

B S R & Co.

Nucleus Software Japan Kabushiki Kaiga

Audited Financial Statements for the period

1 April 2009 to 31 March 2010

BSR & Co.

(Registered)

Chartered Accountants

Building No.10, 8th Floor, Tower-B
DLF Cyber City, Phase - II
Gurgaon - 122 002 (India)

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Auditors' Report

To the Board of Directors of
Nucleus Software Japan Kabushiki Kaiga

We have audited the attached Balance Sheet of Nucleus Software Japan Kabushiki Kaiga ('the Company') as at 31 March 2010, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The report does not include a statement on the matters specified in paragraph 4 and 5 of the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, since in our opinion and according to the information and explanations given to us, the said Order is not applicable to the Company.

The rupee amounts are presented in the accompanying financial statements solely for the convenience of the reader and have been translated on the basis prescribed in note 2(i) of schedule 15 to the financial statements. The translation from Japanese Yen (JPY) to Indian Rupees is un-audited.

We report as follows:

- (a) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (b) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- (c) the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;



- (d) in our opinion, the Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956, to the extent applicable;
- (e) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2010;
 - (ii) in the case of the Profit and Loss Account, of the loss of the Company for the year ended on that date; and
 - (iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

for BSR & Co.
Chartered Accountants
Firm registration number: 101248W



Jiten Chopra
Partner
Membership No.: 092894

Place: Gurgaon
Date : 25 April 2010

Nucleus Software Japan Kabushiki Kaiga

Balance Sheet as at 31 March 2010

	Schedule	As at 31 March 2010 (JPY)	As at 31 March 2009 (JPY)	As at * 31 March 2010 (Rupees) (Unaudited)	As at * 31 March 2009 (Rupees) (Unaudited)
Sources of funds					
Shareholders' funds					
Share capital	1	10,000,000	10,000,000	4,835,000	5,135,000
		<u>10,000,000</u>	<u>10,000,000</u>	<u>4,835,000</u>	<u>5,135,000</u>
Application of funds					
Fixed assets					
Gross block	3	5,902,073	5,420,727	2,853,652	2,783,543
Less: Accumulated depreciation		<u>(3,399,545)</u>	<u>(1,915,719)</u>	<u>(1,643,680)</u>	<u>(983,722)</u>
Net block		2,502,528	3,505,008	1,209,972	1,799,822
Current assets, loans and advances					
Sundry debtors	4	68,382,986	308,140,818	33,063,174	158,230,310
Cash and bank balances	5	214,689,318	135,377,034	103,802,283	69,516,107
Loans and advances	6	53,961,296	50,097,389	26,090,288	25,725,010
Other current assets	7	<u>49,186,231</u>	<u>79,388,300</u>	<u>23,781,543</u>	<u>40,765,892</u>
		386,219,831	573,003,542	186,737,288	294,237,319
Less: Current liabilities and provisions					
Current liabilities	8	401,431,701	574,897,203	194,092,227	295,209,714
Provisions	9	-	4,499,490	-	2,310,488
		401,431,701	579,396,693	194,092,227	297,520,202
Net current assets		(15,211,870)	(6,393,152)	(7,354,939)	(3,282,883)
Profit and Loss Account	2	22,709,342	12,888,144	10,979,967	6,618,062
		<u>10,000,000</u>	<u>10,000,000</u>	<u>4,835,000</u>	<u>5,135,000</u>

Significant accounting policies and notes to the accounts 15

* Refer note 2 (i) to schedule 15.

The schedules referred to above form an integral part of the Balance Sheet

As per our report of even date attached

For BSR & Co.

