due to former shareholders of Nanda Infotech Services, Inc.	85,109	135,000
Billings in Excess of Revenues	12,483	83,441
Accrued Income Tax Liability	137,716	125,977
Accrued Expenses	980,094	842,722
Factoring Loan Payable - TAB Bank	9,316	481,052
Total Current Liabilities	2,255,937	3,729,120
<u>Long Term Liabilities</u>		
Loan Payable - Sak Industries Pte Limited	-	450,000
Loan Payable - Saksoft Pte Limited	250,000	350,000
Loan Payable - SBI	2,000,000	-
Total Long Term Liabilities	2,250,000	800,000
<u>Stockholder's Equity</u>		
Common Stock - Authorized 1,000,000 Shares, no par value, and Issued 195,000 Shares	195,000	195,000
Additional Paid-in Capital	-	-
Retained Earnings	1,539,490	1,033,144
Total Stockholder's Equity	1,734,490	1,228,144
<b>Total Liabilities and Stockholder's Equity</b>	<b>\$ 6,240,427</b>	<b>\$ 5,757,264</b>

See independent auditor's report and accompanying notes to the consolidated financial statements

**SAKSOFT, INC.**  
**CONSOLIDATED STATEMENTS OF INCOME**  
**For the Years Ended March 31, 2015 and 2014**

	2015	2014
<u>Operating Revenues</u>		
Sales Revenues	\$ 14,955,986	\$ 14,465,108
Total Operating Revenues	14,955,986	14,465,108
Cost of Sales (Schedule I)	(12,320,074)	(11,816,111)
Gross Profit/(Loss)	2,635,912	2,648,997
Operating Expenses (Schedule II)	(1,719,523)	(1,873,432)
Income/(Loss) from Operations	916,389	775,565
<u>Other Non-Operating Income/Expenses</u>		
Interest Income/Other	48,939	12,129
Interest Expense	(98,392)	(153,944)
Income/(Loss) before provision for Income Taxes	866,936	633,750
Provision for Income Taxes (Expense)/Benefit	(360,590)	(259,187)
<b>Net Income/(Loss)</b>	<b>\$ 506,346</b>	<b>\$ 374,563</b>

See independent auditor's report and accompanying notes to the consolidated financial statements

**SAKSOFT, INC.**  
**CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDER'S EQUITY**  
**For the Years Ended March 31, 2015 and 2014**

	Common Stock	Additional Paid-In Capital	Retained Earnings	Total
	\$	\$	\$	\$
Balance at April 1, 2013	195,000	-	658,581	853,581
<u>Contribution</u>				
Saksoft, Inc.	-	-	-	-
Nanda Infotech Services, Inc.	-	100,000	-	100,000
<u>Elimination</u>				
Saksoft, Inc.	-	-	-	-
Nanda Infotech Services, Inc.	-	(100,000)	-	(100,000)
<u>Net Income/(Loss)</u>				
Saksoft, Inc.	-	-	223,518	223,518
Nanda Infotech Services, Inc.	-	-	151,045	151,045
Balance at March 31, 2014	195,000	-	1,033,144	1,228,144
<u>Contribution/(Return of Capital)</u>				
Saksoft, Inc.	-	-	-	-
Nanda Infotech Services, Inc.	-	-	-	-
<u>Elimination</u>				
Saksoft, Inc.	-	-	-	-
Nanda Infotech Services, Inc.	-	-	-	-
<u>Net Income/(Loss)</u>				
Saksoft, Inc.	-	-	357,607	357,607
Nanda Infotech Services, Inc.	-	-	148,739	148,739
Balance at March 31, 2015	<u>195,000</u>	<u>-</u>	<u>1,539,490</u>	<u>1,734,490</u>

See independent auditor's report and accompanying notes to the consolidated financial statements

**SAKSOFT, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**For the Years Ended March 31, 2015 and 2014**

	2015	2014 (Reclassified)
<b><u>Cash Flows From Operating Activities</u></b>		
Net Income	\$ 506,346	\$ 374,563
Adjustment to Reconcile Changes in Net Income to Net Cash Provided by/(used in) Operating Activities:		
Depreciation Expense	6,364	7,644
<u>(Increase)/Decrease in:</u>		
Accounts Receivable	(364,248)	(821,073)
Accounts Receivable - Affiliate	7,634	-
Accounts Receivable - Other	(45,777)	(30,151)
Unbilled Revenues	10,158	179,335
Prepaid Expenses	270,209	(196,380)
Prepaid Income Tax	3,700	4,816
Employee Advances	(15,112)	10,234
Security Deposits	5,426	2,250
<u>Increase/(Decrease) in:</u>		
Accounts Payable	(41,223)	160,110
Accounts Payable - Parent Company	(996,120)	796,475
Accounts Payable - Affiliate	-	-
Due to former Shareholders of Nanda Infotech Services, Inc.	(49,891)	(140,000)
Billings in Excess of Revenues	(70,958)	73,484
Accrued Income Tax Liability	11,739	104,825
Accrued Expenses	137,372	454,398
Net Cash Provided by/(used in) Operating Activities	(624,381)	980,530
<b><u>Cash Flows From Investing Activities</u></b>		
Purchase of Property, Plant and Equipment	(1,339)	(1,304)
Acquisition Cost of 100% shares of Nanda Infotech		-
Additional Acquisition Cost of 100% Shares of Nanda Infotech	-	(224,747)
Net Cash Provided by/(used in) Investing Activities	(1,339)	(226,051)
<b><u>Cash Flows From Financing Activities</u></b>		
Factoring Loan Repaid - TAB Bank	(471,736)	(107,706)
Loan Returned to / Received from Saksoft Pte Limited	(100,000)	350,000
Loan Payments to Sak Industries	(450,000)	(950,000)
Loan Proceeds Received - SBI	2,000,000	-
Paid-in Capital Returned by Nanda Infotech	(100,000)	-
Return of Capital to Saksoft	100,000	-
Net Cash Provided by/(used in) Financing Activities	978,264	(707,706)
Net Increase/(Decrease) in Cash and Cash Equivalents	352,544	46,773
Cash and Cash Equivalents: Beginning of Year	574,805	528,032
Cash and Cash Equivalents: End of Year	<b>\$ 927,349</b>	<b>\$ 574,805</b>

See independent auditor's report and accompanying notes to the consolidated financial statements



**SAKSOFT, INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2015 AND 2014**

Note 1. Organization

Saksoft, Inc. (Saksoft/Company) was incorporated in Colorado on September 22, 2000. Saksoft is a wholly owned subsidiary of Saksoft Limited (Saksoft-India), a publicly held company in India. Saksoft provides end to end business solutions that leverage technology and enables its clients to enhance business performance. The Company provides the entire gamut of software solutions including consulting, design, development, re-engineering, systems integration, testing and implementation. Saksoft customers are located throughout the United States.

