

COMPANY REGISTRATION NUMBER 04276081

CYMBAL CORPORATION LIMITED
FINANCIAL STATEMENTS
31ST AUGUST 2004



J M Handley Potts FCA
Chartered Accountant & Registered Auditor
90 London Street
Reading
Berkshire
RG1 4SJ

CYMBAL CORPORATION LIMITED
FINANCIAL STATEMENTS
ACCOUNTING PERIOD ENDED 31ST AUGUST 2004

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CYMBAL CORPORATION LIMITED
OFFICERS AND PROFESSIONAL ADVISERS

The board of directors

Mr N Gupta (resigned 3 November 2004)
Mr S Singh (resigned 3 November 2004)
Mr M Sattawala (appointed 3 November 2004)
Mr S Namjoshi (appointed 3 November 2004)

Company secretary

Finance Innovations Limited

Registered office

22 Upper Grosvenor Street
London
W1K 7PE

Auditor

J M Handley Potts, FCA
Chartered Accountant
& Registered Auditor
90 London Street
Reading
Berkshire
RG1 4SJ

CYMBAL CORPORATION LIMITED

THE DIRECTORS' REPORT

ACCOUNTING PERIOD ENDED 31ST AUGUST 2004

The directors have pleasure in presenting their report and the financial statements of the company for the accounting period ended 31st August 2004.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the year was that of IT outsourcing.

RESULTS AND DIVIDENDS

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

The directors have not recommended a dividend.

DIRECTORS

The directors who served the company during the year were as follows:

Mr N Gupta – resigned 3 November 2004

Mr S Singh – resigned 3 November 2004

Mr M Sattawala – appointed 3 November 2004

Mr S Namjoshi – appointed 3 November 2004

The company is a wholly owned subsidiary and the interests of the group directors are disclosed in the financial statements of the parent company.

DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company at the end of the year and of the profit or loss for the year then ended. In preparing those financial statements, the directors are required to:

select suitable accounting policies, and then apply them consistently;

make judgements and estimates that are reasonable and prudent;

state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and

prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

CYMBAL CORPORATION LIMITED

THE DIRECTORS' REPORT *(continued)*

ACCOUNTING PERIOD ENDED 31ST AUGUST 2004

AUDITORS

A resolution to re-appoint J M Handley Potts, FCA as auditor for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Registered office:
22 Upper Grosvenor Street
London
W1K 7PE

Signed by order of the directors

A handwritten signature, likely of a director, consisting of a stylized 'J' or 'M' followed by a series of loops and a final flourish.

Director

CYMBAL CORPORATION LIMITED
INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS
ACCOUNTING PERIOD ENDED 31ST AUGUST 2004

I have audited the financial statements on pages 6 to 13, which have been prepared under the historical cost convention and the accounting policies set out on page 8.

This report is made solely to the company's shareholders, as a body, in accordance with Section 235 of the Companies Act 1985. My audit work has been undertaken so that I might state to the company's shareholders those matters I am required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for my audit work, for this report, or for the opinions I have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

My responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

I report to you my opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. I also report to you if, in my opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

I read the Directors' Report and consider the implications for my report if I become aware of any apparent misstatements within it.

BASIS OF AUDIT OPINION

I conducted my audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements.

CYMBAL CORPORATION LIMITED

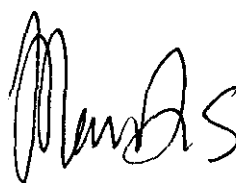
INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS *(continued)*

ACCOUNTING PERIOD ENDED 31ST AUGUST 2004

OPINION

In my opinion the financial statements give a true and fair view of the state of the company's affairs as at 31st August 2004 and of its profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

J M Handley Potts, FCA
Chartered Accountant & Registered Auditor
90 London Street
Reading
Berkshire
RG1 4SJ

A handwritten signature in black ink, appearing to read 'J M Handley Potts', is positioned to the right of the printed name and address.