Chartered Accountants

Firm registration number : 101248W

Jiten Chopra

Partner

Membership No.: 092894

Place: Gurgaon

Date : 25 April 2010

For and on behalf of the Board of Directors


Director


Director

Place: Noida

Date : 25 April 2010

Nucleus Software Japan Kabushiki Kaiga

Profit and Loss Account for the year ended 31 March 2010

	Schedule	Year ended 31 March 2010 (JPY)	Year ended 31 March 2009 (JPY)	Year ended* 31 March 2010 (Rupees) (Unaudited)	Year ended* 31 March 2009 (Rupees) (Unaudited)
Income					
Sales and services	10	912,091,591	2,074,109,942	440,996,284	1,065,055,455
Software development expenses.	11	831,861,618	2,047,348,988	402,205,091	1,051,313,704
Gross profit		80,229,973	26,760,955	38,791,193	13,741,751
Selling and marketing expenses	12	45,237,114	49,054,992	21,872,144	25,189,737
General and administration expenses	13	44,478,441	34,328,895	21,505,328	17,627,888
Operating loss before depreciation		(9,485,582)	(56,622,933)	(4,586,279)	(29,075,874)
Depreciation	3	1,483,826	1,030,401	717,430	529,111
Operating loss after depreciation		(10,969,408)	(57,653,334)	(5,303,709)	(29,604,985)
Other income	14	1,218,210	287,858	589,004	147,815
Loss before taxation		(9,751,198)	(57,365,476)	(4,714,705)	(29,457,170)
Provision for income tax - current		70,000	70,000	33,845	35,945
Loss after taxation		(9,821,198)	(57,435,476)	(4,748,550)	(29,493,115)
Balance brought forward		(12,888,144)	44,547,332	(6,231,417)	22,875,053
Loss carried forward to Balance Sheet		(22,709,342)	(12,888,144)	(10,979,967)	(6,618,062)
Earnings per equity share (par value JPY 50,000 each)					
Basic and diluted		(49,106)	(287,177)	(23,743)	(147,466)
Weighted average number of shares used in computing earnings per share					
Basic and diluted		200	200	200	200

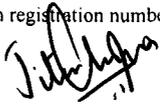
Significant accounting policies and notes to the accounts 15

*Refer note 2 (i) to schedule 15.

The schedules referred to above form an integral part of the Profit and Loss Account.

As per our report of even date attached

For BSR & Co.
Chartered Accountants
Firm registration number : 101248W


Jiten Chopra
Partner
Membership No. : 092894

Place: Gurgaon
Date : 25 April 2010

For and on behalf of the Board of Directors


Director


Director

Place: Noida
Date : 25 April 2010

Nucleus Software Japan Kabushiki Kaiga

Cash Flow Statement for the year ended 31 March 2010

	Year ended 31 March 2010 (JPY)	Year ended 31 March 2009 (JPY)	Year ended* 31 March 2010 (Rupees) (Unaudited)	Year ended* 31 March 2009 (Rupees) (Unaudited)
A. Cash flow from operating activities				
Net loss before tax	(9,751,198)	(57,365,476)	(4,714,705)	(29,457,170)
<i>Adjustments for:</i>				
Depreciation	1,483,826	1,030,401	717,430	529,111
Interest income	(255,378)	(174,258)	(123,475)	(89,481)
Operating loss before working capital changes	(8,522,750)	(56,509,333)	(4,120,749)	(29,017,541)
Decrease in debtors	239,757,832	31,171,573	115,922,912	16,006,603
Increase in loans and advances	(3,385,761)	(34,580,219)	(1,637,016)	(17,756,942)
Decrease in other current assets	30,202,069	179,433,478	14,602,700	92,139,091
Decrease in current liabilities	(173,465,502)	(55,588,862)	(83,870,570)	(28,544,881)
Direct taxes paid	84,585,888	63,926,636	40,897,277	32,826,330
Net cash from operating activities (A)	79,538,252	55,261,336	38,456,745	28,376,698
B. Cash flow from investing activities				
Purchase of fixed assets	(481,346)	(1,619,000)	(232,731)	(831,357)
Interest received	255,378	174,258	123,475	89,481
Net cash used in investing activities (B)	(225,968)	(1,444,742)	(109,256)	(741,875)
Net increase in cash and cash equivalents (A+B)	79,312,284	53,816,594	38,347,489	27,634,823
Opening cash and cash equivalents	135,377,034	81,560,439	65,454,794	41,881,284
Closing cash and cash equivalents	214,689,318	135,377,034	103,802,283	69,516,107

* Refer note 2 (i) to schedule 15.

Notes:

- The above cash flow statement has been prepared in accordance with the 'Indirect method' as set out in the Accounting Standard 3 on "Cash Flow Statements" prescribed under Companies (Accounting Standards) Rules, 2006.
- Cash and cash equivalents consist of balances with non scheduled banks.