The Company purchased 100% shares of Nanda Infotech Services, Inc. dba Electronic Data Professionals (Nanda), effective December 31, 2012. Nanda is a US company incorporated in the State of Pennsylvania. Nanda provides information technology professional services to various customers in the USA.

Note 2. Summary of Significant Accounting Policies

This summary of significant accounting policies of Saksoft is presented to assist in understanding the Company's consolidated financial statements. The consolidated financial statements and notes are representations of the Company's management who are responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles in the United States of America and have been consistently applied in the preparation of the consolidated financial statements.

a) Principles of Consolidation

The consolidated financial statements include the activities of the Company and its subsidiary for the fiscal years ended March 31, 2015 and 2014. All intercompany balances, transactions, income and expenses, and profits or losses have been eliminated on consolidation. Certain prior year items were reclassified to conform to current year's presentation.

b) Basis of Accounting

The consolidated financial statements have been prepared on the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recognized when incurred. Accordingly, all significant receivables, payables, and other liabilities are disclosed.

c) Use of Estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements.

**SAKSOFT, INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2015 AND 2014**

Note 2. Summary of Significant Accounting Policies – (Cont'd)

c) Use of Estimates – (cont'd)

Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual events and results could differ from those assumptions and estimates.

d) Cash and Cash Equivalents

The Company considers all highly liquid investments with an original maturity from the date of purchase of three months or less to be cash equivalents. As of March 31, 2015 and 2014, cash and cash equivalents consist of deposits with banks in checking accounts. The recorded carrying amount of cash equivalents approximates their fair value. The Company places its cash equivalents with high credit-quality financial institutions. As of March 31, 2015 and 2014, there were no restricted cash balances.

e) Accounts Receivable

Trade accounts receivable are stated at net of allowance for doubtful accounts. The Company establishes an allowance for uncollectible trade accounts receivable based on historical collection experience and management's evaluation of collectability of outstanding accounts receivable.

f) Concentrations of Credit Risk

Financial instruments that potentially subject the Company to credit risk consist primarily of cash and cash equivalents and accounts receivable. Cash and cash equivalents are deposited with federally insured commercial banks in the United States. As of March 31, 2015 and 2014, the Company had cash balances in excess of federal insurance limits. Risk to the Company for the uninsured cash balances is considered minimal.

The Company generally does not require collateral or other security in support of accounts receivable. The Company analyzes the need for reserves for potential credit losses and records allowance for doubtful accounts when necessary. During the years ended March 31, 2015 and 2014, a few customers account for a large portion of the Company's revenues and receivables. The details related to accounts receivable are discussed in Note 4 (Page 11).

g) Property and Equipment

For financial reporting purposes, depreciation of property and equipment is provided on the straight-line method. The estimated useful lives of the assets are as follows:

**SAKSOFT, INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2015 AND 2014**

Note 2. Summary of Significant Accounting Policies – (Cont'd)

g) Property and Equipment – (cont'd)

The estimated useful lives of the assets are as follows:

Computers & Equipment	3-7 years
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All property and equipment with acquisition costs of at least \$ 500 and useful life of over one year are capitalized. The cost of assets sold, retired, or otherwise disposed of and the related accumulated depreciation are eliminated from the accounts, and any resulting gain or loss is included in statement of income and retained earnings. Expenditures for maintenance and repairs are charged against operations. Renewals and betterments that materially extend the life of an asset are capitalized.

h) Revenue Recognition

The Company generates revenue from professional services rendered. Revenue is recognized for the services performed while the corresponding costs of providing those services are reflected as cost of sales. Billings to customers for out-of-pocket expenses are recorded as a reduction in expenses incurred. Unbilled revenues represent accounts receivables from customers for which services were already rendered, but not yet billed, due to certain terms in fixed price contracts. Billings in excess of revenues represent invoices raised for which services are not yet rendered; they are recognized as revenues when services are performed.

i) Cost of Sales

Costs of sales primarily consist of employee payroll costs, related payroll taxes and benefits, business travel expenses and amounts paid to Saksoft-India for support services rendered to the customers.

j) Operating Expenses

Operating expenses are general and administrative in nature, which include professional fees, insurance, rent etc., which are not directly related to any specific client project, but provide for the overall support and direction of Saksoft, Inc.

**SAKSOFT, INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2015 AND 2014**

Note 2. Summary of Significant Accounting Policies – (Cont'd)

k) Income Taxes

The Company provides for income taxes on the basis of United States generally accepted accounting principles (as codified by Financial Accounting Standards Board) which requires recognition of deferred taxes based on the differences between the financial statement and the tax basis of assets and liabilities at enacted rates in effect in the years in which the differences are expected to reverse. Valuation allowances will be established when necessary to reduce deferred tax assets to the amount expected to be realized.

The Company follows certain accounting standards related to uncertain tax positions. These standards prescribe a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. A tax position is recognized when it is more-likely-than-not that the tax position will be sustained upon examination, including resolution of any related appeals or litigation processes. A tax position that meets the more-likely-than-not recognition threshold is measured at the largest amount of benefit that is greater than 50% likely of being realized upon ultimate settlement with a taxing authority. The standard also provides guidance on de-recognition of tax benefits, classification on the balance sheet, interest and penalties, accounting in interim periods, disclosure and transition.

A number of the Company's tax returns remain subject to examination by tax authorities. These include U.S. federal and state tax returns for three years and tax returns for certain states for four years.

l) Advertising

The Company expenses the costs of advertising, including promotional expenses, as incurred.

m) Subsequent Events

Management considered subsequent events through the date of issuance of this report (May 12, 2015).

Note 3. Cash and Cash Equivalents

For purposes of statement of cash flows, the Company considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. The Company maintains its cash accounts at banks, which are guaranteed by the FDIC up to \$ 250,000, as of March 31, 2015 and 2014.