26 July 2005

CYMBAL CORPORATION LIMITED

PROFIT AND LOSS ACCOUNT

ACCOUNTING PERIOD ENDED 31ST AUGUST 2004

	Note	Year ended 31 Aug 04 £	Year ended 31 Aug 03 £
TURNOVER	2	2,770,725	5,542,670
Cost of sales		(1,593,244)	(2,863,215)
GROSS PROFIT/(LOSS)		1,177,481	2,679,455
Administrative expenses		(801,812)	(2,135,093)
OPERATING PROFIT/(LOSS)	3	375,669	544,362
Interest receivable	6	35,345	46,167
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		411,014	590,529
Tax on profit on ordinary activities	7	(148,173)	(147,164)
RETAINED PROFIT FOR THE FINANCIAL YEAR		262,841	443,365
Balance brought forward		503,760	60,395
Balance carried forward		766,601	503,760

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

CYMBAL CORPORATION LIMITED

BALANCE SHEET

31ST AUGUST 2004

	Note	31 August 2004		31 August 2003	
		£	£	£	£
FIXED ASSETS					
Tangible assets	8		9,784		10,245
CURRENT ASSETS					
Debtors	9	1,593,141		2,210,804	
Cash at bank		36,353		179,580	
		<u>1,629,494</u>		<u>2,381,384</u>	
CREDITORS: Amounts falling due within one year	10	<u>802,962</u>		<u>1,818,154</u>	
NET CURRENT ASSETS			<u>826,532</u>		<u>563,230</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>836,316</u>		<u>573,475</u>
CAPITAL AND RESERVES					
Called-up equity share capital	13		1,000		1,000
Share premium account	14		68,715		68,715
Profit and loss account			<u>766,601</u>		<u>503,760</u>
SHAREHOLDERS' FUNDS	15		<u>836,316</u>		<u>573,475</u>

These financial statements were approved by the directors on the 20/07/05 and are signed on their behalf by:



 MR S NAMJOSHI

CYMBAL CORPORATION LIMITED**NOTES TO THE FINANCIAL STATEMENTS****ACCOUNTING PERIOD ENDED 31ST AUGUST 2004****1. ACCOUNTING POLICIES****Basis of accounting**

The financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Plant & Machinery	- 33.3% straight line
Fixtures & Fittings	- 10% and 20% straight line

Deferred taxation

Deferred tax arises as a result of including items of income and expenditure in taxation computations in periods different from those in which they are included in the company's accounts. Deferred tax is provided in full on timing differences which result in an obligation to pay more (or less) tax at a future date, at the average tax rates that are expected to apply when the timing differences reverse, based on current tax rates.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

CYMBAL CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

ACCOUNTING PERIOD ENDED 31ST AUGUST 2004

2. TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the company.

An analysis of turnover is given below:

	Year ended 31 Aug 04 £	Year ended 31 Aug 03 £
United Kingdom	2,713,138	5,434,392
Rest of the world	57,587	108,278
	<u>2,770,725</u>	<u>5,542,670</u>

3. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	Year ended 31 Aug 04 £	Year ended 31 Aug 03 £
Directors' emoluments	—	129,032
Depreciation of owned fixed assets	4,127	2,615
Auditors' remuneration - as auditors	—	4,000
Net (profit)/loss on foreign currency translation	<u>4,558</u>	<u>(1,376)</u>

4. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to:

	Year ended 31 Aug 04 No	Year ended 31 Aug 03 No
Number of production staff	22	18
Number of management staff	5	5
	<u>27</u>	<u>23</u>

The aggregate payroll costs of the above were:

	Year ended 31 Aug 04 £	Year ended 31 Aug 03 £
Wages and salaries	1,146,414	1,768,537
Social security costs	161,545	167,105
	<u>1,307,959</u>	<u>1,935,642</u>

CYMBAL CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
ACCOUNTING PERIOD ENDED 31ST AUGUST 2004

5. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were:

	Year ended 31 Aug 04 £	Year ended 31 Aug 03 £
Emoluments receivable	—	129,032
	<u>—</u>	<u>129,032</u>

Neither of the directors is accruing benefits under company pension schemes.

6. INTEREST RECEIVABLE

	Year ended 31 Aug 04 £	Year ended 31 Aug 03 £
Interest receivable	<u>35,345</u>	<u>63,048</u>

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	Year ended 31 Aug 04 £	Year ended 31 Aug 03 £
Current tax:		
UK Corporation tax based on the results for the year at 30% (2003 - 30%)	122,771	147,164
Underprovision in prior years	25,402	—
Total current tax	<u>148,173</u>	<u>147,164</u>
Deferred tax:		
Increase in deferred tax provision	—	—
Prior year adjustment	—	—
Total deferred tax	<u>—</u>	<u>—</u>
Tax on profit/(loss) on ordinary activities	<u>148,173</u>	<u>147,164</u>

CYMBAL CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
ACCOUNTING PERIOD ENDED 31ST AUGUST 2004

7. TAX ON PROFIT ON ORDINARY ACTIVITIES *(continued)*

Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 30%.