As per our report of even date attached

For BSR & Co.
Chartered Accountants
Firm registration number : 101248W

Jiten Chopra
Partner
Membership No. : 092894

Place: Gurgaon
Date : 25 April 2010

For and on behalf of the Board of Directors


Director


Director

Place: Noida
Date : 25 April 2010

Nucleus Software Japan Kabushiki Kaiga

Schedules forming part of the financial statements

	As at 31 March 2010 (JPY)	As at 31 March 2009 (JPY)	As at * 31 March 2010 (Rupees) (Unaudited)	As at * 31 March 2009 (Rupees) (Unaudited)
SCHEDULE 1:				
Share capital				
Authorised capital				
200 (previous year 200) equity shares of JPY 50,000 each	10,000,000	10,000,000	4,835,000	5,135,000
	<u>10,000,000</u>	<u>10,000,000</u>	<u>4,835,000</u>	<u>5,135,000</u>
Issued, subscribed and paid up				
200 (previous year 200) equity shares of JPY 50,000 each held by Nucleus Software Exports Limited, the holding company	10,000,000	10,000,000	4,835,000	5,135,000
	<u>10,000,000</u>	<u>10,000,000</u>	<u>4,835,000</u>	<u>5,135,000</u>
SCHEDULE 2:				
Profit and Loss Account				
Balance brought forward	(12,888,144)	44,547,332	(6,231,417)	22,875,053
Add: Transferred from Profit and Loss Account	(9,821,198)	(57,435,476)	(4,748,550)	(29,493,115)
	<u>(22,709,342)</u>	<u>(12,888,144)</u>	<u>(10,979,967)</u>	<u>(6,618,062)</u>

* Refer note 2 (i) to schedule 15.

Nucleus Software Japan Kabushiki Kaiga

Schedules forming part of the financial statements

SCHEDULE 3:

Fixed assets

(All amounts in JPY unless otherwise stated)

	Gross block			Accumulated depreciation				Net block		
	As at 1 April 2009	Additions	Deductions / adjustments	As at 31 March 2010	As at 1 April 2009	Depreciation for the year	Deductions / adjustments	As at 31 March 2010	As at 31 March 2010	As at 31 March 2009
Tangible assets										
Office and other equipment	716,000	139,800		855,800	32,563	248,488		281,051	574,749	683,437
Computers	3,381,452	176,169		3,557,621	1,541,936	850,310		2,392,246	1,165,375	1,839,516
Furniture and fixtures	420,275	165,377	-	585,652	272,773	84,028	-	356,801	228,851	147,502
Intangible assets										
Software package	903,000	-		903,000	68,447	301,000		369,447	533,553	834,553
Current year (JPY)	5,420,727	481,346	-	5,902,073	1,915,719	1,483,826	-	3,399,545	2,502,528	3,505,008
Current year (Rupees) (Unaudited)*	2,620,922	232,731	-	2,853,652	926,250	717,430	-	1,643,680	1,209,972	1,799,821
Previous year (JPY)	3,801,727	1,619,000	-	5,420,727	885,318	1,030,401	-	1,915,719	3,505,008	
Previous year (Rupees) (Unaudited)*	1,518,790	831,357	-	2,783,543	353,685	529,111	-	983,722	1,799,821	

* Refer note 2 (i) to schedule 15.