**SAKSOFT, INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2015 AND 2014**

Note 3. Cash and Cash Equivalents – (cont'd)

A summary of the total insured and uninsured cash balances as per bank statements, as of March 31, 2015 and 2014, were as follows:

	<u>2015</u>	<u>2014</u>
Carrying Value	\$ 963,009	\$ 934,010
Portion insured by FDIC	<u>519,471</u>	<u>530,056</u>
Portion uninsured by FDIC	<u>\$ 443,538</u>	<u>\$ 403,954</u>

Risk to the Company for the uninsured cash balances is considered minimal.

Note 4. Accounts Receivable

Accounts receivable include billing done for professional services provided to several customers. As of March 31, 2015 and 2014, it amounted to \$ 3,546,391 and \$ 3,182,143 respectively. Four customers owed a total of 45% of the accounts receivable as of March 31, 2015. These included three customers from Saksoft and one customer from Nanda. Similarly, four customers owed a total of 47% of the accounts receivable as of March 31, 2014. One customer contributed 21% of the consolidated sales for the year ended March 31, 2015. Similarly, the same customer contributed 17% of the consolidated sales for the previous year ended March 31, 2014. The accounts receivable balances are used to secure the factoring loan from TAB Bank/ other loans, which is explained in more detail later in the notes.

The Company records an allowance for estimated uncollectible accounts in an amount approximating anticipated losses. Individual uncollectible accounts are written off against the allowance when collection of the individual accounts appears doubtful. As of March 31, 2015 and 2014, allowance for doubtful debts amounted to \$ -0- and \$ -0-, respectively.

Bad debt write off amounted to \$ -0- and \$ -0-, respectively, for the years ended March 31, 2015 and 2014. The Company is pursuing collection action against one customer who owed \$ 436,855. The collection action appears to be effective in collecting this receivable, as the customer promised pay off \$ 50,000 per month and continues to keep up the payment schedule.

Note 5. Accounts Receivable - Affiliate

The Company billed Nanda for services rendered as well as expenses incurred on behalf of Nanda. Nanda owed the Company \$ -0- and \$ 7,634, respectively, as of March 31, 2015 and 2014. This balance was eliminated during consolidation.

**SAKSOFT, INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2015 AND 2014**

Note 6. Accounts Receivable - Others

The Company provided advances to supplies, which are offset against payables in the ordinary course of business. Such balances amounted to \$ 45,777 and \$ 30,151, respectively, as of March 31, 2015 and 2014. This includes \$ 4,870, due to Nanda, as of March 31, 2015.

Note 7. Unbilled Revenues

In the case of fixed price contracts, revenue is recognized based on the percentage of completion method and the invoices are raised based on the milestones specified in the contract. If the revenue recognized is greater than the amount invoiced based on the milestones, the excess of revenues over invoices raised is classified as unbilled revenues. As of March 31, 2015 and 2014, unbilled revenues amounted to the following:

	<u>2015</u>	<u>2014</u> (Reclassified)
Unbilled Revenues	<u>\$ 59,608</u>	<u>\$ 69,766</u>

Note 8. Prepaid Expenses

Prepaid expenses are primarily composed of insurance, dues and subscription and other expenses such as license and fees which are paid in advance of the coverage period. As of March 31, 2015 and 2014, prepaid expenses amounted to the following:

	<u>2015</u>	<u>2014</u> (Reclassified)
Insurance	25,178	68,876
Others	227,082	395,740
Dues and Subscriptions	-	18,079
Total	<u>\$ 252,260</u>	<u>\$ 482,695</u>

Note 9. Prepaid Income Tax

Prepaid income tax consists of federal and state business taxes, paid in advance. As of March 31, 2015 and 2014, it amounted to \$ -0- and \$ 3,700, respectively.

Note 10. Employee Advances

The Company provides advances to employees to meet their expenses during relocation or temporary assignments away from their home location.

**SAKSOFT, INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2015 AND 2014**

Note 10. Employee Advances – (Cont'd)

These advances are adjusted when the employee's expense bills are submitted or salary advances are repaid by the employees. Advances also include reimbursement of expenses incurred by employees, which are billable to clients. As of March 31, 2015 and 2014, employee advances amounted to \$ 24,888 and \$ 19,399 (reclassified), respectively. These advances bear no interest.

Note 11. Property and Equipment

Property and equipment consists of computers, laptops and related office equipment. Their useful lives are approximately 3 to 7 years. They are depreciated using a straight line method. As of March 31, 2015 and 2014, property and equipment consisted of the following:

	<u>2015</u>	<u>2014</u>
Computer Equipment	\$ 20,668	\$ 19,329
Office Equipment/Furniture	15,315	15,315
Leasehold Improvements	11,755	11,755
Less: Accumulated Depreciation	<u>(35,841)</u>	<u>(29,477)</u>
Total	<u>\$ 11,897</u>	<u>\$ 16,922</u>

Depreciation expense for the years ended March 31, 2015 and 2014 was \$ 6,364 and \$ 7,644, respectively.

Note 12. Security Deposits

The Company has security deposits with landlords for offices located in New Jersey, New York and Chicago. In addition, the company also has security deposits with landlords for guest houses located in Maryland. Nanda has security deposits with landlords for office space located in Pennsylvania. As of March 31, 2015 and 2014 the balances amounted to \$ 14,300 and \$ 19,726, respectively.

Note 13. Goodwill

Saksoft acquired 100% shares of Nanda as of December 31, 2012. The excess of amounts paid for the acquisition of 100% shares of Nanda and related costs over the carried forward net assets (equity) of Nanda as of December 31, 2012 is considered as goodwill. As of March 31, 2014, the overall acquisition costs amounted to \$ 1,666,010 and Nanda's equity was \$ 433,053, resulting in goodwill valuation of \$ 1,232,957. Nanda's goodwill related to its business amounted to \$ 125,000. During the current year, the Company did not have any additional acquisitions, therefore goodwill valuation remained the same. The total goodwill in the consolidated financial statements as of March 31, 2015 and 2014 amounted to \$ 1,357,957 and \$ 1,357,957 respectively.

**SAKSOFT, INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2015 AND 2014**

Note 13. Goodwill – (cont'd)

Generally accepted accounting principles as codified by Financial Accounting Standards Board require that goodwill and other un amortizable intangible assets are no longer be amortized, but instead be tested for impairment at least annually or earlier if there are impairment indicators. The Company performs a two-step process for impairment testing of goodwill.