	Year ended 31 Aug 04 £	Year ended 31 Aug 03 £
Profit/(loss) on ordinary activities before taxation	<u>411,014</u>	<u>590,529</u>
Profit/(loss) on ordinary activities by rate of tax	123,304	143,159
Expenditure not deductible for tax purposes	1,030	4,096
Depreciation in excess of capital allowances	723	(91)
Marginal relief	(2,286)	-
Prior year adjustments	25,402	-
Total current tax	<u>128,365</u>	<u>147,164</u>

8. TANGIBLE FIXED ASSETS

	Plant & Machinery £	Fixtures & Fittings £	Total £
COST			
At 1st September 2003	11,365	1,729	13,094
Additions	5,033	457	5,490
Disposals	(2,326)	-	(2,326)
At 31st August 2004	<u>14,072</u>	<u>2,186</u>	<u>16,258</u>
DEPRECIATION			
At 1st September 2003	2,701	148	2,849
Charge for the year	3,841	286	4,127
Relating to disposals	(502)	-	(502)
At 31st August 2004	<u>6,040</u>	<u>434</u>	<u>6,474</u>
NET BOOK VALUE			
At 31st August 2004	<u>8,032</u>	<u>1,752</u>	<u>9,784</u>
At 1st September 2003	<u>8,664</u>	<u>1,581</u>	<u>10,245</u>

CYMBAL CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
ACCOUNTING PERIOD ENDED 31ST AUGUST 2004

9. DEBTORS

	31 Aug 2004	31 Aug 2003
	£	£
Trade debtors	514,415	1,199,866
Amount due from group undertakings	1,044,582	975,271
Other debtors	22,752	22,766
Prepayments and accrued income	11,392	3,901
	<u>1,593,141</u>	<u>2,201,804</u>

10. CREDITORS: Amounts falling due within one year

	31 Aug 2004	31 Aug 2003
	£	£
Trade creditors	13,351	544,795
Amounts owed to group undertakings	342,307	772,382
Other creditors including taxation and social security:		
Corporation tax	156,771	147,164
PAYE and social security	47,002	41,330
VAT	61,652	50,792
Other creditors	44,402	240,584
Accruals and deferred income	137,477	21,107
	<u>802,962</u>	<u>1,818,154</u>

11. DEFERRED TAXATION

The company has no liability to deferred taxation.

12. RELATED PARTY TRANSACTIONS

The company was under the control of Cymbal Corporation Inc throughout the current and previous year.

During the period the parent company charged fees to the company for the provision of sub-contract labour of £188,570 and a management fee of £95,273.

The company repaid interest-free loans from its parent company of £393,668; and charged interest of £30,072.

CYMBAL CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
ACCOUNTING PERIOD ENDED 31ST AUGUST 2004

13. SHARE CAPITAL**Authorised share capital:**

	31 Aug 2004	31 Aug 2003
	£	£
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

Allotted, called up and fully paid:

	31 August 2004	31 August 2003
	No £	No £
Ordinary shares of £1 each	<u>1,000</u> <u>1,000</u>	<u>1,000</u> <u>1,000</u>

14. SHARE PREMIUM ACCOUNT

	31 Aug 2004	31 Aug 2003
	£	£
Balance brought forward	68,715	—
Premium on shares issued in the year	—	68,715
Balance carried forward	<u>68,715</u>	<u>68,715</u>

15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31 Aug 2004	31 Aug 2003
	£	£
Profit/(loss) for the financial year	262,841	443,365
New equity share capital subscribed	—	999
Premium on new share capital	—	68,715
	<u>—</u>	69,714
Net addition to funds	262,841	513,079
Opening shareholders' equity funds	573,475	60,396
Closing shareholders' equity funds	<u>836,316</u>	<u>573,475</u>

16. ULTIMATE PARENT COMPANY

The company's immediate and ultimate parent undertaking at 31 August 2004 was Cymbal Corporation, a company registered in the United States of America. Copies of its group accounts are available from 36141, Civic Center Drive, #200, Fremont 94538, USA. On 3 November 2004 Cymbal Corporation was acquired by Patni Computer Systems Inc, a company registered in the United States of America. The ultimate parent company of Patni Computer Systems Inc is Patni Computer Systems Limited, a company registered in India. Copies of its group accounts are available from Akruti, MIDC Cross Road No 21, Andheri (E), Mumbai-400 093, India.