Nucleus Software Japan Kabushiki Kaisha

Schedules forming part of the financial statements

	As at 31 March 2010 (JPY)	As at 31 March 2009 (JPY)	As at * 31 March 2010 (Rupees) (Unaudited)	As at * 31 March 2009 (Rupees) (Unaudited)
SCHEDULE 4:				
Sundry debtors (Unsecured)				
Debts outstanding for a period exceeding six months				
- Considered good	-	20,864	-	10,714
- Considered doubtful	-	5,899,182	-	3,029,230
		5,920,046		3,039,944
Less: Provision for doubtful debts	-	(5,899,182)	-	(3,029,230)
		20,864		10,714
Other debts (considered good)	68,382,986	308,119,954	33,063,174	158,219,596
	<u>68,382,986</u>	<u>308,140,818</u>	<u>33,063,174</u>	<u>158,230,310</u>
SCHEDULE 5:				
Cash and bank balances				
Balances with non scheduled banks				
- in current accounts **				
Bank of Tokyo Mitsubishi - Japan	12,120,124	91,897,128	5,860,080	47,189,175
Shinsei Bank-Japan	9,034,232	43,479,906	4,368,051	22,326,932
Citibank-Japan	193,534,962	-	93,574,152	-
	<u>214,689,318</u>	<u>135,377,034</u>	<u>103,802,283</u>	<u>69,516,107</u>
** Maximum amount outstanding during the year				
Bank of Tokyo Mitshubishj -Japan	303,837,440	266,413,483	146,905,402	136,803,324
Shinsei Bank - Japan	96,612,386	70,101,144	46,712,089	35,996,937
Citibank - Japan	266,103,267	-	128,660,930	-
SCHEDULE 6:				
Loans and advances (Unsecured, considered good)				
Advances recoverable in cash or in kind or for value to be received	41,687,976	42,649,057	20,156,137	21,900,291
Advance income tax [net of provision JPY 16,802,190 (JPY Nil; Rs 8,123,858; Rs. Nil)]	478,146	-	231,184	-
Security deposits	9,560,087	7,395,920	4,622,302	3,797,805
Prepaid expenses	2,235,087	52,412	1,080,665	26,914
	<u>53,961,296</u>	<u>50,097,389</u>	<u>26,090,288</u>	<u>25,725,010</u>
SCHEDULE 7:				
Other current assets				
Income accrued but not due [net of provision of JPY 6,005,822 (JPY Nil; Rs 2,903,815; Rs. Nil)]	49,186,231	79,388,300	23,781,543	40,765,892
	<u>49,186,231</u>	<u>79,388,300</u>	<u>23,781,543</u>	<u>40,765,892</u>
SCHEDULE 8:				
Current liabilities				
Sundry creditors #	267,828,507	559,841,461	129,495,083	287,478,590
Due to holding company	132,299,402	14,992,728	63,966,761	7,698,766
Advances from customers	1,303,792	63,014	630,383	32,358
	<u>401,431,701</u>	<u>574,897,203</u>	<u>194,092,227</u>	<u>295,209,714</u>
# Includes salary and incentives payable of JPY 7,975,937 (JPY 7,318,593; Rs 3,856,366 , Rs. 3,758,098)				
SCHEDULE 9:				
Provisions				
Taxation [net of advance income tax JPY Nil (JPY 12,232,700; Rs Nil; Rs. 6,281,49)]	-	4,499,490	-	2,310,488
		<u>4,499,490</u>		<u>2,310,488</u>
* Refer note 2 (i) to Schedule 15.				

Nucleus Software Japan Kabushiki Kaiga

Schedules forming part of the accounts

Schedule 15: Significant accounting policies and notes to the accounts

1. Company Overview

Nucleus Software Japan Kabushiki Kaiga ('the Company') was incorporated on 2 November 2001 in Japan. 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 developing, producing and 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.

2. Significant accounting policies

(i) Basis of preparation

The financial statements are prepared under the historical cost convention, in accordance with the Indian Generally Accepted Accounting Principles (GAAP), Accounting Standards as specified in the Companies (Accounting Standard) Rules, 2006 and the provisions of Companies Act, 1956 as adopted consistently by the Company. 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 significantly eroded as at year end. However, the directors consider that it is appropriate to prepare these accounts on the 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.

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, Profit and Loss account and Cash Flow Statement have been restated to Indian rupees at exchange rate prevailing on the last day of the financial year. The functional currency of the Company is Japanese Yen (JPY). The translation from JPY to Indian rupees is unaudited.

(ii) Use of estimates

The preparation of financial statements in conformity with GAAP 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. Any change in estimates are adjusted prospectively.

(iii) Revenue recognition

Revenue from software development services comprises income from time and materials and fixed price contracts. Revenue from time and materials contracts is recognised as the services are rendered. 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.

Nucleus Software Japan Kabushiki Kaiga

Schedules forming part of the accounts

Schedule 15: Significant accounting policies and notes to the accounts

1. Company Overview

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2. Significant accounting policies

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(ii) Use of estimates

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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.

Nucleus Software Japan Kabushiki Kaiga

Schedules forming part of the accounts

Interest on the deployment of surplus funds is recognised using the time-proportion method, based on interest rates implicit in the transaction.

(iv) Operating leases

Lease payments under operating lease are recognised as an expense in the profit and loss account on a straight-line basis over the lease term.

(v) Expenditure

Expenses are accounted for on an accrual basis and provisions are made for all known losses and liabilities.

(vi) Fixed assets

Fixed assets are stated at the cost of acquisition including 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.

(vii) 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. Assets costing less than JPY. 5,000 are fully depreciated in the year of purchase.