The first step of this test, used to identify potential impairment, compares the fair value of a reporting unit with its carrying amount.

The second step (if necessary) measures the amount of the impairment. The Company completed its annual impairment test on the goodwill as of March 31, 2015 and 2014 and deemed that no impairment occurred as of March 31, 2015 and 2014.

Note 14. Investments

Saksoft contributed \$ 400,000 as additional paid-in capital to Nanda, as of March 31, 2014. During the current year ended March 31, 2015, Nanda returned net of \$ 100,000 in capital to Saksoft. The amount invested and paid-in capital is eliminated in the consolidated financial statements.

Note 15. Accounts Payable

Accounts payable includes money owed by Saksoft and Nanda for insurance, travel and accommodation expenses, and other services rendered. As of March 31, 2015 and 2014, the balances amounted to \$ 218,029 and \$ 259,252 respectively.

Note 16. Accounts Payable – Parent Company

Accounts payable – parent company consisted of balances due to Saksoft-India for services rendered and reimbursement of expenses incurred. As of March 31, 2015 and 2014, accounts payable – parent company amounted to \$ 813,190 and \$ 1,801,676, respectively.



**SAKSOFT, INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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Note 17. Billings in Excess of Revenues

In the case of fixed price contracts, revenue is recognized based on percentage of completion method and the invoices are raised based on the milestones specified in the contract. If the revenue recognized is lesser than the amount invoiced based on the milestones, the same is classified as billings in excess of revenues. As of March 31, 2015 and 2014, billings in excess of revenues, is as follows:

	<u>2015</u>	<u>2014</u>
Billings in Excess of Revenues	<u>\$ 12,483</u>	<u>\$ 83,441</u>

Note 18. Accrued Income Tax Liability

Accrued income tax liability consists of federal and state corporate income taxes owed by the Company less the amount of estimated tax payments made during the year. As of March 31, 2015 and 2014, they amounted to \$ 137,716 and \$ 125,977, respectively.

Note 19. Accrued Expenses

Accrued expenses include professional fees for services rendered, commissions, employee payroll and taxes, telecommunication, and other expenses incurred during the year. As of March 31, 2015 and 2014, accrued expenses amounted to \$ 980,094 and \$ 842,722, respectively.

Note 20. Factoring Loan Payable – TAB Bank

Saksoft entered into an accounts receivable purchase and security agreement with TAB bank in June of 2012 with maximum amount of \$1,000,000. The origination fee equals 0.75%. The discount rate is prime rate plus 1.5%, the prime rate has a floor of 3.25%. As of March 31, 2014, the discount rate was 4.75%. The term of the agreement, as of March 31, 2013, was 24 months. The advance percentage is 85% of the accounts receivable placed with TAB bank. The balances, as of March 31, 2015 and 2014 amounted to \$ 9,316 and \$ 481,052, respectively. This includes \$ 9,316 and \$ 124,698, due from Nanda as of March 31, 2015 and 2014, respectively.

Note 21. Loan Payable – Sak Industries Pte Limited

Saksoft borrowed \$ 1,400,000 from Sak Industries Pte Ltd, Singapore, a related company, on December 26, 2012. The amount was used to finance the purchase of 100% shares of Nanda Infotech Services, Inc. The loan is subject to 5% interest per annum. Presently, the loan requires interest only payments on a quarterly basis.

**SAKSOFT, INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2015 AND 2014**

Note 21. Loan Payable – Sak Industries Pte Limited – (cont'd)

The interest due for the quarter ended March 31, 2013 was paid during 2014. The interest expense for the years ended March 31, 2015 and 2014 was \$ 16,951 and \$ 49,000, respectively. The loan was paid off in full with accrued interest for the amount of \$ 454,315 on January 8, 2015. As of March 31, 2014, loan payable – Sak Industries principal balance due was \$ 450,000.

Note 22. Loan Payable – Saksoft Pte Limited

Saksoft borrowed \$ 350,000 from Sak Pte Limited, Singapore, a related company on January 20, 2014. The loan is subject to 5% interest per annum. Presently, the loan requires interest only payments on a quarterly basis. The loan is required to be repaid in full within a period of 3 years from the date of commencement. The interest expense for the years ended March 31, 2015 and 2014, amounted to \$ 11,526 and \$ 2,747, respectively. During the current year, payments of \$ 100,000 were made towards principal balance on loan. As of March 31, 2015 and 2014, loan payable – Saksoft Pte Limited principal balances amounted to \$ 250,000 and \$ 350,000, respectively.

Note 23. Loan Payable – SBI

Saksoft entered into a facility agreement with State Bank of India branch in Paris, France (SBI) for the amount of \$ 2,000,000 in the form of Working capital Loan Facility on August 13, 2014. The terms of the loan include 3/6 Month USD Libor (at applicable rate) and 1.250% Margin Rate with interest due on the date of maturity period. SBI disbursed two separate amounts on a 6 Month USD Libor basis. The first disbursement of \$ 1,000,000 was made to the Company on September 8, 2014 at interest rate of 1.5789%, which includes 1.250% Margin Rate plus 0.32890% Libor Rate. The second disbursement of \$ 1,000,000 was made to the Company on December 16, 2014, at interest rate of 1.59090%, which includes 1.250% Margin Rate plus 0.34090%. The interest expense for the year ended March 31, 2015 amounted to \$ 7,851. As of March 31, 2015, loan payable – SBI principal balance amounted \$ 2,000,000.

Note 24. Stockholder's Equity

Saksoft contributed \$ 50,000 as additional paid-in capital with Nanda, as of March 31, 2014. Nanda returned \$ 100,000 and \$ 150,000, respectively, of additional paid-in capital back to Saksoft, during the years ended March 31, 2015 and 2014.

**SAKSOFT, INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2015 AND 2014**

Note 25. Compensated Absences

Compensated absences for vacation pay, sick pay and personal time have not been accrued since they cannot be reasonably estimated. The Company's policy is to recognize these costs when actually paid.

Note 26. Income Taxes

The Company files income tax returns in the U.S. federal and various state jurisdictions. Saksoft's provision for income taxes, for the years ended March 31, 2015 and 2014, consisted of the following:

	<u>2015</u>	<u>2014</u>
Federal Tax Expense	\$ 256,552	\$ 190,846
State Tax Expense	104,038	68,341
Total	\$ 360,590	\$ 259,187

Deferred tax liability or asset does not exist as of March 31, 2015 and 2014, since there were no material temporary differences between GAAP financial statements and accrual basis income tax returns.

Note 27. Related – Party Transactions

Saksoft-India, the parent company of Saksoft, provides offshore IT services for implementation of projects. For the years ended March 31, 2015 and 2014, Saksoft-India billed \$ 3,774,704 and \$ 3,668,216, respectively for off-shore consulting services, marketing and travel related expenses as well as management and accounting services to Saksoft.

Accounts Payable due to Saksoft-India as of March 31, 2015 and 2014 were \$ 813,190 and \$ 1,801,676, respectively. The amounts due are paid to the parent company periodically in the ordinary course of business. During consolidation, inter-company balances of \$ -0- and \$ 7,634, respectively between Saksoft and Nanda were eliminated, as of March 31, 2015 and 2014.

Note 28. Commitments and Contingent Liabilities

Saksoft maintains administrative offices under operating leases at 30 Montgomery Street, Jersey City, New Jersey, which was renewed for an additional three years and four months commencing April 1, 2015 to July 31, 2018. Saksoft also leases guest house through Anuna, LLC, located at 201 Hopkins Avenue, Jersey City, NJ, commencing January 1, 2015 through June 30, 2015. The Company's operating lease at the Chicago, Illinois location was renewed from October 1, 2014 to September 30, 2016.

**SAKSOFT, INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2015 AND 2014**

Note 28. Commitments and Contingent Liabilities – (cont'd)

Saksoft entered into a new lease on April 10, 2014 for guest house located in New York, New York. The lease operates on a month to month basis, with the option to terminate lease agreement with one month notice. Nanda renewed its office lease in Bensalem, Pennsylvania, commencing on July 1, 2014 to June 30, 2015. For the years ended March 31, 2015 and 2014, rent expenses amounted to \$ 147,353 and \$ 143,575, respectively.

Future remaining minimum lease payments including utilities on the New York, New York office lease are as follows:

Year Ending:	<u>Amount</u>
March 31, 2016	<u>\$ 72,000</u>

Future remaining minimum lease payments including utilities on the 201 Hopkins Avenue, Jersey City, New Jersey office lease are as follows:

Year Ending:	<u>Amount</u>
June 30, 2015	<u>\$ 7,500</u>

Future remaining minimum lease payments including utilities on the 30 Montgomery Street, Jersey City, New Jersey office lease are as follows:

Year Ending:	<u>Amount</u>
March 31, 2016	\$ 46,508
March 31, 2017	47,903
March 31, 2018	<u>49,340</u>

Future remaining minimum lease payments including utilities on the Chicago, Illinois office lease are as follows:

Year Ending:	<u>Amount</u>
March 31, 2016	\$ 18,368
September 30, 2016	<u>9,184</u>

**SAKSOFT, INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2015 AND 2014**

Note 28. Commitments and Contingent Liabilities – (cont'd)

Future remaining minimum lease payments on Nanda's Bensalem, Pennsylvania office lease are as follows:

Year Ending:	<u>Amount</u>
June 30, 2015	<u>\$ 2,475</u>

Note 29. Subsequent Events

No significant subsequent events occurred between March 31, 2015 and May 12, 2015, the date of signing of the report, in order to warrant changes to the report.

Note 30. Concentration

The Company maintains its cash in a bank deposit account located in New York, which, at times, may exceed federally insured limit of \$ 250,000. The Company has not experienced any losses in the account. The Company believes it is not exposed to any significant credit risk on cash and cash equivalents. As of March 31, 2015 and 2014, uninsured cash balances amounted to \$ 443,538 and \$ 403,954, respectively (as shown in Note 3). Business concentrations relating to sales and accounts receivable were discussed in detail in Note 4.

Note 31. Interest and Taxes

Cash paid on interest and taxes, for the years ended March 31, 2015 and 2014, amounted to the following:

	<u>2015</u>	<u>2014</u>
Income Taxes	\$ 345,151	\$ 152,329
Interest	89,634	142,260
Total	<u>\$ 434,785</u>	<u>\$ 294,589</u>

Note 32. Foreign Operations

Saksoft-India, the parent company, provides support services to the Saksoft customers in the USA and bills Saksoft at the agreed upon rates in US dollars for time spent and expenses incurred under professional, managerial, and accounting areas.

**SAKSOFT, INC.**  
**SCHEDULE I - CONSOLIDATING COST OF SALES**  
**For the Year Ended March 31, 2015**

	<u>Saksoft</u>	<u>Nanda</u>	<u>Elimination</u>	<u>Total 2015</u>
Costs of Sales				
Payroll Expenses & Related Taxes	\$ 4,938,292	\$ 2,758,866	\$ -	\$ 7,697,158
Offshore Software Services	3,429,164	-	-	3,429,164
Consulting & Other Expenses	1,188,707	5,045	-	1,193,752
 Total Cost of Sales	 <u>\$ 9,556,163</u>	 <u>\$ 2,763,911</u>	 <u>\$ -</u>	 <u>\$ 12,320,074</u>

See independent auditor's report and accompanying notes to the consolidated financial statements

**SAKSOFT, INC.**  
**SCHEDULE I - CONSOLIDATING COST OF SALES**  
**For the Year Ended March 31, 2014**

	Saksoft	Nanda	Elimination	Total 2014
<u>Costs of Sales</u>				
Payroll Expenses & Related Taxes	\$ 4,579,238	\$ 3,261,791	\$ -	\$ 7,841,029
Offshore Software Services	3,368,216	-	-	3,368,216
Consulting & Other Expenses	533,253	73,613	-	606,866
	<b>\$ 8,480,707</b>	<b>\$ 3,335,404</b>	<b>\$ -</b>	<b>\$ 11,816,111</b>

See independent auditor's report and accompanying notes to the consolidated financial statements