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

Tangible assets	Useful life (in years)
Computers	4
Furniture and fixtures	5
Office Equipments	5
Intangible assets	
Software	3

Such rates are higher than the rates specified in Schedule XIV of the Companies Act, 1956.

(viii) Earnings per share

Basic earnings per share are computed using the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed using the weighted average number of equity and dilutive equivalent shares outstanding during the year, except where results are anti-dilutive.

(ix) Foreign exchange transactions

Foreign exchange transactions are recorded at the exchange rates prevailing at the date of transaction. Realised gains and losses on foreign exchange transactions during the year are recognised in the Profit and Loss Account. Monetary assets and liabilities that are determined in foreign currency are restated at the exchange rate prevalent at the date of balance sheet. The resulting gain/loss is recorded in the Profit and Loss Account.

Nucleus Software Japan Kabushiki Kaiga

Schedules forming part of the accounts

4. Related party disclosures

a) List of related parties – where control exists

Holding Company:

- Nucleus Software Exports Ltd., India

b) Other related parties with whom transactions have taken place during the year

Fellow subsidiaries:

- Nucleus Software Solutions Pte Limited, Singapore
- Nucleus Software Inc., USA

c) Transactions with related parties

	Year ended 31 March 2010 (JPY)	Year ended 31 March 2009 (JPY)	Year ended * 31 March 2010 (Rupees) <i>(Unaudited)</i> (Unaudited)	Year ended * 31 March 2009 (Rupees) <i>(Unaudited)</i> (Unaudited)
i. Consultancy charges paid				
Holding company				
-Nucleus Software Exports Ltd.	217,686,213	923,241,015	105,251,284	474,084,261
Fellow subsidiary company				
-Nucleus Software Solutions Pte Limited, Singapore	209,944,078	329,972,003	101,507,962	169,440,624
ii Reimbursement of expenses				
From holding company				
-Nucleus Software Exports Ltd.	4,705,845	67,147,662	2,275,276	34,480,324
From fellow subsidiary				
-Nucleus Software Solutions Pte Limited, Singapore	7,490,844	10,918,479	3,621,823	5,606,639
To holding company				
-Nucleus Software Exports Ltd.	1,050,476	8,761,466	507,905	4,499,013
iii Commission paid				
To fellow subsidiary company				
-Nucleus Software Inc., USA	966,149	3,854,793	467,133	1,979,436

* Refer note 2(i) above

	As at 31 March 2010 (JPY)	As at 31 March 2009 (JPY)	As at * 31 March 2010 (Rupees) (Unaudited)	As at * 31 March 2009 (Rupees) (Unaudited)
iv. Outstanding balances at year end				
Sundry creditors				
To holding company				
-Nucleus Software Exports Ltd.	132,299,402	14,992,728	63,966,761	7,698,766
To fellow subsidiary companies				
-Nucleus Software Solutions Pte Limited, Singapore	91,382,235	195,598,182	44,183,311	100,439,667
-Nucleus Software Inc., USA	-	3,897,560	-	2,001,397

* Refer note 2(i) above

Nucleus Software Japan Kabushiki Kaiga

Schedules forming part of the accounts

5. Legal and professional includes payment to auditors:

	Year ended 31 March 2010 (JPY)	Year ended 31 March 2009 (JPY)	Year ended * 31 March 2010 (Rupees) (Unaudited)	Year ended * 31 March 2009 (Rupees) (Unaudited)
Audit fee	2,105,000	2,105,000	1,017,768	1,080,918
* Refer note 2(i) above				

6. The following are the aggregate amounts incurred on certain specific expenses that are required to be disclosed under Schedule VI to the Companies Act, 1956:

	Year ended 31 March 2010 (JPY)	Year ended 31 March 2009 (JPY)	Year ended * 31 March 2010 (Rupees) (Unaudited)	Year ended* 31 March 2009 (Rupees) (Unaudited)
Salaries	26,910,351	32,347,967	13,011,155	16,610,681
Staff welfare	1,532,185	690,086	740,812	354,358
Conveyance	2,466,483	2,495,162	1,192,544	1,281,265
Communication	5,791,613	6,543,623	2,800,245	3,360,150
Rent	104,831,960	183,828,916	50,686,252	94,396,148
Rates and taxes	134,200	848,405	64,886	435,656
Legal and professional	42,766,327	10,204,748	20,677,519	5,240,138
Printing and stationery	1,043,731	1,358,264	504,644	697,469
Bank charges	1,128,070	1,527,369	545,422	784,304
Travelling				
-Foreign	4,891,471	6,837,702	2,365,026	3,511,160
-Domestic	445,363	932,325	215,333	478,748
Advertisement and business promotion	173,929	6,406,857	84,095	3,289,921
Consultancy charges	636,171,363	1,644,535,865	307,588,854	844,469,167
Cost of software purchased for delivery to clients	86,558,366	208,547,270	41,850,970	107,089,023
Provision for doubtful debts \other current assets	2,974,594	7,300,050	1,438,216	3,748,576
Commission on sales	966,149	3,854,793	467,133	1,979,436
Insurance	35,600	45,600	17,213	23,416
Loss on foreign exchange fluctuation (net)	-	8,402,724	-	4,314,799
Repairs and maintenance – others	999,890	353,575	483,447	181,561
Miscellaneous expenses	1,755,528	3,671,574	848,796	1,885,353
	921,577,173	2,130,732,875	445,582,563	1,094,131,329

* Refer note 2(i) above

Nucleus Software Japan Kabushiki Kaiga

Schedules forming part of the accounts

5. Legal and professional includes payment to auditors:

	Year ended 31 March 2010 (JPY)	Year ended 31 March 2009 (JPY)	Year ended * 31 March 2010 (Rupees) (Unaudited)	Year ended * 31 March 2009 (Rupees) (Unaudited)
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	921,577,173	2,130,732,875	445,582,563	1,094,131,329

* Refer note 2(i) above

Nucleus Software Japan Kabushiki Kaiga

Schedules forming part of the accounts

7. The Company's exposure in respect of foreign currency denominated assets not hedged as on 31 March 2010 by derivative instruments or otherwise is as follows:

Current Assets							
As at				As at			
31 March 2010				31 March 2009			
Amount in foreign currency	Amount in JPY	Amount in Rupees (unaudited) *		Amount in foreign currency	Amount in JPY	Amount in Rupees (unaudited) *	
USD	482,215	44,961,737	21,739,000	USD	2,649,693	261,842,651	134,445,417

* Refer note 2(i) above

Current Liabilities							
As at				As at			
31 March 2010				31 March 2009			
Amount in foreign currency	Amount in JPY	Amount in Rupees (unaudited) *		Amount in foreign currency	Amount in JPY	Amount in Rupees (unaudited) *	
USD	2,552,056	237,953,680	115,050,604	USD	4,798,020	474,140,330	243,471,059

* Refer note 2(i) above

8. Revenue recognised upto the reporting date in respect of contracts in progress at the reporting date aggregates JPY Nil (JPY 1,438,232,463; Rs. Nil; Rs. 729,966,428).
9. During the year, one of the major customers of the Company, had on 25 July 2009 given a notice to the Company of partial cancellation of the contracts. During the quarter ended 31 March 2010, the Company and the customer have settled the matter without any liability on the Company.
10. Previous year figures have been regrouped/ reclassified wherever necessary to make them comparable with the current year figures.

For and on behalf of the Board of Directors
Nucleus Software Japan Kabushiki Kaiga


 Director


 Director

Place: Noida
 Date : 25 April 2010

Nucleus Software Japan Kabushiki Kaiga

Balance Sheet Abstract and Company's General Business Profile

I. Registration details

Registration No.
Not applicable

State Code
Not applicable

Balance Sheet Date
31 March 2010

II. Capital raised during the year (JPY in thousands)

Public issue
Nil

Rights issue
Nil

Bonus issue
Nil

Private placement
Nil

III. Position of mobilisation and deployment of funds (JPY in thousands)

Total liabilities
411,432

Total assets
411,432

Sources of funds

Paid-up capital
10,000

Reserves and surplus
Nil

Secured loans
Nil

Unsecured loan
Nil

Application of funds

Net fixed assets
2,502

Investments
Nil

Net current assets
(15,212)

Miscellaneous expenditure
Nil

Accumulated losses
22,709

Nucleus Software Japan Kabushiki Kaiga

Balance Sheet Abstract and Company's General Business Profile

V. Generic names of Principal Products/Services of Company (as per monetary terms)

Product description: *Software services*

Item code (ITC code): *Not applicable*

For and on behalf of the Board of Directors
Nucleus Software Japan Kabushiki Kaiga



Director



Director

Place: Noida

Date : 25 April 2010