**SAKSOFT, INC.**  
**SCHEDULE II - CONSOLIDATING OPERATING EXPENSES**  
**For the Year Ended March 31, 2015**

	Saksoft	Nanda	Elimination	Total 2015
<u>Operating Expenses</u>				
Professional Fees	\$ 170,509	\$ 181,803	\$ -	\$ 352,312
Professional Fees - Affiliate	345,540	-	-	345,540
Travel Expenses	231,821	37,061	-	268,882
Immigration Expense	184,738	59,071	-	243,809
Employee Benefits	106,676	59,607	-	166,283
Rent	134,768	12,585	-	147,353
Insurance	31,701	17,840	-	49,541
Telephone	23,450	12,902	-	36,352
Commissions	27,056	-	-	27,056
Recruitment Expenses	18,950	1,820	-	20,770
Dues and Subscriptions	15,621	-	-	15,621
Bank Service Charges	4,178	9,583	-	13,761
Office Supplies and Expenses	11,841	832	-	12,673
Staff Events	3,556	3,000	-	6,556
Depreciation	4,524	1,840	-	6,364
Postage and Delivery	1,647	2,624	-	4,271
Printing and Reproduction	990	1,389	-	2,379
	<u>\$ 1,317,566</u>	<u>\$ 401,957</u>	<u>\$ -</u>	<u>\$ 1,719,523</u>

See independent auditor's report and accompanying notes to the consolidated financial statements



**SAKSOFT, INC.**  
**SCHEDULE II - CONSOLIDATING OPERATING EXPENSES**  
**For the Year Ended March 31, 2014**

	Saksoft	Nanda	Elimination	Total 2014
<u>Operating Expenses</u>				
Professional Fees	\$ 134,769	\$ 201,382	\$ -	\$ 336,151
Travel Expenses	267,992	43,502	-	311,494
Professional Fees - Affiliate	300,000	-	-	300,000
Employee Benefits	126,329	96,371	-	222,700
Immigration Expense	137,569	84,590	-	222,159
Rent	122,935	20,640	-	143,575
Commissions	88,891	-	-	88,891
License Costs	49,190	-	-	49,190
Insurance	31,941	15,874	-	47,815
Telephone	24,563	9,511	-	34,074
Permits and Fees	11,633	21,824	-	33,457
Staff Events	2,447	19,922	-	22,369
Dues and Subscriptions	18,798	-	-	18,798
Payroll Processing Fees	7,193	5,821	-	13,014
Advertising Expenses	4,785	4,815	-	9,600
Depreciation	5,804	1,840	-	7,644
Postage and Delivery	754	3,754	-	4,508
Printing and Reproduction	1,924	1,193	-	3,117
Bank Service Charges	1,368	1,590	-	2,958
Office Supplies and Expenses	101	1,817	-	1,918
Total Operating Expenses	<u>\$ 1,338,986</u>	<u>\$ 534,446</u>	<u>\$ -</u>	<u>\$ 1,873,432</u>

See independent auditor's report and accompanying notes to the consolidated financial statements

**SAKSOFT, INC.**  
**SCHEDULE III - CONSOLIDATING BALANCE SHEETS**  
**March 31, 2015**

	Saksoft	Nanda	Elimination	Total 2015
<b>Assets</b>				
<u>Current Assets</u>				
Cash and Cash Equivalents	\$ 617,453	\$ 309,896	\$ -	\$ 927,349
Accounts Receivable, Net of Allowance for Doubtful Debts	2,380,117	1,166,274	-	3,546,391
Accounts Receivable - Other	40,907	4,870	-	45,777
Unbilled Revenues	52,655	6,953	-	59,608
Prepaid Expenses	218,457	33,803	-	252,260
Employee Advances	23,888	1,000	-	24,888
Total Current Assets	<u>3,333,477</u>	<u>1,522,796</u>	<u>-</u>	<u>4,856,273</u>
<u>Property and Equipment</u>				
Property and Equipment	34,860	12,878	-	47,738
Less: Accumulated Depreciation	(31,701)	(4,140)	-	(35,841)
Total Property and Equipment	<u>3,159</u>	<u>8,738</u>	<u>-</u>	<u>11,897</u>
<u>Noncurrent Assets</u>				
Security Deposits	10,980	3,320		14,300
Goodwill	-	125,000	1,232,957	1,357,957
Investments	1,966,110	-	(1,966,110)	-
Total Noncurrent Assets	<u>1,977,090</u>	<u>128,320</u>	<u>(733,153)</u>	<u>1,372,257</u>
<b>Total Assets</b>	<b><u>\$ 5,313,726</u></b>	<b><u>\$ 1,659,854</u></b>	<b><u>\$ (733,153)</u></b>	<b><u>\$ 6,240,427</u></b>
<b>Liabilities and Stockholder's Equity</b>				
<u>Current Liabilities</u>				
Accounts Payable	\$ 182,017	\$ 36,012	\$ -	\$ 218,029
Accounts Payable - Parent Company	813,190	-	-	813,190
Due to former shareholders of Nanda Infotech Services, Inc.	85,109	-	-	85,109
Billings in Excess of Revenues	12,483	-	-	12,483
Accrued Income Tax Liability	38,275	99,441	-	137,716
Accrued Expenses	512,755	467,339	-	980,094
Factoring Loan Payable - TAB Bank	-	9,316	-	9,316
Total Current Liabilities	<u>1,643,829</u>	<u>612,108</u>	<u>-</u>	<u>2,255,937</u>
<u>Long Term Liabilities</u>				
Loan Payable - SBI	2,000,000	-	-	2,000,000
Loan Payable - Saksoft Pte Limited	250,000	-	-	250,000
Total Long Term Liabilities	<u>2,250,000</u>	<u>-</u>	<u>-</u>	<u>2,250,000</u>
<u>Stockholder's Equity</u>				
Common Stock - Authorized 1,000,000 Shares, no par value, and Issued 195,000 Shares	195,000	100	(100)	195,000
Additional Paid-In Capital		300,000	(300,000)	-
Retained Earnings	1,224,897	747,646	(433,053)	1,539,490
Total Stockholder's Equity	<u>1,419,897</u>	<u>1,047,746</u>	<u>(733,153)</u>	<u>1,734,490</u>
<b>Total Liabilities and Stockholder's Equity</b>	<b><u>\$ 5,313,726</u></b>	<b><u>\$ 1,659,854</u></b>	<b><u>\$ (733,153)</u></b>	<b><u>\$ 6,240,427</u></b>

See independent auditor's report and accompanying notes to the consolidated financial statements

**SAKSOFT, INC.**  
**SCHEDULE III - CONSOLIDATING BALANCE SHEETS**  
**March 31, 2014**

<u>Assets</u>	Saksoft (Reclassified)	Nanda	Elimination	Total 2014 (Reclassified)
<u>Current Assets</u>				
Cash and Cash Equivalents	\$ 387,637	\$ 187,168	\$ -	\$ 574,805
Accounts Receivable, Net of Allowance for Doubtful Debts				
\$ -0- and \$ -0-	1,907,909	1,274,234	-	3,182,143
Accounts Receivable - Affiliate	7,634	-	(7,634)	-
Accounts Receivable - Other	30,151	-	-	30,151
Unbilled Revenues	61,454	8,312	-	69,766
Prepaid Expenses	379,368	103,327	-	482,695
Prepaid Income Tax	3,700	-	-	3,700
Employee Advances	19,399	-	-	19,399
Total Current Assets	<u>2,797,252</u>	<u>1,573,041</u>	<u>(7,634)</u>	<u>4,362,659</u>
<u>Property and Equipment</u>				
Property and Equipment	33,521	12,878	-	46,399
Less: Accumulated Depreciation	(27,177)	(2,300)	-	(29,477)
Total Property and Equipment	<u>6,344</u>	<u>10,578</u>	<u>-</u>	<u>16,922</u>
<u>Noncurrent Assets</u>				
Security Deposits	16,406	3,320	-	19,726
Goodwill	-	125,000	1,232,957	1,357,957
Investments	2,066,110	-	(2,066,110)	-
Total Noncurrent Assets	<u>2,082,516</u>	<u>128,320</u>	<u>(833,153)</u>	<u>1,377,683</u>
<b>Total Assets</b>	<b><u>\$ 4,886,112</u></b>	<b><u>\$ 1,711,939</u></b>	<b><u>\$ (840,787)</u></b>	<b><u>\$ 5,757,264</u></b>
<u>Liabilities and Stockholder's Equity</u>				
<u>Current Liabilities</u>				
Accounts Payable	\$ 182,978	\$ 76,274	\$ -	\$ 259,252
Accounts Payable - Parent Company	1,801,676	7,634	(7,634)	1,801,676
Due to former shareholders of Nanda Infotech Services, Inc.	135,000	-	-	135,000
Billings in Excess of Revenues	83,441	-	-	83,441
Accrued Income Tax Liability	33,107	92,870	-	125,977
Accrued Expenses	431,266	411,456	-	842,722
Factoring Loan Payable - TAB Bank	356,354	124,698	-	481,052
Total Current Liabilities	<u>3,023,822</u>	<u>712,932</u>	<u>(7,634)</u>	<u>3,729,120</u>
<u>Long Term Liabilities</u>				
Loan Payable - Sak Industries	450,000	-	-	450,000
Loan Payable - Saksoft Pte Limited	350,000	-	-	350,000
Total Long Term Liabilities	<u>800,000</u>	<u>-</u>	<u>-</u>	<u>800,000</u>
<u>Stockholder's Equity</u>				
Common Stock - Authorized 1,000,000 Shares, no par value, and Issued 195,000 Shares	195,000	-	-	195,000
Additional Paid-in Capital	-	400,100	(400,100)	-
Retained Earnings	867,290	598,907	(433,053)	1,033,144
Total Stockholder's Equity	<u>1,062,290</u>	<u>999,007</u>	<u>(833,153)</u>	<u>1,228,144</u>
<b>Total Liabilities and Stockholder's Equity</b>	<b><u>\$ 4,886,112</u></b>	<b><u>\$ 1,711,939</u></b>	<b><u>\$ (840,787)</u></b>	<b><u>\$ 5,757,264</u></b>

See independent auditor's report and accompanying notes to the consolidated financial statements

**SAKSOFT, INC.**  
**SCHEDULE IV - CONSOLIDATING STATEMENTS OF INCOME**  
**For the Year Ended March 31, 2015**

	Saksoft	Nanda	Elimination	Total 2015
<u>Operating Revenues</u>				
Sales Revenues	\$ 11,526,904	\$ 3,429,082	\$ -	\$ 14,955,986
Total Operating Revenues	11,526,904	3,429,082	-	14,955,986
Cost of Sales (Schedule I)	(9,556,163)	(2,763,911)	-	(12,320,074)
Gross Profit/(Loss)	1,970,741	665,171	-	2,635,912
Operating Expenses (Schedule II)	(1,317,566)	(401,957)	-	(1,719,523)
Income/(Loss) from Operations	653,175	263,214	-	916,389
<u>Other Non-Operating Income/Expenses</u>				
Interest / Other income	45,444	3,495		48,939
Interest Expense	(84,846)	(13,546)	-	(98,392)
Income/(Loss) before provision for Income Taxes	613,773	253,163	-	866,936
Provision for Income Taxes (Expense)/Benefit	(256,166)	(104,424)	-	(360,590)
<b>Net Income/(Loss)</b>	<b>\$ 357,607</b>	<b>\$ 148,739</b>	<b>\$ -</b>	<b>\$ 506,346</b>

See independent auditor's report and accompanying notes to the consolidated financial statements

**SAKSOFT, INC.**  
**SCHEDULE IV - CONSOLIDATING STATEMENTS OF INCOME**  
**For the Year Ended March 31, 2014**

	<u>Saksoft</u>	<u>Nanda</u>	<u>Elimination</u>	<u>Total 2014</u>
<u>Operating Revenues</u>				
Sales Revenues	\$ 10,316,237	\$ 4,148,871	\$ -	\$ 14,465,108
Total Operating Revenues	<u>10,316,237</u>	<u>4,148,871</u>	<u>-</u>	<u>14,465,108</u>
Cost of Sales (Schedule I)	(8,480,707)	(3,335,404)	-	(11,816,111)
Gross Profit/(Loss)	<u>1,835,530</u>	<u>813,467</u>	<u>-</u>	<u>2,648,997</u>
Operating Expenses (Schedule II)	(1,338,986)	(534,446)	-	(1,873,432)
Income/(Loss) from Operations	<u>496,544</u>	<u>279,021</u>	<u>-</u>	<u>775,565</u>
<u>Other Non-Operating Income/Expenses</u>				
Interest Income/Other	199	11,930	-	12,129
Interest Expense	(107,251)	(46,693)	-	(153,944)
Income/(Loss) before provision for Income Taxes	<u>389,492</u>	<u>244,258</u>	<u>-</u>	<u>633,750</u>
Provision for Income Taxes (Expense)/Benefit	(165,974)	(93,213)	-	(259,187)
<b>Net Income/(Loss)</b>	<b><u>\$ 223,518</u></b>	<b><u>\$ 151,045</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 374,563</u></b>

See independent auditor's report and accompanying notes to the consolidated financial statements

**SAKSOFT, INC.**  
**SCHEDULE V - CONSOLIDATING STATEMENTS OF CASH FLOWS**  
**For the Year Ended March 31, 2015**

	Saksoft	Nanda	Elimination	Total 2015
<b><u>Cash Flows From Operating Activities</u></b>				
Net Income	\$ 357,607	\$ 148,739	\$ -	\$ 506,346
Adjustment to Reconcile Changes in Net Income to Net Cash Provided by/(used in) Operating Activities:				
Depreciation Expense	4,524	1,840	-	6,364
<u>(Increase)/Decrease in:</u>				
Accounts Receivable	(472,208)	107,960	-	(364,248)
Accounts Receivable - Affiliate	7,634	-	-	7,634
Accounts Receivable - Other	(40,907)	(4,870)	-	(45,777)
Unbilled Revenues	8,799	1,359	-	10,158
Prepaid Expenses	200,685	69,524	-	270,209
Prepaid Income Tax	3,700	-	-	3,700
Employee Advances	(14,112)	(1,000)	-	(15,112)
Security Deposits	5,426	-	-	5,426
<u>Increase/(Decrease) in:</u>				
Accounts Payable	(961)	(40,262)	-	(41,223)
Accounts Payable - Parent Company	(988,486)	(7,634)	-	(996,120)
Due to former Shareholders of Nanda Infotech Services, Inc.	(49,891)	-	-	(49,891)
Billings in Excess of Revenues	(70,958)	-	-	(70,958)
Accrued Income Tax Liability	5,168	6,571	-	11,739
Accrued Expenses	81,489	55,883	-	137,372
Net Cash Provided by/(used in) Operating Activities	<u>(962,491)</u>	<u>338,110</u>	<u>-</u>	<u>(624,381)</u>
<b><u>Cash Flows From Investing Activities</u></b>				
Purchase of Property, Plant and Equipment	(1,339)	-	-	(1,339)
Net Cash Provided by/(used in) Investing Activities	<u>(1,339)</u>	<u>-</u>	<u>-</u>	<u>(1,339)</u>
<b><u>Cash Flows From Financing Activities</u></b>				
Factoring Loan Payable - TAB Bank	(356,354)	(115,382)	-	(471,736)
Loan Received from Saksoft Pte Limited	(100,000)	-	-	(100,000)
Loan Payments - Sak Industries	(450,000)	-	-	(450,000)
Loan Proceeds from SBI	2,000,000	-	-	2,000,000
Return of Paid-in Capital Contributed to Nanda Infotech	100,000	(100,000)	-	-
Net Cash Provided by/(used in) Financing Activities	<u>1,193,646</u>	<u>(215,382)</u>	<u>-</u>	<u>978,264</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	229,816	122,728	-	352,544
Cash and Cash Equivalents: Beginning of Year	387,637	187,168	-	574,805
Cash and Cash Equivalents: End of Year	<u>\$ 617,453</u>	<u>\$ 309,896</u>	<u>\$ -</u>	<u>\$ 927,349</u>

See independent auditor's report and accompanying notes to the consolidated financial statements

**SAKSOFT, INC.**  
**SCHEDULE V - CONSOLIDATING STATEMENTS OF CASH FLOWS**  
**For the Year Ended March 31, 2014**

	Saksoft (Reclassified)	Nanda	Elimination	Total 2014 (Reclassified)
<b><u>Cash Flows From Operating Activities</u></b>				
Net Income	\$ 223,518	\$ 151,045	\$ -	\$ 374,563
Adjustment to Reconcile Changes in Net Income to Net Cash Provided by/(used in) Operating Activities:				
Depreciation Expense	5,804	1,840	-	7,644
<u>(Increase)/Decrease in:</u>				
Accounts Receivable	(518,412)	(302,661)	-	(821,073)
Accounts Receivable - Affiliate	28,692	-	(28,692)	-
Accounts Receivable - Other	(30,151)	-	-	(30,151)
Unbilled Revenues	182,727	(3,392)	-	179,335
Prepaid Expenses	(108,353)	(88,027)	-	(196,380)
Prepaid Income Tax	4,816	-	-	4,816
Employee Advances	(266)	10,500	-	10,234
Security Deposits	2,250	-	-	2,250
<u>Increase/(Decrease) in:</u>				
Accounts Payable	100,035	60,075	-	160,110
Accounts Payable - Parent Company	796,475	(28,692)	28,692	796,475
Due to former Shareholders of Nanda Infotech Services, Inc.	(140,000)	-	-	(140,000)
Billings in Excess of Revenues	73,484	-	-	73,484
Accrued Income Tax Liability	27,351	77,474	-	104,825
Accrued Expenses	313,715	140,683	-	454,398
Net Cash Provided by/(used in) Operating Activities	<u>961,685</u>	<u>18,845</u>	<u>-</u>	<u>980,530</u>
<b><u>Cash Flows From Investing Activities</u></b>				
Purchase of Property, Plant and Equipment	(1,304)	-	-	(1,304)
Additional Acquisition Cost of 100% Shares of Nanda Infotech	(224,747)	-	-	(224,747)
Net Cash Provided by/(used in) Investing Activities	<u>(226,051)</u>	<u>-</u>	<u>-</u>	<u>(226,051)</u>
<b><u>Cash Flows From Financing Activities</u></b>				
Factoring Loan Payable - TAB Bank	(124,322)	16,616	-	(107,706)
Loan Received from Saksoft Pte Limited	350,000	-	-	350,000
Loan Payments - Sak Industries	(950,000)	-	-	(950,000)
Additional Paid-in Capital Contributed to Nanda Infotech	(50,000)	50,000	-	-
Return of Capital to Saksoft	150,000	(150,000)	-	-
Net Cash Provided by/(used in) Financing Activities	<u>(624,322)</u>	<u>(83,384)</u>	<u>-</u>	<u>(707,706)</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	111,312	(64,539)	-	46,773
Cash and Cash Equivalents: Beginning of Year	<u>276,325</u>	<u>251,707</u>	<u>-</u>	<u>528,032</u>
Cash and Cash Equivalents: End of Year	<u>\$ 387,637</u>	<u>\$ 187,168</u>	<u>\$ -</u>	<u>\$ 574,805</u>

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